

## June 2019 Quarterly Report and Appendix 4C

## Record Domestic FY Revenue, International Momentum Building

## Key Domestic Highlights:

- Total cash receipts for Q4 of \$2.9m including R&D tax concession of \$0.8m. June quarter operating cash receipts, excluding R&D refund of \$2.1m (+15.9% vs Q4 FY 18 \$1.8m).
- Operating Q4 revenue (unaudited) of \$2.3m (+37.8% vs Q4 FY 18 \$1.7m)
- FY19 operating revenue (unaudited) of \$8.2m (+24.8% vs full year FY18 \$6.6m)
- Record full year total revenue (unaudited) for FY 19 of \$9.2m (+24.3% vs FY 18 \$7.4m)
- Health Program revenues in Q4 FY19 were more than double of those in Q4 FY18.
- Ended June quarter with \$4.5m cash.

## Key International Highlights:

- **50:50 Joint Venture between MedAdvisor and Zuellig Pharma** - Singapore-based ZP MedAdvisor Pte. Ltd. ("ZPM") was formed during Q4.
- **First customer in Asia signed** – MedExpress Drugstores in the Philippines signed through MedAdvisor's Joint Venture with Zuellig Pharma (ZP MedAdvisor Pte Ltd, "ZPM").

**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 of 30 June 2019 and is pleased to provide an update of the progress during the period.

**Financial Update**

The Company reported an uplift in revenue of 37.8% from Q4 FY18, generating \$2.3m for Q4 FY19. This performance brings the total (unaudited) operating revenue for FY19 to \$8.2m up 24.8% on FY18. Total (unaudited) revenue for FY19 has grown to \$9.2m, 24.3% ahead of FY18 total revenue.

**Operating Cash Flow Breakdown of the June 2019 Quarter**

\$'000	Q4 AUS	Q4 INT	Q4 TOTAL
Total Operating Cash flow	2,835	\$-	\$2,835
BAU Cash outflows	(\$1,349)	\$-	(\$1,349)
<b>Net BAU Cash</b>	<b>\$1,487</b>	<b>\$-</b>	<b>\$1,487</b>
Growth Cash Outflows	(\$2,171)	(\$597)	(\$2,768)
<b>Net Cash Flow</b>	<b>(\$685)</b>	<b>(\$667)</b>	<b>(\$1,282)</b>

Net cash used in operating activities for Q4 FY19 totalled (\$1.3m). MedAdvisor closed the quarter with \$4.5m in cash. The company reported operating cash receipts of \$2.1m, versus \$1.8m in Q4 FY18 and \$2.3m in Q3 FY19. Total cash receipts for the quarter were \$2.9m which includes \$0.8m from R&D tax concession and Export Market Development Grant plus interest received in Q4.

## Business Updates

MedAdvisor generates revenue from three sources:

1. **Pharmacy** - SaaS licence fees plus patient messaging fees (~84% of revenue);
2. **Pharmaceutical Companies** - Health Program campaign fees paid on a per patient basis for distribution (~12%);
3. **Patient & Other** - Patient initiated fees for certain GP services (~4%) and other services

### Australia

#### *Pharmacy*

Pharmacy accounts for 84% of MedAdvisor's revenue, principally derived through the 3,300+ pharmacies that pay SaaS fees and patient messaging fees for using MedAdvisor's pharmacy software, PlusOne.

Underpinning the long-term average of ~97% pharmacy retention, Q4 of FY19 has seen engagement in PlusOne continue to increase with ~\$300m worth of medication orders made by patients in FY19 and over ~300,000 flu shots recorded by MedAdvisor pharmacies in the year to date, up from ~100,000 at the same time last year.

#### *Pharmaceutical Companies - Health Programs*

Revenue from Health Programs; that are sent digitally or are delivered in-pharmacy to support patients with their adherence to medication, was a record for the quarter, more than double the prior period. The company ran 41 programs with 18 funders over the quarter and 58 programs in FY19 through 23 different program funders. These programs continue to improve patients' adherence and persistence to medication.

#### *Patients & Other*

MedAdvisor announced that it has launched a new in app payment feature for patients, allowing them to prepay and then 'click & collect' for their medication, increasing convenience for patients by removing the friction in the order-pay-collection process. This will also provide merchant service fees to MedAdvisor. Initial feedback from both patients and pharmacists has been very positive. MedAdvisor has 1.2m digitally connected patients with total script orders through MedAdvisor now reaching \$300m p.a. run rate.

MedAdvisor also launched the new *MedAdvisor Clinic Connect* linking pharmacies and GPs more effectively. This is a significant step forward in our functionality for GPs who handle nursing home patients, saving up to 10 hours per month and we look forward to rolling this out in H1 FY20.

## Asia

MedAdvisor partnered with Zuellig Pharma Holdings Pte Ltd ('Zuellig Pharma'), whose \$US13 billion business provides healthcare services to over 350,000 medical facilities (pharmacies, medical clinics, hospitals) across South East Asia, and works with over 1,000 corporate clients, including the top 20 pharmaceutical companies in the world.

MedAdvisor formalised its 50:50 joint venture with Zuellig Pharma in May. The Singapore based Joint Venture, called ZP MedAdvisor Pte. Ltd. ("ZPM"), will commercialise MedAdvisor's medication management platform across Asia. The Joint Venture will derive revenue both from Pharmacy and Pharmaceutical Company funded Health Programs. Zuellig Pharma has now invested their first tranche into ZPM and in June, ZPM signed its first pharmacy chain customer **MedExpress Drugstores**, the leading hospital outpatient pharmacy chain in the Philippines, with 1.5m regular customers. MedExpress is expected to go live with the MedAdvisor app towards the end of H1 FY20.

## USA

MedAdvisor has partnered with Adheris, a Syneos Health company (NYSE:SYNH), a provider of paper-based adherence programs through partnerships with 26,000+ pharmacies connected to 197m patients. Through the partnership, MedAdvisor will generate the majority of its revenue through Pharmaceutical Company Health Programs in the initial phase.

Both Adheris and MedAdvisor have been in active discussions with pharmaceutical companies and pharmacy chains to run Health Programs in the US. It is anticipated that MedAdvisor will generate initial revenue from Health Programs that go live in Q2/Q3 FY20 via a subset of Adheris' pharmacy network that is expected to be as large as the whole Australian pharmacy market, before rolling out to the full Adheris network.

MedAdvisor will update the market over H1 FY20 as programs are finalised with pharmaceutical companies.

**Robert Read, CEO of MedAdvisor commented:** "We have seen strong growth in all aspects of our domestic business, evidenced by increasing revenue from pharmacy and pharma programs, that generated record revenues in FY19. We are also seeing increased momentum from our international expansion activities. The JV with Zuellig Pharma has brought about the signing of our first customer in Asia and first pharmacy chain outside Australia; MedExpress, which is the leading hospital outpatient pharmacy chain in the Philippines. MedAdvisor will be bringing its next generation app and SMS platform to MedExpress in H1 and will also run Health Programs with up to 1.5m MedExpress Customers.

It is exciting to see the positive reaction from clients in the US, including both pharmacy chains and pharmaceutical companies to our product.”

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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 over 20%.

Since launching in 2013, MedAdvisor has connected over one million users through >55% of Australian pharmacies and a network of thousands of GPs across Australia and in 2018, was recognised in the AFR Fast 100.

## 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")

**30-June-2019**

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date ( 12 months) \$A'000
<b>1. Cash flows related to operating activities</b>		
1.1 Receipts from customers	2,058	7,997
1.2 Payments for :	-	-
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(163)	(1,064)
(d) leased assets	-	-
(e.1) staff costs - R&D	(922)	(3,490)
(e.2) staff costs - other	(1,445)	(6,448)
(f) administration and corporate costs	(1,611)	(4,892)
1.3 Dividends received	-	-
1.4 Interest received	24	134
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives <sup>(1)</sup>	777	817
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,282)</b>	<b>(6,946)</b>

(1) \$750k from R&D Tax Concession and \$27k from EMDG received in the current quarter

## Appendix 4C

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date ( 12 months) \$A'000
<b>2. Cash flows related to investing activities</b>			
2.1 Payment to acquire:			
(a) property, plant & equipment	(6)	(105)	
(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 <b>Net cash from / (used in) investing activities</b>	(6)	(105)	
<b>3. Cash flows from financing activities</b>			
3.1 Proceeds from issues of shares	-	-	
3.2 Proceeds from issues of convertible notes	-	-	
3.3 Proceeds from exercise of share options	-	975	
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-	
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 <b>Net cash from / (used in) financing activities</b>	-	975	

+See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date ( 12 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		5,803	10,591
4.2 Net cash from / (used in) operating activities (item 1.9 above)		(1,282)	(6,946)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(6)	(105)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		-	975
4.5 Effect of movement in exchange rates on cash held		-	-
<b>4.6 Cash and cash equivalents at end of quarter</b>		<b>4,515</b>	<b>4,515</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		4,515	5,803
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>4,515</b>	<b>5,803</b>

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		186
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		
Aggregate payments listed in 6.1 comprise salary and superannuation paid to the 2 executive and 3 non executive directors.		

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		

## 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 <sup>A</sup>

- 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

-

215

613

-

2,454

887

-

4,169

#### 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

### 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: 30-Jul-19

<sup>A</sup>See chapter 19 for defined terms.



**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.

**Other Information.**

+See chapter 19 for defined terms.