

ASX RELEASE (ASX: MDR)

MedAdvisor delivers strong year-on-year 3Q growth of 50.4% with operating revenue of \$17.0 million, in line with US seasonality expectations

Quarterly Activities Report and Appendix 4C

Melbourne, Australia, 28 April 2023 – World-class medication management platform, MedAdvisor Limited (**MedAdvisor** or the **Company**) today announced an update on its activities for the quarter ended 31 March 2023 (3Q FY23), alongside the Company's Appendix 4C.

3Q FY23 highlights:

- 3Q operating revenue **up 50.4% to \$17.0 million** (3Q FY22: 11.3 million)
 - **US up 59.5%** to \$11.8 million, underpinned by increased pharmacy participation in the US digital platform (3Q FY22: 7.4 million)
 - **Australia up 33.3%** to \$5.2 million (3Q FY22: 3.9 million), including three-month contribution from GuildLink of \$1.1 million; excluding GuildLink underlying revenue was up 5.1%
- 3Q YTD operating revenue of \$81.1 million, up 62.5% (3Q YTD FY22: 49.9 million)
- Gross profit up 53.7% to \$10.3 million, exhibiting an increase in gross profit margin of 1.3 ppts on the pcp (60.6% vs 59.3%)
- Strong capital position, with \$20.1 million cash on hand as at 31 March 2023
- Expanded US digital reach to 70 million individuals, an increase of 10 million (16.7%) individuals over the quarter
- GuildLink pharmacy integration on track at 86% complete, with 1,288 of the 1,494 GuildLink pharmacies migrated to a MedAdvisor account and on schedule for completion by 30 April, with system integration on track to be completed by 30 June

Group Financial Update

AUD (\$'m)	2022	2023	Change
Revenue March Quarter	\$11.3	\$17.0	50.4%
Revenue YTD	\$49.9	\$81.1	62.5%
Gross Profit	\$6.7	\$10.3	53.7%
Gross Margin	59.3 ppts	60.6 ppts	+1.3ppts

- Net operating cash outflow of \$(12.3) million, down \$16.2 million on the pcp (3Q FY22: \$3.9 million):
- Operating cash receipts totaled \$25.2 million, up 38.5% on pcp (3Q FY22: \$18.2 million)
- Operating costs increased to \$(19.0) million (3Q FY22: \$(4.5) million), largely a function of the timing of Q2 FY23 quarterly pharmacy abatement payments in the US; and
- Staff costs were \$(12.2) million (3Q FY22: \$(8.1) million and 2Q FY23: \$(11.0) million). These staff costs included the following expected costs¹:
 - \$2.2 million performance-based remuneration costs in the US; and
 - \$1.1 million Australian people costs associated with the GuildLink integration which will prevail into the June quarter
- Administration and corporate costs were \$(5.3) million (3Q FY22: \$(0.9) million and 2Q FY23: \$(3.1) million). These costs were heightened on the pcp due to the following one-off costs:
 - \$0.4 million associated with the GuildLink integration;
 - \$1.2 million associated with the US cloud migration as disclosed in the MedAdvisor FY23 half year presentation; and
 - \$1.2 million associated with our One-Company initiative focused on product innovation, analytics, global platform planning and enterprise branding
- Quarterly expenses are in line with the Company's expectations to implement one global platform and operating structure. This cost base will continue in the next quarter as MedAdvisor finalises the integration of Guildlink and positions the business for profitability in FY24. We continue to assess our structure and cost base as the Company executes on its strategic plan to achieve profitability. A number of cost efficiencies have been identified and are being implemented. These will come through as we enter into FY24.

¹ As disclosed on page 9 of MDR's FY23 half year results investor presentation

Commenting on the Company's achievements over Q3 FY23, CEO & Managing Director Rick Ratliff, said: "We have achieved an excellent quarter result with operating revenue increasing 50.4% to \$17.0 million compared to 3Q FY22. On a year-to-date basis, for the nine months to March, we have achieved operating revenue of \$81.1 million, an increase of 62.5% on the prior corresponding year. The growth we have achieved is underpinned by our expanding global pharmacy network and digitisation strategy, supporting the delivery of more health awareness campaigns through our network.

"Our 3Q FY23 revenue sets a new seasonal benchmark for the business in line with our business growth expectations. This quarter is traditionally quieter compared to 2Q, due to the seasonality in the US business. Over the first half of the financial year, the US business revenue peaks supported by pharmaceutical manufacturers' increasing marketing spend to drive medication and vaccine programs.

"Over the quarter, we expanded our digital reach via US pharmacies to over 70 million individuals, putting us on track to reach our target of 100 million individuals by the end of June. As we expand our digital reach, we become an increasingly valuable and effective campaign partner to the pharmaceutical manufacturers, who spend \$16bn per annum on digital marketing each year.

"In Australia, we've continued to strengthen our pharmacy SaaS business model with the migration of GuildLink pharmacies which is on schedule for completion by the end of April. Similarly, the roll out in NZ is progressing to plan with 212 pharmacies migrated to date, equating to 61% of Green Cross Health network. We expect to access 200,000 patients by mid-year."

United States

AUD (\$'m)	2022	2023	% Change
Revenue March Qtr	\$7.4	\$11.8	59.5%
Revenue December Qtr	\$19.9	\$39.4	98.0%
Revenue September Qtr	\$12.1	\$15.4	27.3%
Revenue YTD	\$39.4	\$66.6	69.0%

- 3Q FY23 operating revenue increased 59.5% to \$11.8 million, underpinned by the increased pharmacy participation in the US digital platform
- Gross profit was up 71.4% to \$6.1 million, due to growth in higher margin digital programs compared to the pcp
- Gross profit margin of 50.8% was slightly down by 5.9 ppts on the previous quarter (Q2 FY23: 56.7%), due to a slight skew towards lower margin traditional campaigns on a quarter-to-quarter comparison
- The number of campaigns for the quarter were 75 down 27 on the last quarter, in line with seasonality of the US pharmaceutical landscape. Of these campaigns, 79% were traditional and 21% digital.
- Investment in team and digital programs is having a direct impact on the number of pharmacies participating within the network. Throughout the quarter, MedAdvisor expanded its US digital reach to over 70 million individuals, an increase of 10 million (16.7%)
- The current US pipeline is materially above the previous corresponding period and reflects diversification from traditional to digital revenue, placing the company in a strong position to capitalise during key selling periods of Q1 and Q2 FY24
- 17,800 pharmacies are currently supporting digital programs
- The FX impact of Group Revenue attributable to a stronger US Dollar over 3Q FY23 compared to 3Q FY22 was \$0.7 million.

Operational update

MedAdvisor's US digital reach increased to over 70 million individuals, an increase of 10 million over the quarter. Digital expansion momentum is expected to continue and is on track to reach the stated target of 100 million by end of June. The migration of the US platforms to the cloud has commenced and is on track as planned. The cloud migration will result in US\$3 million in savings over next three years and is the first step to support the US technology

platforms to migrate to our planned next generation global medication adherence platform, a key objective for MedAdvisor.

MedAdvisor continues to invest in the product innovation capability to strengthen the Company's core products while planning for future growth. Two key appointments have been made this quarter with Kaley Simon as SVP of Product and Sen Deng as SVP of Analytics, who will drive product innovation and analytics.

Australia

AUD (\$'m)	2022	2023	% Change
Revenue March Qtr	\$3.9	\$5.2	33.3%
Revenue December Qtr	\$3.3	\$4.7	42.4%
Revenue September Qtr	\$3.3	\$4.5	36.4%
Revenue YTD	\$10.5	\$14.4	37.1%

- 3Q FY23 saw a continuation of the strong performance delivered throughout 2Q FY23, with revenue up 33.3% to \$5.2 million, including a three-month contribution from GuildLink of \$1.1 million; excluding GuildLink, underlying revenue was up 5.1%
- GuildLink pharmacy integration on track at 86% complete, with 1,288 of the 1,494 GuildLink pharmacies migrated to a MedAdvisor account and on schedule for completion by 30 April, with integration costs to date, excluding labour, totalling \$2 million
- Gross margin was 84.1% for 3Q FY23, an increase of 0.5 ppts on the pcp as a one-off result of re-negotiated supplier terms. Gross Margin is expected to improve once the GuildCare platform has been integrated with the MedAdvisor Plus One platform towards the end of FY23
- A price rise of approximately 19% (with less than 2% churn) came into effect 1 January 2023 for existing MedAdvisor customers with transitioning GuildCare customers to align over coming months as their annual subscriptions come due.
- Health Program pipeline is building and has more than doubled since the start of 2023 with a large program signed with over \$650k contract value expected to realise at the start of FY24.

Operational update

The integration of GuildLink is progressing well and to plan, focused on transitioning customers and enhancing the functionality of the MedAdvisor PlusOne platform. Migration of 1,288

GuildLink pharmacies has been completed, with the remaining migration of 206 pharmacies on schedule to be completed by the end of April.

The Australia pricing structure is being brought into alignment with broader company pricing, with subscriptions starting to revert from annual to monthly as of October 2022. Long-term SaaS agreements have also been implemented with 4 of the major pharmacy groups in AU/NZ with the others in the final stages of execution.

Rest of World

- The New Zealand roll out is progressing to plan with 212 pharmacies (61% of the Green Cross Health network) migrated to date, representing approximately 25% of the NZ market. First medication management app launched in August 2022.
- In the UK, we are on target to successfully deliver on our expansion strategy. After successful pilots, the UK expansion rollout began in February with over 70 pharmacies committed and a current pipeline of 53 organizations representing over 1,900. We are working with business partners and the NPA to rapidly drive sales growth supported by a strong marketing campaign during the first quarter of calendar year 2023.

During 3Q FY23, the Company made the following payments to related parties:

- \$38,979 to a related party that provides data services to the Company in the ordinary course of business; and
- \$359,713 in fees and executive remuneration paid to Directors.

Outlook

“As the company continues to scale its advanced technology platform, we believe the digital expansion momentum will continue to year-end as more pharmacies utilise our digital capability. By financial year-end, we expect to increase the number of individuals that have opted into digital communications through their pharmacies to over 100 million.

“We are excited by the opportunities that our expanding digital reach presents. We currently work with 56% of the top 50 pharmaceutical manufacturers. We will be looking to expand on the 20% of brand campaigns we currently manage for this group. We believe that execution of our digital strategy will create additional opportunities with manufacturers beyond those we are already supporting.

“We will soon finalise the GuildLink acquisition integration. We will further strengthen our pharmacy SaaS business model via the transition of GuildLink locations, functionality and aligning pricing structure. We know that consolidating the two platforms will lead to improved workflow efficiency in pharmacies and lower costs, accelerating our pathway to profitability.”

- ENDS -

This document has been authorised for release by the Board of MedAdvisor Limited.

For more information please contact:

Company

Ancila Desai
Chief Financial Officer and Company
Secretary
corporate@medadvisor.com.au
+61 3 9095 3036

Investors

Ronn Bechler
ronn.bechler@atomicgroup.com.au
+61 400 009 774

Media

Tristan Everett
tristan.everett@atomicgroup.com.au
+61 403 789 096

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 32,000 pharmacies in the US to deliver programs to help patients take their medication safely and effectively. In Australia, MedAdvisor has connected over 3.1 million patients through more than 90% of Australian pharmacies. MedAdvisor is on track to become one of the largest players in the global digital adherence market. In 2018 and 2020, MedAdvisor was recognised in the AFR Fast 100. Visit: mymedadvisor.com/investors

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

MEDADVISOR LIMITED (ASX: MDR)

ABN

17 145 327 617

Quarter ended ("current quarter")

31 Mar 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows related to operating activities		
1.1 Receipts from customers	25,154	87,385
1.2 Payments for:		
(a) research and development	-	-
(b) product manufacturing and operating costs	(19,040)	(34,859)
(c) advertising and marketing	(627)	(1,844)
(d) leased assets	-	-
(e) staff costs	(12,168)	(33,565)
(f) administration and corporate costs	(5,293)	(11,748)
1.3 Dividends received	-	-
1.4 Interest received	15	42
1.5 Interest and other costs of finance paid	(323)	(1,170)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(12,282)	4,242

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows related to investing activities			
2.1 Payment to acquire:			
(a) entities ⁽¹⁾	-	(5,257)	
(b) businesses	-	-	
(c) property, plant & equipment	(29)	(176)	
(d) investments	-	-	
(e) intellectual property	-	-	
(f) other non-current assets	-	-	
2.2 Proceeds from disposal of:			
(a) entities	-	-	
(b) businesses	-	-	
(c) property, plant & equipment	-	-	
(d) investments	-	-	
(e) intellectual property	-	-	
(f) other non-current assets	-	-	
2.3 Cash flows from loans to other entities	-	-	
2.4 Dividends received (see note 3)	-	-	
2.5 Other (provide details if material) ⁽²⁾	-	1,700	
2.6 Net cash from / (used in) investing activities	(29)	(3,733)	

⁽¹⁾ Final earn-out payment to Syneos Inc relating to the acquisition of Adheris LLC in November 2020 (USD \$3m) & GuildLink Pty Ltd acquisition costs.

⁽²⁾ Cash acquired as part of the GuildLink Pty Ltd acquisition.

		Current quarter \$A'000	Year to date (9 months) \$A'000
3. Cash flows from financing activities			
3.1 Proceeds from issues of shares	-	14,597	
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	-	(901)	
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)	-	(776)	
3.10 Net cash from / (used in) financing activities	-	12,920	

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of the period	32,663	7,579
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(12,282)	4,242
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	(3,733)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	12,920
4.5	Effect of movement in exchange rates on cash held	(261)	(917)
4.6	Cash and cash equivalents at end of the period	20,091	20,091

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	20,091	32,663
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	20,091	32,663

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
399
-

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

Payments to related parties of the entity and their associates include: 1) fees 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 Executive Directors of the Company.

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
7	Financing facilities available		
7.1	Loan facilities	13,409	11,621
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	13,409	11,621

7.5 **Unused financing facilities available at quarter end** **1,788**

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: US\$5m (secured), Partners for Growth VI L.P., 10.25% IR for 3 years maturing 28 May 2024.
 Revolving credit facility: US\$4m (secured) of which US\$2.8m is drawn, Partners for Growth VI L.P. 10.25% IR*

		\$A'000
8.	Estimated cash available for future operations	
8.1	Net cash from / (used in) operating activities (Item 1.9)	(12,282)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	20,091
8.3	Unused finance facilities available at quarter end (Item 7.5)	1,788
8.4	Total available funding (Item 8.2 + Item 8.3)	21,878
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.8

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: Yes

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: No, Quarterly expenses are in line with the Company's expectations to implement one global platform and operating structure. This cost base will continue in the next quarter as MedAdvisor finalises the integration of Guildlink and positions the business for profitability in FY24. We continue to assess our structure and cost base as the Company executes on its strategic plan to achieve profitability. A number of cost efficiencies have been identified and are being implemented. These will come through as we enter into FY24.

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: Yes, existing cash reserves provide necessary capital for business operations and continued growth.

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: 28/04/2023

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.