

ASX ANNOUNCEMENT

31 January 2020

December 2019 Quarterly Report and 4C

Record operating cash inflows. First US clients and international revenues commence

Key Highlights:

- Cash receipts of \$2.5m (+42.2% vs Q2 FY19 \$1.8m) (+10.3% vs Q1 FY20 \$2.3m)
- H1 Receipts from customers to \$4.8m (up from \$3.6m, 32.5%)
- Total Q2 FY20 revenue (unaudited) of \$2.3m (+25.3% vs underlying Q2 FY19 \$1.8m¹) (+7.9% vs Q1 FY20)
- Cash in bank \$16.3m following successful October 19 capital raise
- Key Australian client wins, including Chemist Warehouse and Sigma
- First US pharma company signed and post Q2, announced first material US digital adherence program

MedAdvisor Limited (ASX:MDR, the **Company**), Australia's leading digital medication management company, has today released its Appendix 4C Report for the three-month period to 31 December 2019 and is pleased to provide an update of its progress during the period.

Financial Update

The Company reported \$2.3m (unaudited) in quarterly revenue, an uplift of 25.3% from Q2 FY19 (\$1.8m)¹, with annualised recurring revenue growing >30% on Q2 FY19. This brings the total (unaudited) operating revenue for 1H20 to \$4.4m, up 22.1%¹ on an underlying basis.

Operating Cash Flow Breakdown of the December 2019 Quarter

\$'000	AUSTRALIA	INTERNATIONAL	TOTAL
Total Operating Cash flow	2,530		2,530
BAU Cash outflows	(1,928)		(1,928)
Net BAU Cash Flows	602		602
Growth Cash Inflows	-	-	-
Growth Cash Outflows	(1,618)	(1,355)	(2,973)
Net Growth Cash Flows	(1,618)	(1,355)	(2,973)
Net Cash Flow	(1,016)	(1,355)	(2,371)

¹ Adjusts for equity investment in *Thrivor* of \$250k in Q2 FY19. Total Q2 FY20 revenue uplift is 10.3% v Q2 FY19 including *Thrivor* investment.

The company reported operating cash receipts of \$2.5m in Q2 FY20, up 42.2% on Q2 FY19 (Q2 FY19: \$1.8m) and 10.3% on Q1 FY20 (Q2 FY20: \$2.3m). Net cash used in operating activities was in line with expectations at (\$2.4m) vs (\$2.2m) in Q2 FY19.

MedAdvisor closed the quarter with \$16.3m in cash.

Capital Raising

In early October 2019, MedAdvisor raised \$17m at \$0.05 per share, an 11% premium to the share price at that time.

Following its investment of \$11m, HMS (NASDAQ:HMSY), a leading US healthcare analytics and technology business, became the largest shareholder with a 13% holding, joining existing strategic investors EBOS Group (ASX:EBO) and Sigma (ASX:SIG) on MedAdvisor's share register.

The funding provides MDR with the capital required to execute opportunities identified to date in each market. These funds will be used for continued investment in MedAdvisor's technology, sales and support, to drive success in the US and UK as well as support the MedAdvisor Zuellig Pharma joint venture in South East Asia.

Business Updates

Australia

MedAdvisor has ~60% of Australia's pharmacies who subscribe to PlusOne, the software-as-a-service ("SaaS") offering. These pharmacies collectively serve ~12m Australian customers, and of those, MedAdvisor digitally connects its pharmacy customers to ~1.3 million patients.

In early October, MedAdvisor announced new long-term contracts with both Chemist Warehouse and Sigma Pharmaceuticals. MedAdvisor now has long term contracts with 3 of the 4 largest pharmacy groups in Australia.

Increasing pharmacy numbers is driving increased SaaS based revenue streams, with recurring revenues growing >30% on Q2FY19. Health programs continues to grow in line with trend for H1 (up >35% on H1FY19).

US

As previously announced, MedAdvisor will provide Digital Adherence Programs for two top 10 global pharmaceutical companies as Health Programs customers through its partnership with Adheris. The expected revenue from these Health Programs is expected to commence in H2, with 9-month pilot programs to run over 12 months, totalling approximately \$825,000.

Off the back of the recent investment led by HMS; an expert in supporting health funders including health insurers and government to improve patient health outcomes and reduce

costs, HMS will work with MedAdvisor to leverage our capabilities for customers in the US and Australia.

Asia

The Singapore-based joint venture, ZP MedAdvisor Pte. Ltd. (“ZPM”) is on track for its rollout plans in the Philippines and Malaysia.

In the Philippines, ZPM has completed the app development and it is now with MedExpress for testing prior to launch.

In Malaysia, ZPM signed agreements with Klinify and Alpro Pharmacy group to distribute digital Health Programs to a potential addressable patient pool of 2 million+ patients. ZPM will support more than 900 Malaysian doctors using Klinify to offer digital Health Programs to their patients. Revenue from Malaysia is expected to commence in H2 FY20.

UK

The Day Lewis Pharmacy Group is one of the largest independent pharmacy chains in the UK owning over 270 pharmacies and servicing over 1 million customers. MedAdvisor is progressing with a highly automated Day Lewis branded version of the MedAdvisor consumer app and pharmacy software. It is expected to begin roll out as planned in H2 FY20.

Robert Read, CEO & MD of MedAdvisor commented:

“This quarter was another record in operating cash receipts. The business is continuing to deliver milestones in our home market of Australia and in the US and UK. Pleasingly the validation of having clients now in the US, UK and Asia is exciting and will provide a platform for growth into a much larger patient population.

The successful capital raising that was led and underwritten by HMS Global is a significant endorsement of the potential of MedAdvisor. The addressable patient pools, for whom MedAdvisor can potentially provide digital Health Programs has expanded significantly. The new pharma clients that have agreed to pilots demonstrate the scale of the US market.”

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For more information:

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About MedAdvisor

MedAdvisor is a world class medication management platform focused on addressing the gap and burden of medication adherence. Founded with a desire to simplify medication management, the highly automated and intuitive Australian software system connects patients to medication related tools and education materials from their community pharmacy. Available free on mobile and internet devices, the platform also incorporates a variety of valuable and convenient features including reminders, pre-ordering of medications and medicines information, which together has been shown to improve adherence to chronic medications by ~20%.

Since launching in 2013, MedAdvisor has connected over one million users through ~ 60% of Australian pharmacies and a network of thousands of GPs across Australia, and in 2018 was recognised in the AFR Fast 100.

Carlo Campiciano - Company Secretary
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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

MEDADVISOR LIMITED

ABN

17 145 327 617

Quarter ended ("current quarter")

31-December-2019

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
1. Cash flows related to operating activities			
1.1 Receipts from customers		2,516	4,800
1.2 Payments for :			
(a) research and development		(210)	(609)
(b) product manufacturing and operating costs		(467)	(906)
(c) advertising and marketing		(102)	(333)
(d) leased assets		-	-
(e.1) staff costs - R&D		(942)	(1,909)
(e.2) staff costs - other		(1,757)	(3,586)
(f) administration and corporate costs		(1,423)	(2,586)
1.3 Dividends received		-	-
1.4 Interest received		14	27
1.5 Interest and other costs of finance paid		-	-
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		(2,371)	(5,102)

+See chapter 19 for defined terms.

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
2. Cash flows related to investing activities			
2.1 Payment to acquire:			
(a) property, plant & equipment	(106)	(109)	
(b) businesses (item 10)	-	-	
(c) investments	-	-	
(d) intellectual property	-	-	
(e) other non-current assets	-	-	
2.2 Proceeds from disposal of:	-	-	
(a) property, plant & equipment	-	-	
(b) businesses (item 10)	-	-	
(c) investments	-	-	
(d) intellectual property	-	-	
(e) other non-current assets	-	-	
2.3 Cash flows from loans to other entities	-	-	
2.4 Dividends received (see note 3)	-	-	
2.5 Other (provide details if material)	-	-	
2.6 Net cash from / (used in) investing activities	(106)	(109)	
3. Cash flows from financing activities			
3.1 Proceeds from issues of shares	17,085	17,613	
3.2 Proceeds from issues of convertible notes	-	-	
3.3 Proceeds from exercise of share options	-	-	
3.4 Transaction costs related to issues of shares, convertible notes or options	(529)	(529)	
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 (provide details if material)	-	-	
3.10 Net cash from / (used in) financing activities	16,556	17,084	

+See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1 Cash and cash equivalents at beginning of quarter/year to date		2,335	4,515
4.2 Net cash from / (used in) operating activities (item 1.9 above)		(2,371)	(5,102)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(106)	(109)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		16,556	17,084
4.5 Effect of movement in exchange rates on cash held		(26)	-
4.6 Cash and cash equivalents at end of quarter		16,388	16,388

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		16,371,864	2,309
5.2 Call deposits		-	-
5.3 Bank overdrafts		-	-
5.4 Other (provide details)			26
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)		16,371,864	2,335

6. Payments to directors of the entity and associates of the directors		Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2		194
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2		

7. Payments to related entities of the entity and their associates		Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2		39
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3		-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2		

+See chapter 19 for defined terms.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

8. Financing facilities available

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

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

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

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9. Estimated cash outflows for next quarter ^A

- 9.1 Research and development
- 9.2 Product manufacturing and operating costs
- 9.3 Advertising and marketing
- 9.4 Leased assets
- 9.5 Staff costs
- 9.6 Administration and corporate costs
- 9.7 Other (provide details if material)
- 9.8 Total estimated cash outflows

\$A'000

321

1,385

1,097

-

2,507

690

-

6,000

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)

- 10.1 Name of entity
- 10.2 Place of incorporation or registration
- 10.3 Consideration for acquisition or disposal
- 10.4 Total net assets
- 10.5 Nature of business

Acquisitions

Disposals

^ASee chapter 19 for defined terms.

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.

Sign here:



(Company secretary)

Print name: Carlo Campiciano

Date:

31-Jan-20

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 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.

+See chapter 19 for defined terms.