

**ASX RELEASE (ASX: MDR)****MedAdvisor growth trajectory continues, exceeding previous upgraded revenue guidance*****December 2021 quarterly business update***

**Melbourne, Australia, 28 January, 2022** – World-class medication management platform, MedAdvisor Limited (**MedAdvisor** or the **Company**) is pleased to provide this update of progress achieved over the December 2021 quarter, alongside the Company's Appendix 4C Quarterly cashflow report.

**Key December Quarter highlights**

- **CY21 operating revenue of \$64.5 million exceeded previously upgraded revenue guidance** (\$59-60 million) generating a gross margin of \$32.2 million.
- **CY21 US revenue was US\$39.6 million vs Adheris earn out level of US\$32.5 million.**
- **2Q FY22 operating revenue up 17.5% to \$23.2 million** on a like-for-like basis (2Q FY21: \$19.8 million) and up 121.7% on pcp.
  - **US revenue up 15.6% to \$19.9 million** on a like-for-like basis (2Q FY21: \$17.3 million) and up 150.6% on pcp.
  - **Australia revenue up 30.5% to \$3.3 million** (2Q FY21: \$2.5 million).
- **1H FY22 operating revenue up 23.6% to \$38.7 million** on a like-for-like basis (1H FY21: \$31.3 million) and up 198.8% on pcp.
- 2Q FY22 receipts from operations of \$21.1 million up 96.8% on pcp.
- US signed contracts for CY22 are up 64% on the same time last year, and ~15% of the active pipeline is composed of Dynamic Engagement proposals.

**Business activity update****USA**

- Adheris acquisition continues to perform strongly, generating US\$39.6 million of revenue against an Earn Out level of US\$32.5 million for CY21.

- 2Q FY22 revenue of US\$14.6 million (A\$19.9 million), up 15.6% on a like-for-like basis (2Q FY21: US\$12.6 million).
- 1H FY22 revenue of US\$23.5 million (A\$32.1 million), up 21.8% on a like-for-like basis (1H FY21: US\$19.3 million).

Revenue (AUD \$M):	2Q FY22	2Q FY21	YoY %	1H FY22	1H FY21	YoY %	CY21	CY20	YoY %
MDR US - Reported <sup>1</sup>	19.9	8.0	150.6%	32.1	8.0	302.0%	53.0	8.3	541.1%
MDR US - Like for like <sup>2</sup>	19.9	17.3	15.6%	32.1	26.3	21.8%	53.0	43.6	21.8%

1. CY21 Reported revenue translated at an average currency of 0.75 AUD/USD

2. Like-for-like revenue translated at a constant currency of 0.73 AUD/USD (average rate for 2Q FY22)

- As at 31 December 2021, 9 digital programs were live through the pharmacy network already activated for digital programs. The digital COVID program did not go live during the quarter and was delayed to this quarter.
- Sales pipeline for CY22 has continued to grow with contracts signed currently 64% higher than the same time last year.
- Dynamic Engagement model (marketed as “Thriv”), which delivers an improved revenue model, is now live with the first program launched on plan, in January 2022.
- Work with pharmacy chain partners to digitise the network continues. MedAdvisor is now working closely with these chains to make the necessary systems configuration to facilitate digitalisation.
- MedAdvisor invested in a new line of business in the payer market, including the partnership with Cotiviti and the new eHealth partnership (refer to ASX Announcement of 7 July 2021). A significant portion of the revenue generated relates to a program to support seniors navigate health insurance plans that allow them to keep their doctor, pharmacist, and drug coverage, whilst maintaining affordability. MedAdvisor invested significantly in the launch of the program to ensure its success, with results in line with expectations.
- 2Q FY22 revenue from this line of business was A\$7.7 million but was at a lower initial margin impacting overall gross margin. Moving forward, this revenue will be largely generated in the December quarter due to the open enrolment period for Medicare, with margins enhanced due to the introduction of digital and other product and business model enhancements.

### Australia and rest of world

- The December quarter saw a continuation of the strong performance delivered in 1Q FY22.

- Revenue of \$3.3 million was up 30.5% (2Q FY21: \$2.5 million). Revenue for 1H FY22 was up 33.0% to \$6.6 million (1H FY21: \$5.0 million), reflecting the increased network capacity from signing Australian Pharmaceutical Industries (API) in July and returns from investment in sales capability and capacity.

Revenue (AUD \$M):	2Q FY22	2Q FY21	YoY %	1H FY22	1H FY21	YoY %	CY21	CY20	YoY %
MDR Rest of World	3.3	2.5	30.5%	6.6	5.0	33.0%	11.5	10.1	12.8%

- Annual Recurring Revenue was up 30.4% to \$7.7 million (2Q FY21: \$5.9 million). Pharmacy churn has remained low at less than 3% on an annualised basis, following the price rise and new premium pricing model introduced in June 2021.
- Pharmacy network grew from approximately 3,700 stores at 30 June 2021 to over 4,000 as at 31 December 2021. This has been driven in part by the signing of a 5-year contract with API in July and the Company's investment in its sales capability and capacity.
- Significant transaction growth continues due to the COVID-19 vaccination rollout. To date, more than 3 million COVID-19 vaccinations have been administered through pharmacies in the MedAdvisor network. COVID-19 vaccinations utilise the MedAdvisor PlusOne booking functionality, which contributes to transaction revenue, and provides an important source of patient sign ups.
- Patient numbers at 31 December 2021 were 2.4 million (30 June 2021: 2.0 million). During 2Q FY22, MedAdvisor upgraded to its new V6 platform, which provides greater speed, responsiveness and improved user interface. To date, feedback has been overwhelmingly positive on the customer experience.
- Gross margin for 1H FY22 was 82.5%, reflecting an improvement of 2.4% on 1H FY21 due to a lower cost to serve post re-platforming.
- MedAdvisor has launched new functionality for PlusOne in the UK. The customer feedback continues to be strong in reducing follow up with GPs and efficient ordering. MedAdvisor will be investing in sales capability in Q3 to drive adoption which has been slower than planned.

### **Financial update**

- \$23.2 million in operating revenue was reported for 2Q FY22, up 121.7% on 2Q FY21, and on a like-for-like basis was up 17.5%
- 1H FY22 reported revenue of \$38.7 million, up 198.8% on 1H FY21 and up 23.6% on a like-for-like basis.
- For CY21, the Company reported revenue of \$64.5 million, up 20.1% on a like-for-like

basis, and \$32.2 million of gross margin at a rate of sale of 49.9%. This exceeded the previously upgraded revenue guidance of \$59–60 million and was similar in terms of dollar gross margin.

Revenue (AUD \$M) - reported <sup>1</sup>	2Q FY22	YoY %	1H FY22	YoY %	CY21	YoY %
MDR Rest of World	3.3	30.5%	6.6	33.0%	11.5	12.8%
MDR US	19.9	150.6%	32.1	302.0%	53.0	541.1%
<b>Total</b>	<b>23.2</b>	<b>121.7%</b>	<b>38.7</b>	<b>198.8%</b>	<b>64.5</b>	<b>250.1%</b>

Revenue (AUD \$M) - like for like <sup>2</sup>	2Q FY22	YoY %	1H FY22	YoY %	CY21	YoY %
MDR Rest of World	3.3	30.5%	6.6	33.0%	11.5	12.8%
MDR US	19.9	15.6%	32.1	21.8%	53.0	21.8%
<b>Total</b>	<b>23.2</b>	<b>17.5%</b>	<b>38.7</b>	<b>23.6%</b>	<b>64.5</b>	<b>20.1%</b>

Gross Margin (AUD \$M)	2Q FY22	YoY %	1H FY22	YoY %	CY21	YoY %
MDR Rest of World	2.7	33.5%	5.4	37.0%	9.4	11.1%
MDR US	7.3	(5.0%)	12.9	7.7%	22.8	11.4%
<b>Total</b>	<b>10.0</b>	<b>3.1%</b>	<b>18.3</b>	<b>15.0%</b>	<b>32.2</b>	<b>11.3%</b>

Gross Margin (% of sales)	2Q FY22	ppts var	1H FY22	ppts var	CY21	ppts var
MDR Rest of World	82.3%	1.8%	82.5%	2.4%	82.0%	(1.3%)
MDR US	36.6%	(7.9%)	40.1%	(5.2%)	43.0%	(4.0%)
<b>Total GM %</b>	<b>43.1%</b>	<b>(6.0%)</b>	<b>47.3%</b>	<b>(3.5%)</b>	<b>49.9%</b>	<b>(3.9%)</b>

**Impact of new payer related programs:**

Underlying Gross Margin	53.4%	4.4%	53.6%	2.7%	53.7%	0.1%
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1. CY21 Reported revenue translated at an average currency of 0.75 AUD/USD

2. Like-for-like revenue translated at a constant currency of 0.73 AUD/USD (average rate for 2Q FY22)

- 2Q FY22 saw the commencement of a new line of payer related programs in the US market designed to improve the ease with which patients can change and improve their health insurance plans. MedAdvisor has continued to run Secure Digital programs with Cotiviti and has now run 7 programs with some of the largest health plans in the US. As part of the initial launch, MedAdvisor made a significant investment in respect of gross margin, which ensured the overall successful renewal of the programs for CY22.
- Underlying gross margin for CY21 after excluding the impact of the investment in the above-mentioned new line of programs was 53.7%, up 0.1% on CY20.

- Net operating cash outflow in 2Q FY22 was \$(3.0) million adjusted for lease payments, with cash receipts of \$21.1 million, in line with 1Q FY22. Cash at 31 December 2021 was \$5.3 million.
- 2Q FY22 cashflow was impacted by two timing issues:
  - As part of the new payer program, the Company received all revenue, and paid all product costs within the quarter, whereas typically, programs usually have product costs paid the following quarter resulting in the timing of payments being brought forward from Q3 FY22 to Q2 FY22. No further payments are required to be made for this program.
  - A delay in the commencement of the COVID-19 awareness program resulted in a slippage in invoicing (\$4.2 million), which negatively impacted cash receipts for the quarter and consequently closing cash. This cash is expected to be received in the current 3Q FY22.
- In addition to cash on hand and following the receipt of this \$4.2 million plus available facilities from PFG of \$5.5 million, the Company will have ~\$16 million of available cash and facilities.
- Debtor days for 2Q FY22 were 42, down from 63 days in 1Q FY22, reflecting the improvement in payment arrangements from our largest customer, as well as the increased level of revenue for the December quarter.

<b>AUD (\$m)</b>	<b>MedAdvisor US</b>	<b>MedAdvisor ROW</b>	<b>Total</b>
Receipts from customers	17.6	3.5	21.1
Payments to suppliers and employees	(14.4)	(5.1)	(23.7)
<b>Net cash flow from operations</b>	<b>(1.0)</b>	<b>(1.6)</b>	<b>(2.6)</b>
Lease payments classified as financing activities	(0.3)	(0.1)	(0.4)
<b>Net cash flow from operations inc lease payments</b>	<b>(1.3)</b>	<b>(1.7)</b>	<b>(3.0)</b>

## **Outlook**

The MedAdvisor Board is pleased with the trajectory of the business and is forecasting FY22 revenue of between \$72-74 million with a gross margin around 53-54%. This outlook is based on an exchange rate AUD:USD of \$0.73. Based on the current trajectory, the Company also expects to be in a cash positive position by mid CY22.

## **Related party transactions**

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

- \$36,222 paid to a related party which provides data services to the Company in the ordinary course of business; and
- \$230,637 in fees and executive remuneration paid to directors.

- ENDS -

*This document has been authorised for release by Robert Read, Chief Executive Officer & Managing Director.*

## **For more information please contact:**

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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 2.4 million patients through more than 70% 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](http://mymedadvisor.com/investors)*

## Appendix 4C

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

Name of entity

MEDADVISOR LIMITED (ASX: MDR)

ABN

17 145 327 617

Quarter ended ("current quarter")

31 Dec 2021

## Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows related to operating activities</b>		
1.1 Receipts from customers	21,111	42,345
1.2 Payments for:		
(a) research and development	-	-
(b) product manufacturing and operating costs	(13,288)	(20,470)
(c) advertising and marketing	(417)	(1,075)
(d) leased assets	-	-
(e) staff costs	(8,928)	(17,646)
(f) administration and corporate costs	(862)	(3,259)
1.3 Dividends received	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(185)	(373)
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>(2,569)</b>	<b>(477)</b>

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(50)	(124)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant & equipment	21	21
(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>(29)</b>	<b>(103)</b>

	Current quarter \$A'000	Year to date (6 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)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(300)	(300)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (repayment of lease liabilities)	(377)	(757)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(677)</b>	<b>(1,109)</b>

**Appendix 4C**

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of the period	8,713	7,151
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,569)	(477)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	(103)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(677)	(1,109)
4.5	Effect of movement in exchange rates on cash held	(102)	(125)
4.6	<b>Cash and cash equivalents at end of the period</b>	<b>5,337</b>	<b>5,337</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		Current quarter \$A'000	Previous Quarter \$A'000
5.1	Bank balances	5,337	8,713
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,337</b>	<b>8,713</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

6.2 Aggregate amount of cash flow from loans to these parties included in item 2

Current quarter \$A'000
267
-

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 NostraData 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 Directors of the Company.*

**Appendix 4C**

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

		<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<b>7</b>	<b>Financing facilities available</b>		
7.1	Loan facilities	12,404	6,891
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
<b>7.4</b>	<b>Total financing facilities</b>	<b>12,404</b>	<b>6,891</b>

7.5 **Unused financing facilities available at quarter end**

**5,513**

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

*Term loan facility US\$5m (secured), Partners for Growth VI L.P., 10.25% for 3 years maturing 28 May 2024. Fully drawn. Revolving credit facility US\$4m (secured), Partners for Growth VI L.P., 10.25% for 3 years to 28 May 2024. Not utilised.*

**8. Estimated cash available for future operations**

8.1 Net cash from / (used in) operating activities (Item 1.9)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

8.3 Unused finance facilities available at quarter end (Item 7.5)

8.4 Total available funding (Item 8.2 + Item 8.3)

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

**\$A'000**

(2,569)

5,337

5,513

10,850

**4.2**

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

8.6.1 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*

8.6.2 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*

8.6.3 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:** Board of Directors - MedAdvisor Limited

**Date:** 28/01/2022

**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 cash flow 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 cash flow 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.