



**MedAdvisor**

# **H1 FY21 Results Investor Presentation**

25 February 2021

[mymedadvisor.com](https://mymedadvisor.com)





# Agenda

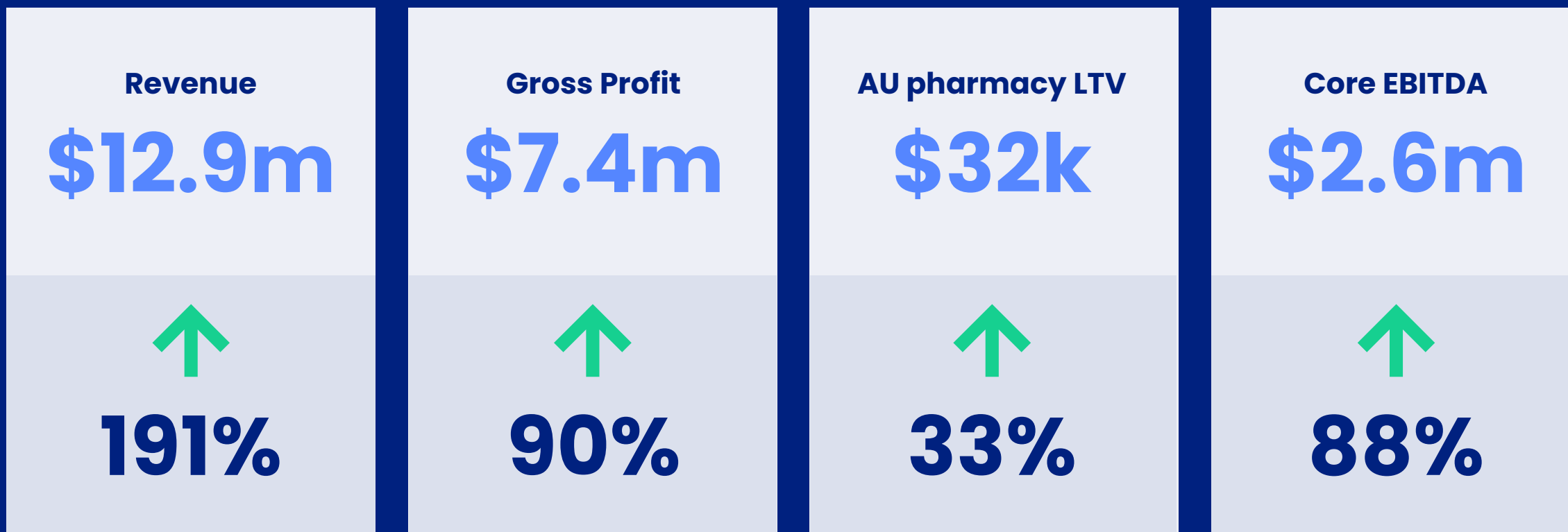
**MDR overview**

**Business update**

**H1 FY21 results summary**

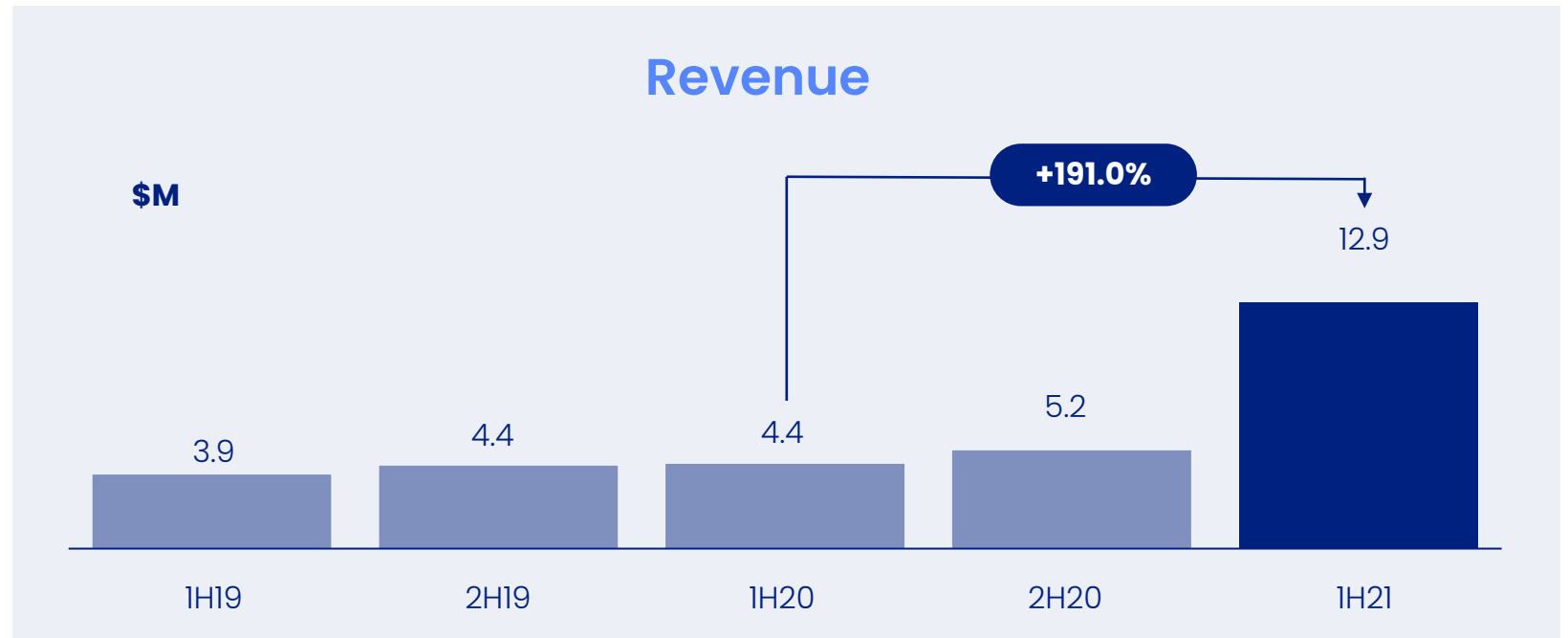
**Q&A**

# Financial highlights\*



\*All uplifts compared to H120

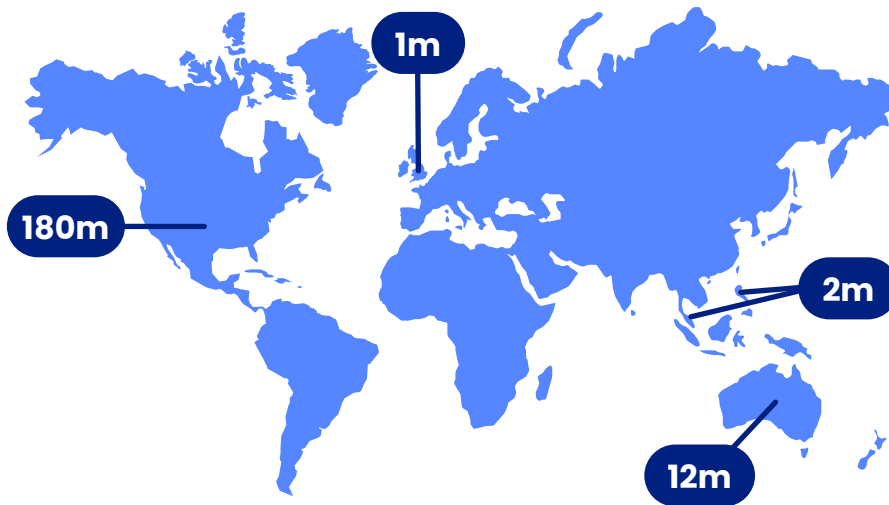
# Financial highlights



	H1 FY18	H1 FY19	H1 FY20	H1 FY21
Revenue (\$m)	3.3	3.9	4.4	12.9
Gross Profit (\$m)	2.9	3.5	3.9	7.4
Core EBITDA (\$m)	0.2	1.0	1.4	2.6
Pharmacy Life Time Value	26,012	26,866	24,630	32,897



# Leader in global adherence programs with reach of nearly 200m



US reach:

**180m**

MedAdvisor can reach 1:2 Americans (180m) on an opt-out basis through 25,000 pharmacies

HMS is MDR's largest investor (NASDAQ:HMSY).  
350 health fund clients, 100m patients covered

Australian reach:

**12m+**

12m chronic patients, 3,600 pharmacies.

FY20 70 health programs from 23+ Companies

Asia reach:

**2m**

50/50 JV to deliver access to up to  
156m patients from 90,000 pharmacies

App launched in the Philippines via MedExpress

Health Programs via partnerships in Malaysia and Philippines

UK reach:

**1m**

Endorsed by the National Pharmacy Association of the UK

First chain customer – Day Lewis (300 stores)

# Global client base with programs via increased distribution

18

Working with 18 of the top 20 global pharma co's

10

Global pharma co's with Health Programs in multiple markets

57%

US prescriptions flow through Adheris network

180m

US opt-out patients

1.8m

AU patients digitally connected

65%

AU Pharmacies on MedAdvisor platform

## Key partnerships



~350 US Health Insurers  
Secure digital US & AU



Support 6,800 UK pharmacies  
Endorsed MDR



90,000 Pharmacy customers  
12 SEA markets

# Business update







# Strategic priorities

- Grow revenue in Au from an existing position of strength.
- Expand globally in the world's largest medicines markets, US, UK, SEA through organic and M&A activity.

**Goal:** Create the world's largest audience of addressable patients. Our strategic ambition will be executed by delivering on 5 priorities:



## Tech & product

Uplift our technology creating awesome solutions



## Marketing

Build a world-class marketing organisation



## Sales

Invest in global sales organisation – capability, tools, people



## Growth

Execute on global expansion in our identified markets



## People

Establish a performance culture where talented people do meaningful work



# US addressable market for MDR is significant

**\$US1.2B+**

**Pharmacy SaaS\***

MDR pharmacy software for ordering, workflow etc

**\$US1.0B+**

**Medication Adherence\*\***

includes discount coupons, patient support programs, direct patient communications & other initiatives

**\$US6.0B+**

**Direct to Consumer  
Pharma marketing\*\*\***

includes TV spend, print media and social media channels

**=**

**\$US8.2B+  
TAM**

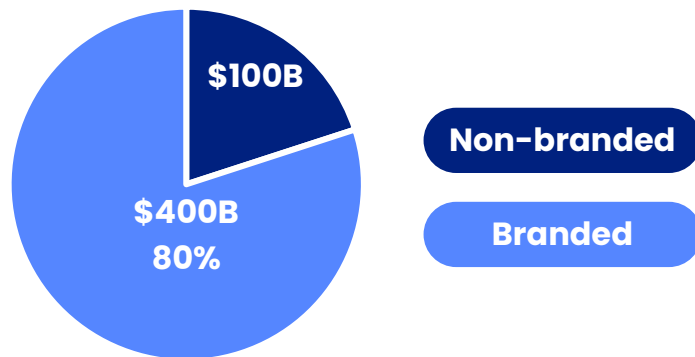
\*55,000 pharmacies at \$2,400 p.a., Does not include saas for pbm or insurers

\*\* \$2B ADHERENCE MARKET GLOBALLY "Medication adherence market overview", PS market research, September 2020 (<https://www.Psmarketresearch.Com/market-analysis/medical-adherence>) and <https://www.Medgadget.Com/2019/12/medication-adherence-market-2019-global-analysis-opportunities-and-forecast-to-2024.Html> and MDR estimations

\*\*\* <https://arstechnica.Com/science/2019/01/healthcare-industry-spends-30b-on-marketing-most-of-it-goes-to-doctors>

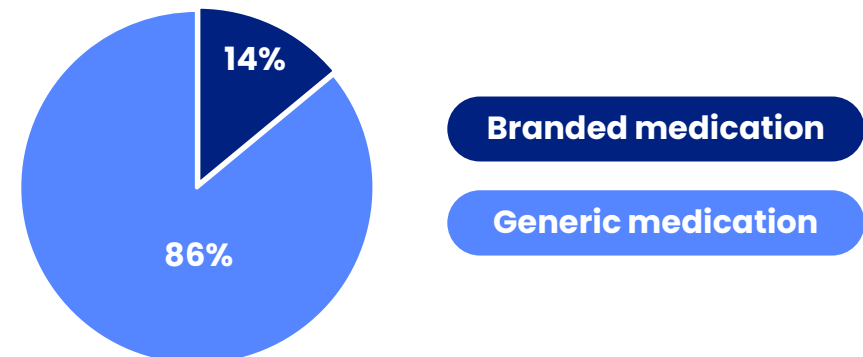
# Two stakeholders in the US medicines market: pharmaceutical companies and insurers

## Value of branded medication spend



- Significant budget is allocated by pharmaceutical companies to invest in sales and marketing. The cost of non-adherence is most important to them – this is Adheris' core market.
- \$6b spent by global pharma on direct-to-consumer marketing.

## Volume of generic low-cost medication



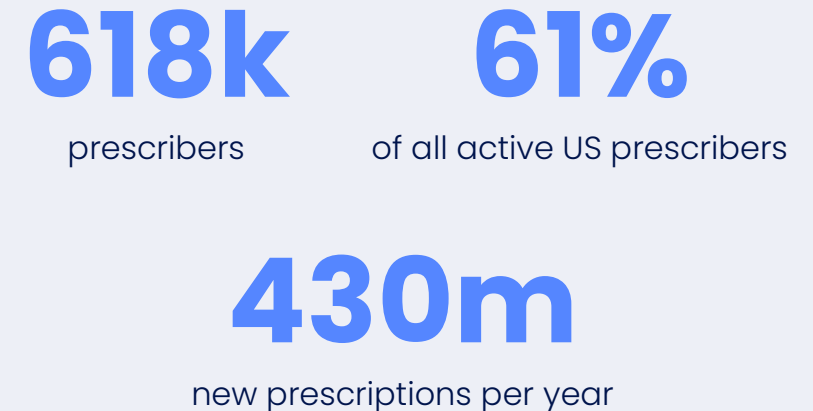
- Generic pharmaceutical companies typically don't invest in adherence. Many of the common chronic medicines are generic.
- Health insurers and payers are most incentivised to ensure patients remain adherent. STAR Ratings help drive this.

# MedAdvisor has unparalleled patient and prescriber reach in the US

## Current US pharmacy network



## US prescriber network



Our patient programs are large-scale and opt-out. Adding digital across the network is a key growth strategy.



# Scaled network drives new revenue in US

**Payors and funders**



**Healthcare providers**



**Patients**



## Pharmaceutical companies

Access to 82% of top 100 pharma, OTC and health insurers



## Insurers

Bring health insurers for programs via retail pharmacies

80+ pharma co's and potential of 300+ insurers sponsor patient programs



## Pharmacies

Adheris delivers retail reach to ~25,000 pharmacies and 57% of US prescriptions



## Doctors

618k (60% share) connected to Adheris



## Patients

180m+ patients (50% of US population)  
Reach patients on an opt-out basis

# Adheris acquisition strategy



Acquiring a strategic partner, massive distribution **scale in the world's largest medicines market**

**1:2**

Americans reached on an opt out basis via

**25k**

Pharmacies



**Invest in sales and marketing** to add more clients, cross sell solutions and drive sales. Use digital as a catalyst for new revenue models and improve customer mix

**2x**

Business development capability since acquisition



**Digitise with MDR solutions** (digital programs + SaaS), leveraging Adheris' **sophisticated data, analytics and experience** across all MDR markets

**2.2B**

Prescriptions per year via MDR network



Leverage scaled network to **attract new sponsors** including health insurers, OTC and others, whilst returning core business to growth

**\$US8.2B**

TAM

# 3 strategic initiatives creating long term US growth

Initiative	How	Impact
<b>1</b> <b>Dynamic Engagement</b> From Patient messaging to Patient Management	<b>Build data solutions to enable dynamic programs</b>	<ul style="list-style-type: none"> <li>• <b>Increased Revenue</b> – estimate 2x per patient</li> <li>• <b>Increased Margin</b> – same volume of messages</li> <li>• <b>Greater \$ and less abatement % to pharmacy</b></li> </ul>
<b>2</b> <b>Digital Enablement</b> More chains, more patients digitally connected	<b>Roll out digital across Adheris network</b> <ul style="list-style-type: none"> <li>• inMotion – digital messaging</li> <li>• SaaS – MedAdvisor pharmacy software</li> <li>• Secure Digital, Programs &amp; SaaS to HMS &amp; Health insurance customers</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Increased revenue</b> – new revenue streams</li> <li>• <b>Increased margin</b> – higher margin like AU</li> </ul>
<b>3</b> <b>Health insurers</b> Greater distribution, lower fees to distribute	<ul style="list-style-type: none"> <li>• Sell opportunity for Insurers to sponsor programs leveraging a healthcare practitioner</li> <li>• Provide Secure Digital &amp; SaaS solutions to HMS customers</li> <li>• Leverage pharma to payer</li> </ul>	<ul style="list-style-type: none"> <li>• <b>More program sponsors</b></li> <li>• <b>Increased Revenue</b> – new revenue streams</li> <li>• <b>Increased margin</b> – higher margin for SaaS</li> </ul>



# Adheris integration proceeding as planned

## Sales and marketing capability

- MedAdvisor US sales team plus new hires to join Adheris team (doubling sales team post-close)
- Ramp investment in sales and marketing in progress

## People and talent

- Talent review process progressing
- Key hires in people and culture made
- Global HRIS currently being scoped

## IT integration

- IT integration underway in partnership with Syneos
- Engaged third party provider to facilitate transition of Corporate IT environment
- Expected completion within agreed timelines

## Integration costs

- Acquisition costs include due diligence costs (legal and advisors)
- Integration costs include costs associated with transitioning Corporate IT function; significant costs associated with extracting Adheris from Syneos network are funded by Syneos

# Commercial milestones and objectives

Objective	Prior to transaction	0 to 6 months	6 to 12 months	12 months+
Technical integration for inMotion	✓			
Launched HIPAA & ISO27001 compliant digital product	✓			
Joint sales activity established	✓			
Add Sales and Marketing resources		✓		
Digital activation of AH network			30%+ coverage	SaaS product
integrated pharma offering				Dynamic Engagement live
Broaden Customer Mix		Cross-sell products	Insurer/OTC	Health insurers

# Rest of world update

## Go-to-market strategy

### UK

COVID delayed Day Lewis roll out by 1Q. Roll out slated for H2

#### SaaS

Launched Day Lewis app and consumer website completed

Formally endorsed by National Pharmacy Association

Standalone MedAdvisor app to be initially available in Q4 FY21

#### Programs

Working with UK pharmacy chains to scope DAPs

### SEA

#### SaaS

Launched MedExpress App in the Philippines. COVID impacted volumes

Developing new non dispense app product PlusOne Mobile

#### Programs

Launched Digital Health Programs in Philippines and Malaysia through agreements with Klinify and Alpro

Now operating digital health Programs with several clients across global markets

### AU

#### SaaS

Grew pharmacy network to 64%+. Contracted by 3 of the 4 largest pharmacy groups

Added ePrescribing, remote patient verification and in app payments

Added new integrated partner Health Engine to drive an improved pharmacy appointment system.

#### Programs

Grew addressable patient base to 1.8m users. Programs up 56% on pcip

Growth engine of the MDR Au business with targeted investments to support during H2 FY21

## MDR partnerships & clients



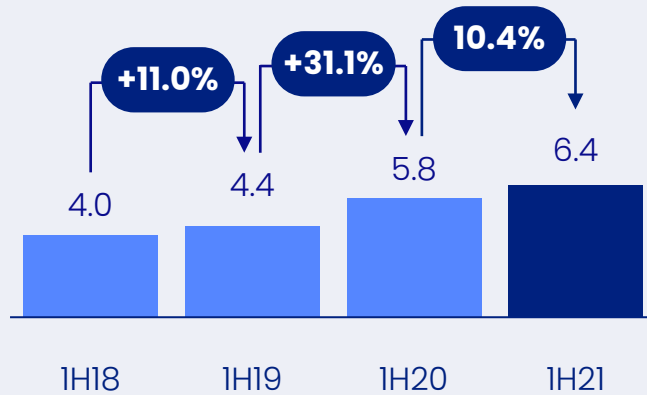
## MDR global clients



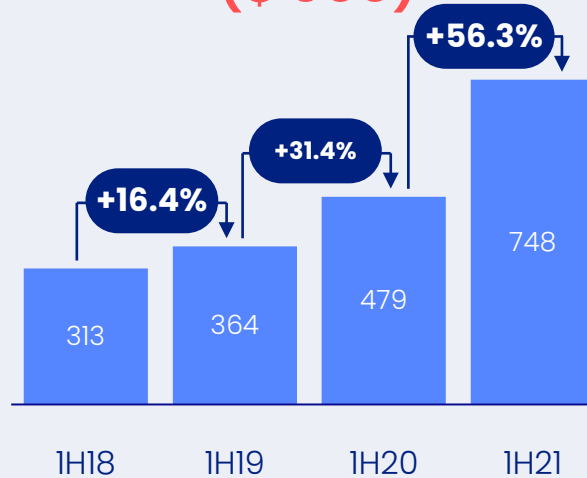


# Health programs drive Australian growth

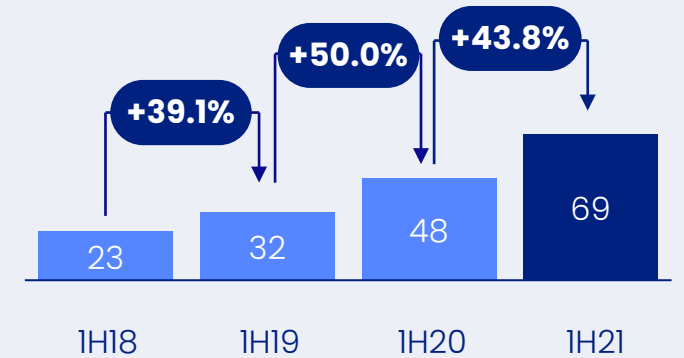
ARR (\$m)



Program revenue (\$'000)

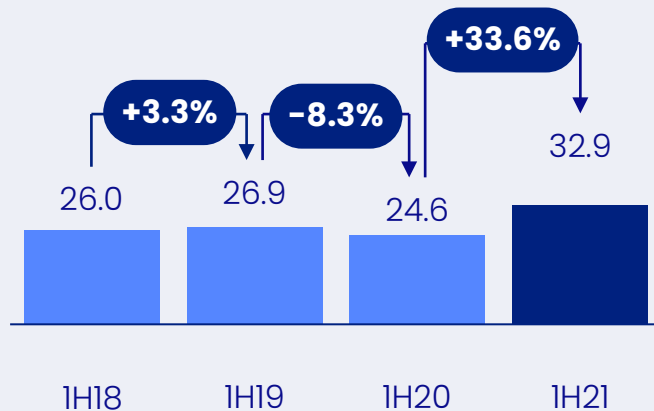


Number of programs

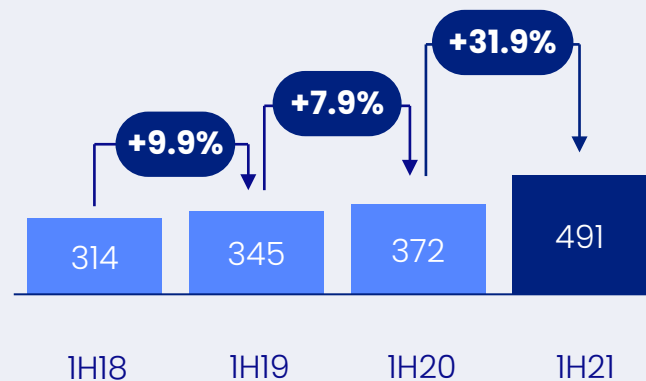


# Growth in Australian LTV + patients per pharmacy

Pharmacy Lifetime Value



Patients per pharmacy



Patients (m)



# Financial update

Period ending  
31 December 2020



MedAdvisor

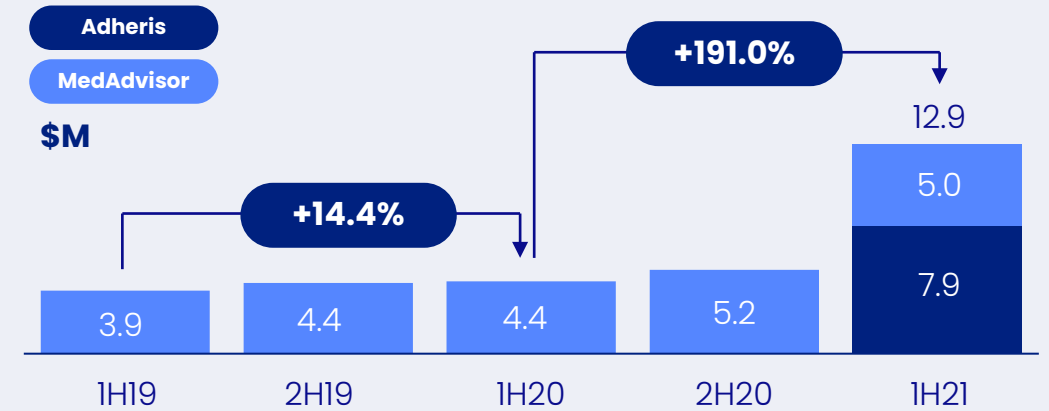


# Revenue up 191% yoy

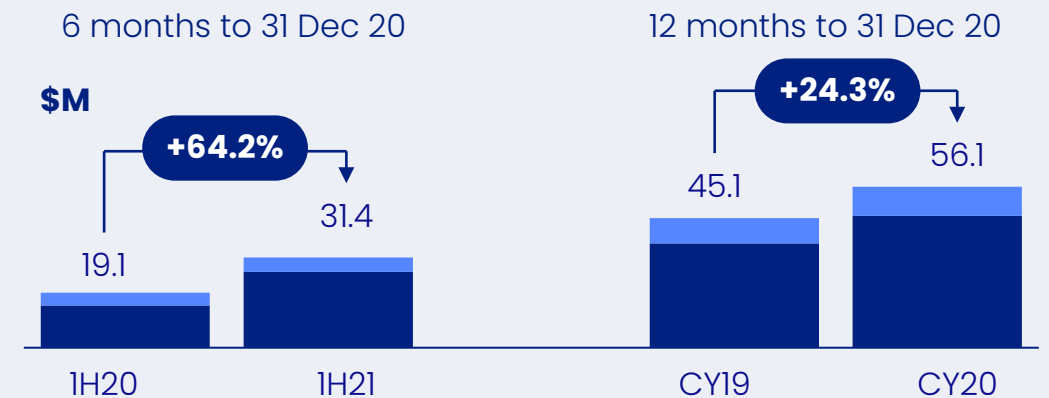
## Revenue growth driven by MDR US

- 191% growth in reported revenue for MDR
- 1H21 Adheris performance does not include any COVID-19 related programs
- Acquisition of Adheris is reflected for 6 weeks of H1 FY21
- Pro forma revenue for 6 months ended 31 December 2020 of \$31.4m, up 64.2%
- Pro forma revenue for the 12 months to 31 December 2020 of \$56.1m, up 24.3%

### Reported revenue



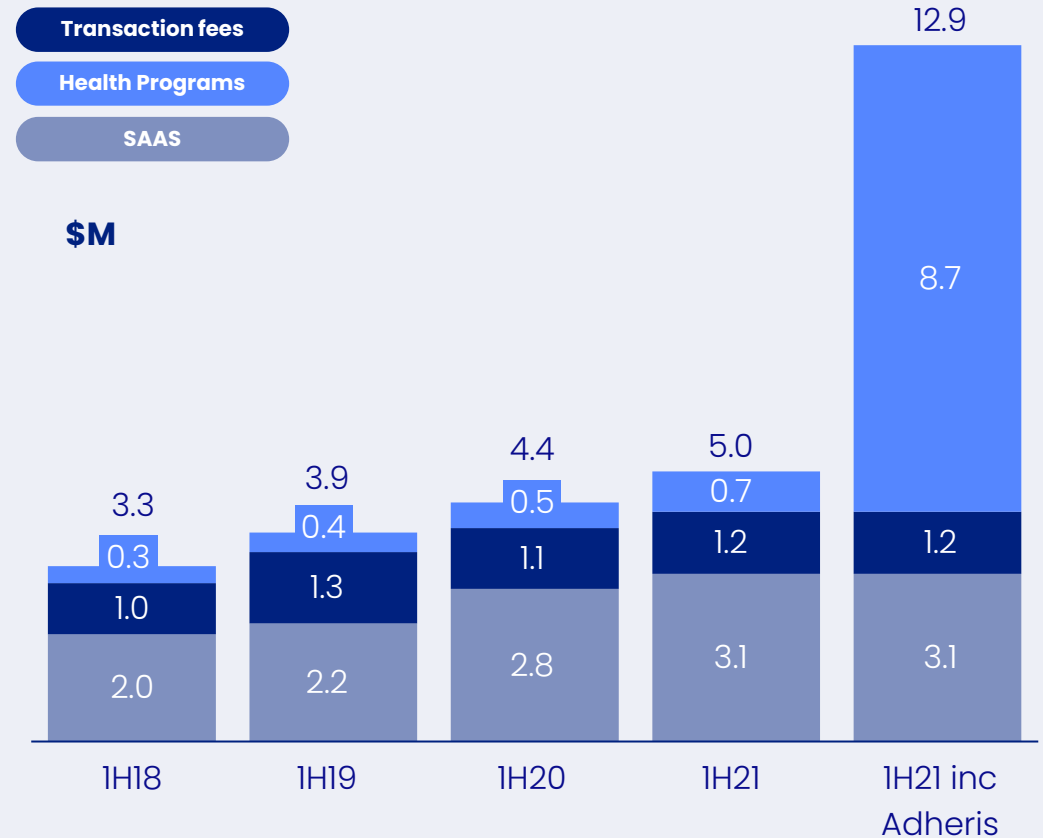
### Pro forma revenue



# Revenue drivers

- Solid performance from SaaS revenue driven by growth in network
- Transaction revenue mix is evolving with the introduction of in-app payments and changes in SMS as more patients migrate to app-based solutions; prior included several one-off development items not repeated
- AU Health Programs continued to show strong momentum, up +56% year-on-year, with the US digital programs growing steadily prior to acquisition
- Global revenue including Adheris of \$12.9m, sees health programs emerge as major revenue driver
- No COVID related revenue was generated in 1H21

## Composition of revenue

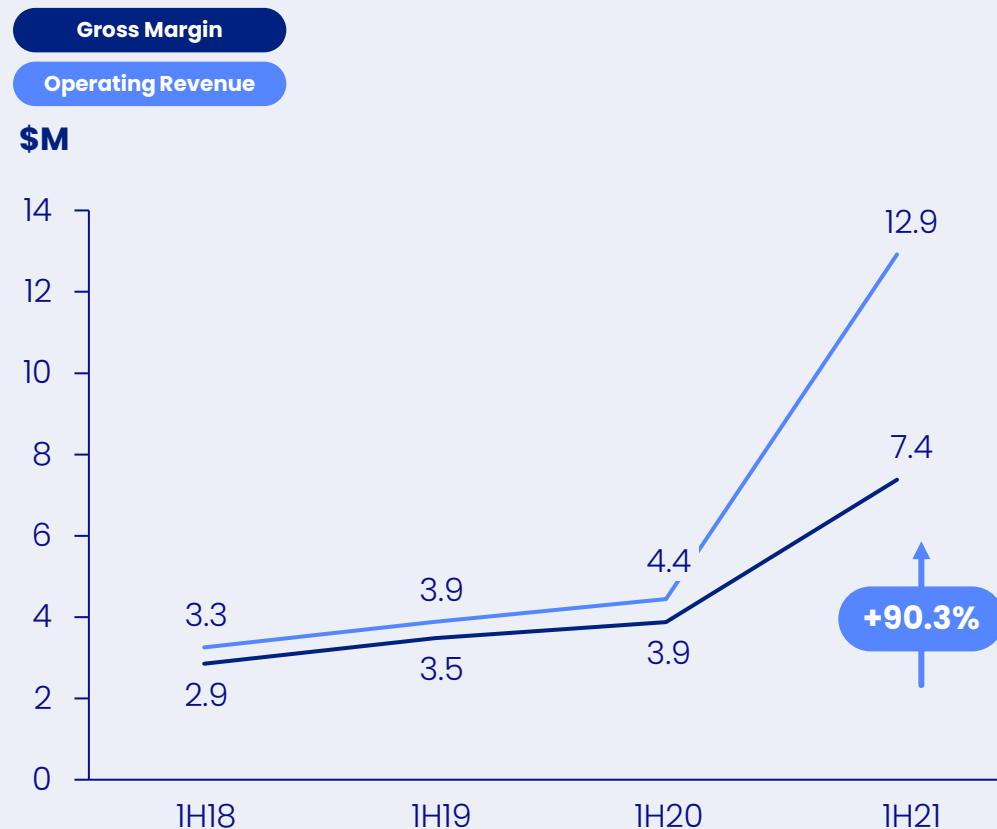




# Gross profit up 90% yoy

- Total MDR gross profit dollars up by 90%
- MDR AU gross profit margin of 80.0%
- MDR US gross profit margin of 48%. Creating operating leverage as the business grows.
- Aim to expand both dollars and % gross margin during next 2 calendar years
- Key strategies underway to drive margin expansion:
  1. Introduction of Dynamic Engagement (US) in market in 2022
  2. Digital adoption via Adheris network
  3. Health insurer customers

## Revenue and gross profit trend



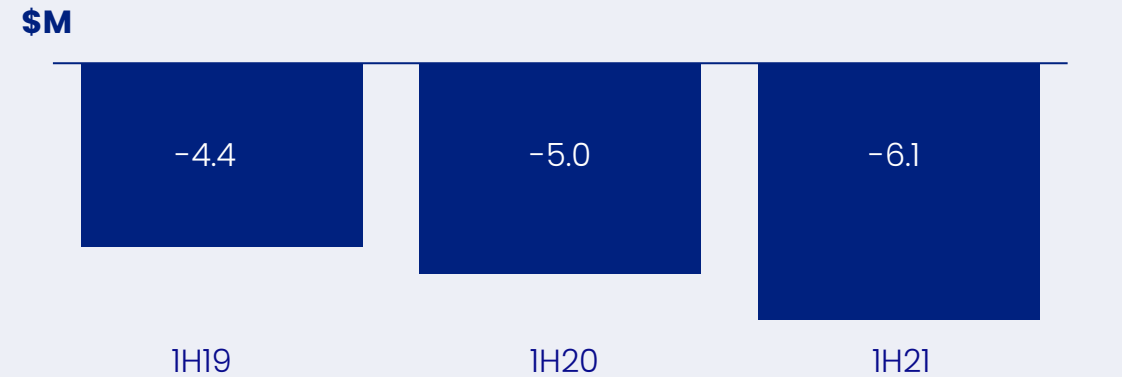
	1H18	1H19	1H20	1H21
Gross Profit Margin %	87.6%	89.7%	87.3%	57.1%

# Reported EBITDA

## Creating operating leverage

### Australia Core EBITDA

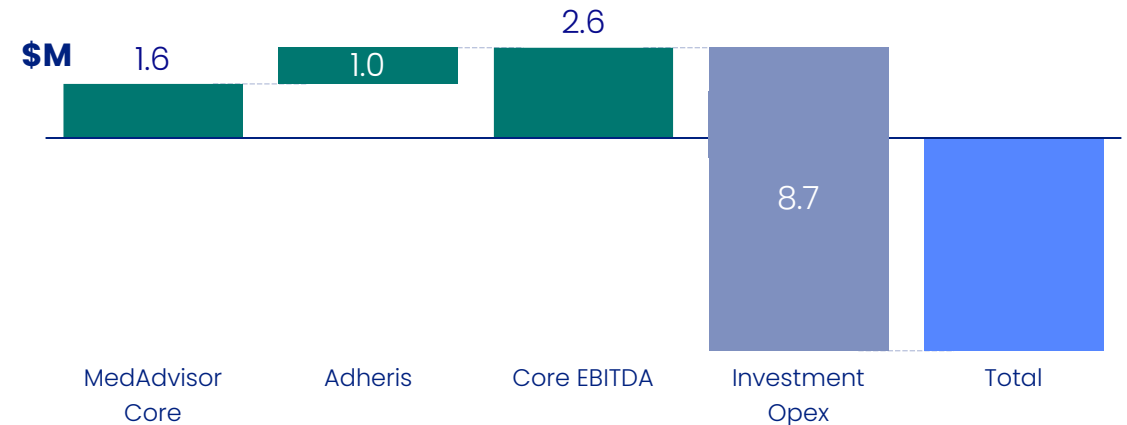
As a more mature market with high gross margins, MDR Au has a stable Core EBITDA



### Group EBITDA

EBITDA including investment opex is - \$6.1m.  
Investment opex has been allocated to:

1. International Expansion (US, SEA, UK)
2. Product investment & R&D activities



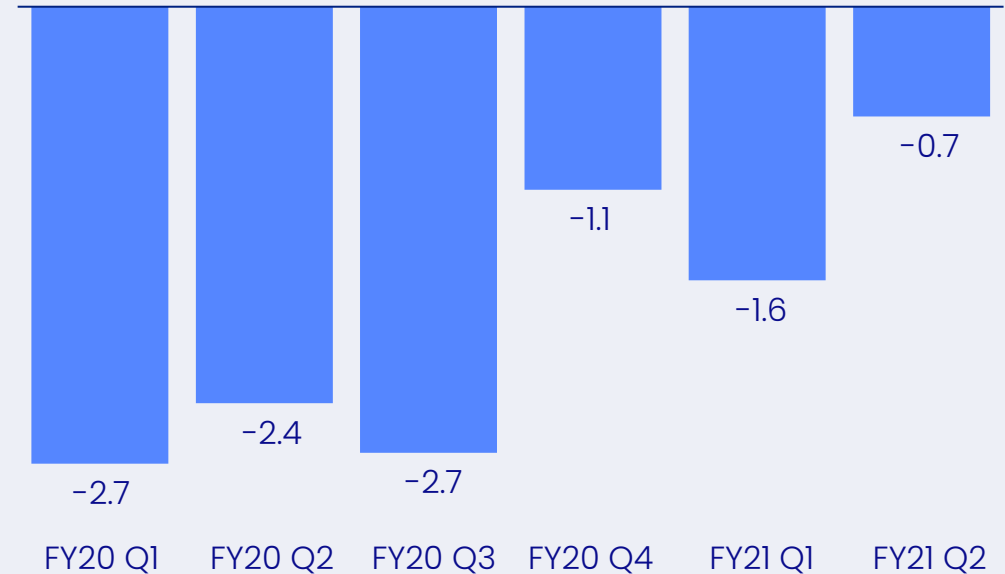
# Operating cash flow

## Cash flow improves from growing international revenues

- Operating cashflow improvement driven by strong performance of Adheris and timing of receipts from pharmaceuticals.
- Abatement payments occur quarterly based on prior quarter revenues. Q1 abatements will be higher than Q4 due to strong performance in Q4.
- Deferred revenue occurs when sponsors pay in advance of the services being delivered. Typically balances range between \$3m-\$4.5m on the balance sheet.
- Revenue growth is cash flow generative in the US business

## Quarterly operating cash flow

\$M



	1H20	1H21	% Change
Operating Cash Inflow	4,828	13,765	185.1%
Operating Cash Outflow	(9,859)	(16,054)	(62.8%)
Net Operating Cash	(5,031)	(2,289)	54.5%

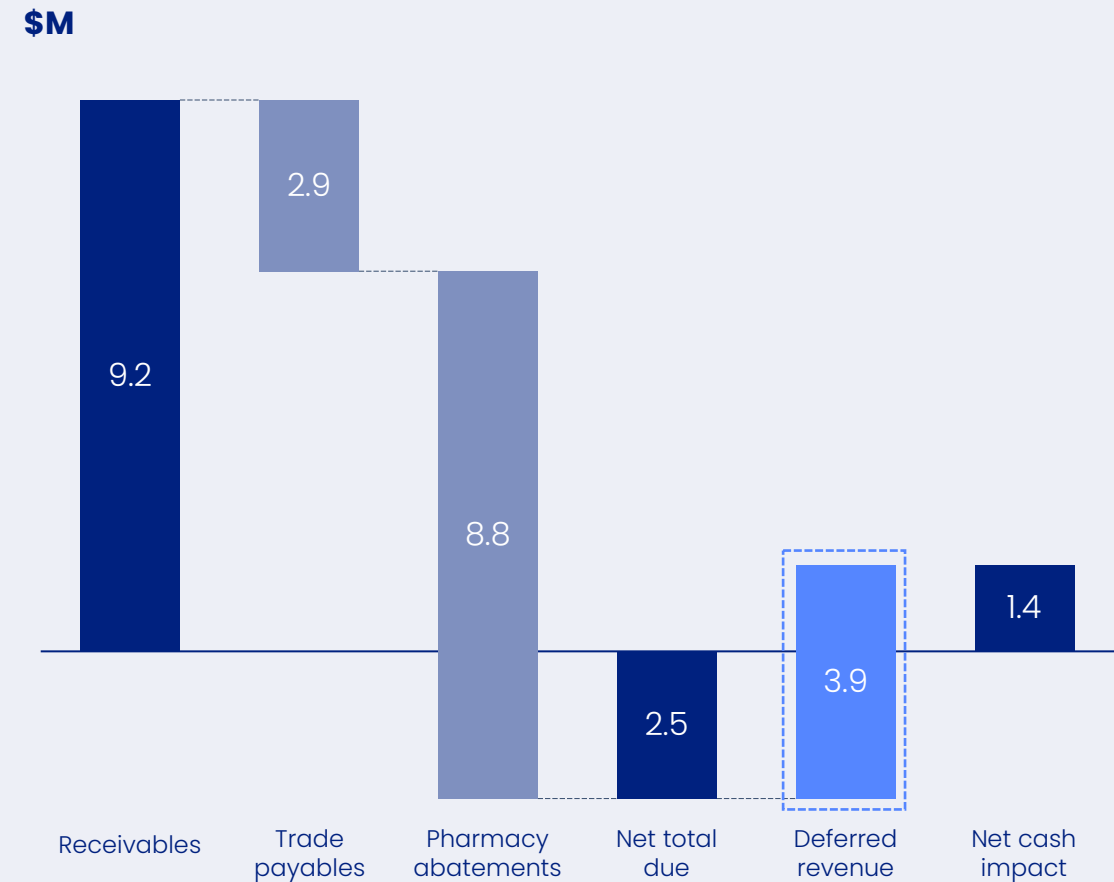
# Working capital

## Deferred revenue provides upfront funding

- Trade debtors and other receivables represent amounts invoiced or earned but not yet invoiced for programs
- Trade payables include amounts invoiced by pharmacies for abatements owing
- Accrued Pharmacy abatements represents abatements due for programs currently in progress
- Deferred revenue occurs when sponsors pay in advance of the services being delivered. Typically balances range between \$3m-\$4.5m on the balance sheet.

\* Balances as at 31 December 2020

## Working capital cycle\*



# Outlook

- We expect the US business to continue to perform strongly, as H1 performance has been driven by the core customer base. Initial customer and pharmacy feedback has been positive.
- The US business is targeting margin expansion in future periods as more revenue comes from higher margin products and services including digital and insurers.
- The Australian business will seek to expand the pharmacy network and grow patient numbers to drive revenue growth from Health Programs. We expect changes to the market with ePrescribing and COVID-related initiatives will provide revenue opportunities.
- Executing key commercial opportunities with strategic partners like HMS in our global markets.
- We expect that COVID-19 could provide additional opportunities for the business in the US and AU markets due to the Group's track record in executing successful vaccine programs.







# Questions?

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**Thank you**

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# Appendix

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# Key definitions

**CPG**

Consumer Packaged Goods

**Dynamic engagement**

Multi-channel solution to drive right message to the right patient at the right time and in the right way to maximise impact.

**Insurer**

A person or company that underwrites an insurance risk; the party in an insurance contract undertaking to pay compensation.

**OTC**

Over The Counter

**Payer**

A payer, or sometimes payor, is a company that pays for an administered medical service. An insurance company is the most common type of payer. A payer is responsible for processing patient eligibility, enrollment, claims, and payment.

**ROI**

Return on Investment

**SAAS**

Software as a Service

**STAR ratings**

The star ratings are part of a push to increase the quality of care provided by private plans that contract with Medicare in the US. The ratings are based on 36 measures, ranging from rates of hospital readmissions to the volume of consumer complaints a plan gets.

Medication adherence is integral to an organisation's Medicare Advantage Star Rating. Analysis conducted illustrates that 50% of the weighting for the aggregate rating is tied to a health plan's support of consumers in taking their prescription medications.

Medication adherence has become critical to a health plan's ability to improve health outcomes as well as lower total costs. Medication adherence has more influence on a plan's performance than preventative screenings, member appeals and other aspects of quality measured in the Star ratings.

# Statement of results

- 191% growth in reported revenue for MDR.
- Gross margin up 91.3%; gross margin % of 57.2% reflects blended MedAdvisor (~85%) and Adheris (~ 48%) rate
- Core EBITDA of \$2.6m includes Adheris
- Adheris acquisition costs of \$1.0m include due diligence and integration costs.
- Convertible note included as part of consideration; notional interest charge of \$272k, with interest due to Syneos of \$27k for period to 31 December 2020.

	1H21	1H20	% Var v LY fav/(unfav)
Operating Revenue	12,918	4,429	191.6%
Other Revenue*	137	49	177.2%
<b>Total Revenue</b>	<b>13,054</b>	<b>4,479</b>	<b>191.5%</b>
<b>Gross Profit</b>	<b>7,518</b>	<b>3,929</b>	<b>91.3%</b>
<i>Gross Margin</i>	57.1%	87.6%	(30.4%)
Operating Expenses	14,053	9,242	(52.1%)
<b>EBITDA (Normalised)<sup>1</sup></b>	<b>(6,100)</b>	<b>(5,059)</b>	<b>(20.6%)</b>
<b>Core EBITDA (Normalised)<sup>1,2</sup></b>	<b>2,604</b>	<b>1,387</b>	<b>87.7%</b>
<b>EBIT (Normalised)<sup>1</sup></b>	<b>(6,536)</b>	<b>(5,313)</b>	<b>(23.0%)</b>
<b>Net Interest Expense (Normalised)<sup>1</sup></b>	<b>(9)</b>	<b>(13)</b>	<b>30.4%</b>
<b>Net Income (Normalised)<sup>1</sup></b>	<b>(6,545)</b>	<b>(5,327)</b>	<b>(22.9%)</b>
<b>Adheris Health Acquisition:</b>			
<b>Acquisition &amp; Integration Costs</b>	<b>(1,072)</b>	<b>0</b>	<b>n/a</b>
<b>Convertible Note Interest Charge:</b>			
Notional Interest	(272)	0	n/a
Interest Payable to Syneos	(27)	0	n/a
<b>Total Convertible Note Interest</b>	<b>(300)</b>		<b>n/a</b>
<b>Total Adheris Acquisition Costs</b>	<b>(1,372)</b>	<b>0</b>	<b>n/a</b>
<b>Net Income - Reported</b>	<b>(7,916)</b>	<b>(5,327)</b>	<b>(48.6%)</b>

1. Normalised for Adheris acquisition and integration costs, and convertible note

2. Core EBITDA represents "business as usual" EBITDA excluding all growth opex

\* Other revenue excludes interest income of \$31k and \$42k for 1H21 and 1H20 respectively (offset in Net Interest Expense)



# Balance sheet

- December Cash Balance – \$21m (31 December, 2020)
- Intangible assets include goodwill on acquisition of Adheris. Note, classification of identifiable assets subject to independent valuation currently in progress, with final goodwill allocation subject to change
- Trade and other payables include abatements payable quarterly to pharmacy chains in US
- Other current liabilities includes deferred income (\$3.4m)
- Total deferred consideration includes the following:
  - CY21 Earn out \$5.2m (US\$4.0m) due May 2021 (Other Liabilities)
  - CY22 Earn out \$3.9m (US\$3.0m) due May 2022 (Non Current Liabilities)
  - Convertible note of US\$5m (A\$6.8m) due for conversion or redemption in May 2021 (Financial Liabilities)

Year Ended 31 December 2020 (\$000)	31-Dec-20	30-Jun-20	\$ Var
Cash and cash equivalents	21,208.1	12,345.2	8,863
Trade and other receivables	9,178.5	1,839.4	7,339
Other assets	1,811.2	375.7	1,435
<b>Current Assets</b>	<b>32,197.8</b>	<b>14,560.3</b>	<b>17,638</b>
Property, plant and equipment	2,384.6	393.6	1,991
Right-of-use assets	3,007.0	1,073.2	1,934
Intangible assets	51,458.1	5,244.4	46,214
Other	652.0	0.0	652
<b>Total Non Current Assets</b>	<b>57,501.6</b>	<b>6,711.2</b>	<b>50,790</b>
<b>Total Assets</b>	<b>89,699.5</b>	<b>21,271.5</b>	<b>68,428</b>
Trade and other payables	15,999.8	1,189.7	14,810
Other liabilities	9,097.6	521.2	8,576
Financial liabilities	6,809.2	0.0	6,809
Leases	1,212.8	263.9	949
Employee benefits	1,175.5	1,036.2	139
<b>Total Current Liabilities</b>	<b>34,295.0</b>	<b>3,011.0</b>	<b>31,284</b>
<b>Total Non Current Liabilities</b>	<b>6,678.8</b>	<b>1,239.9</b>	<b>5,439</b>
<b>Total Non Current Liabilities</b>	<b>40,973.8</b>	<b>4,250.9</b>	<b>36,723</b>
<b>Net Assets</b>	<b>48,725.7</b>	<b>17,020.6</b>	<b>31,705</b>

# Cash flow statement

- Operating cashflow reflects Adheris performance post acquisition
- Adheris operating cashflow reflects timing associated with receipts from pharmaceutical companies and payment of abatements to pharmacies
- Acquisition of Adheris and capital raise reflected in investing and financing activities respectively

Year Ended 30 June 2020 (\$'000)	31-Dec-20	31-Dec-19	\$ Var
<b>Cash Flows From Operating Activities</b>			
Receipts from customers (inclusive of GST)	13,733.8	4,800.5	8,933
Payments to suppliers and employees (inclusive of GST)	(16,014.2)	(9,811.8)	(6,202)
Interest received	31.0	27.2	4
Interest and other costs of finance paid	(40.1)	(47.3)	7
<b>Net cash inflow (outflow) from operating activities</b>	<b>(2,289.4)</b>	<b>(5,031.4)</b>	<b>2,742</b>
<b>Cash Flows From Investing Activities</b>			
			0
Payments for property, plant and equipment	(161.2)	(29.1)	(132)
Payment for intangibles	0.0	(106.4)	106
Payment for acquisition of subsidiary	(29,211.9)	0.0	(29,212)
<b>Net cash outflow from investing activities</b>	<b>(29,373.1)</b>	<b>(135.5)</b>	<b>(29,238)</b>
<b>Cash Flows From Financing Activities</b>			
			0
Proceeds from new share issue	42,278.5	17,100.0	25,178
Capital raising costs (net of GST)	(1,960.8)	(467.9)	(1,493)
Receipts from non controlling entities	525.5	528.5	(3)
Repayment of lease liabilities	(231.5)	(136.9)	(95)
<b>Net cash (outflow) inflow from financing activities</b>	<b>40,611.6</b>	<b>17,023.7</b>	<b>23,588</b>
<b>Net increase/(decrease) in cash held</b>	<b>8,949.1</b>	<b>11,856.8</b>	<b>(2,908)</b>
FX movement opening balance sheet	(86.1)	0.0	
Cash and cash equivalents at the beginning of the year	12,345.2	4,400.7	7,944
<b>Cash and cash equivalents at the end of the year</b>	<b>21,208.1</b>	<b>16,257.5</b>	<b>4,951</b>

# Digital engagement example



## ABC Pharma TODAY

Select 1 or more of

inPharmacy	\$x per msg
inHome	\$y per letter
inOffice	\$z per notification
inMotion	\$v per message
Data & Insights	\$a per data pack

## ABC Pharma TOMORROW FY22+

To >

Per patient p.a. revenue model  
irrespective of channel

Tailored and targeted messaging of  
patients based on profile, history &  
predictive algorithms

**2x revenue per patient p.a**