

September 2018 Quarterly Report & 4C

Highlights

- September quarter cash receipts of \$1.86m (+36% vs Q1 FY18 \$1.36m)
- September quarter revenue (unaudited) of \$1.80m
- Very strong quarter for new pharmacies, network now exceeding 3,100 or 55% share
- MedAdvisor's Pharmacy Platform *PlusOne* is driving the number of professional services being delivered in pharmacy +359% year-on-year.
- Globalisation work of the MedAdvisor platform continues according to plan with teams scaled up and delivering.
- Formalised agreement with HPS to develop an integrated medication management solution for use in hospitals, marking entry into the hospital sector.
- \$8.7m in cash to fund US integration and advance domestic revenue growth

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 30 September 2018 and is pleased to provide an update of the progress during the period.

Financial Update

The Company reported \$1.84m (unaudited) in revenue versus \$1.68m in the prior June quarter. Operating revenue totalled \$1.80m. Cash receipts equated to \$1.86m, versus \$1.36m (+36%) in the prior corresponding September 2017 quarter.

Net operating cash outflow for the quarter totalled (\$1.86m) versus (\$976k) for the corresponding prior September 2017 quarter and (\$137k) for the prior June 2018 quarter which benefited from +\$634k in government grants and tax incentives adjusted net cash flow from operations was (\$771k).

The increase in adjusted net operating cash outflow of (\$1.09m) includes \$268k of expenses relating to the prior quarter and \$133k of prepayments. The increase in net operating cash outflow is attributable to the planned scale up in resources required to meet both our domestic and international strategic growth objectives.

Cash operating expenses for the quarter totalled \$3.5m, which was an increase of \$500k on the prior quarter due to investments in R&D activities associated with international expansion and building new channels in the domestic market including in the GP and hospital sector. This increase is in line with budget.

MedAdvisor closed the quarter with \$8.7m million in cash and is well funded to complete the integration in the US and to advance further expansion in its domestic market.

Operational Update

People

During the quarter MedAdvisor announced that it had appointed Jim Rotsart and Luke Merrow as Executive Advisors for the USA business. They bring a significant capability and history in the markets, MedAdvisor is targeting including deep relationships with Pharmacy Chains, Manufacturers and Health Insurers.

MedAdvisor also appointed Ruba El-Afifi to the role of EGM People & Culture. Ruba has a history in senior HR roles and most recently from Oracle's Aconex where she was GM Human Resources. Prior to that she worked at QIC and AAMI. Ruba joins the Executive Team and will help MedAdvisor ensure it has the right capabilities to scale.

Domestic business

The Company signed an agreement with EBOS subsidiary, HPS – Australia's largest provider of outsourced pharmacy services to hospitals, to develop an integrated medication management solution for use in hospitals, marking MedAdvisor's entry into the hospital market. The solution will be integrated with the patient's medical records and will give them full control to authorise and permit hospital pharmacists to digitally request and access a patient's medication history at the time of admission.

The number of medication errors and medication misadventure that occur at the transition of care are far too high and this solution aims to significantly improve the connectivity in the healthcare system and enhance the flow of information, thereby improving the admission and discharge process that will ultimately result in reduced readmissions and cost savings to the healthcare system.

MedAdvisor also announced that it is now offering its Clinical Trial Recruitment (CTR) service to existing and new clients. To date, four small trials have been completed using the platform to identify and help recruit suitable patients. With 80% of clinical trials experiencing a delay due to patient recruitment, MedAdvisor has a key role to play in the \$2bn industry. The successes of the MedAdvisor platform in CTR has added another revenue stream that is driven by MedAdvisor's growing patient base.

MedAdvisor recorded one of the strongest quarters in its history for new pharmacies and its market share of the Australian pharmacy market is now over 55% with 3,100+ pharmacies.

MedAdvisor now boasts ~1.1m connected users of the MedAdvisor platform and via its pharmacy software PlusOne can access a further 7m for pharmacist led programs through its 3,100+ strong pharmacy network.

International expansion

The Company is investing to expand its business internationally.

Founder and Product Manager International, Josh Swinnerton, has relocated to the United States, joining the growing team there, and will play a key role in developing the product for market entry, leveraging his deep understanding of the business and background in the US market. MedAdvisor also recently announced the appointment of Jim Rotsart and Luke Merrow as US advisors.

In the UK, MedAdvisor is actively pursuing discussions with potential customers, and has been approved by NHS Digital to integrate its software with the 3 major GP clinical software providers to provide access to a significant portion of the GP market.

Key Metrics Growth

The Company closed the quarter with 1.1m connected users and an average number of ~390 patients per pharmacy. Patients per pharmacy growth declined slightly due to MedAdvisor adding a significant number of new pharmacies during the Quarter that will build patients over time. MedAdvisor supports patient to pharmacy connectivity primarily through SMS, Email or App.

	June 2018 Quarter	September 2018 Quarter
Total Patients Connected in MDR Network	1,000,051	1,098,708
Average Number of Patients per network pharmacy	393	390
Number of contracted Patient Engagement Programs (PEPs)	27	29

Tap to refill (TTR) orders including orders on behalf of nursing home patients (GP Connect) in the September 2018 quarter reached \$264.9m (versus \$261.7m the prior quarter) in annualised prescription value.

The number of professional services booked and delivered via the PlusOne platform is increasing, demonstrating the value being delivered to pharmacies and patients through the platform. Year-on-year services growth was 359%, reflecting the increasing adoption of PlusOne as the preferred Pharmacy Professional Service platform. The Company's successful Flu Vaccination campaign throughout May and June, delivered a significant uplift with over 100,000 vaccinations being booked in the campaign.

Outlook

Pharmacy – growth in the number of sites using **PlusOne** and the increased engagement will ensure growth of programs that can be delivered to the 7m+ patients at these pharmacies, further driving user-based revenue from transactional fees.

Funders – MedAdvisor will continue to drive more manufacturers to the platform to run both digital and pharmacist led programs that improve adherence to medication and health outcomes.

New Markets – development will continue with both Hospital and GP products that will ultimately see a much better medication journey for patients who need to visit doctors or hospital and importantly drive significant efficiency improvements for the healthcare practitioners. Once rolled out these initiatives will also add significant patient populations.

International – MedAdvisor will increase both the global connectivity of the platform and its business development activities in its core international markets. These markets have the potential to rapidly change the scope and scale of MedAdvisor.

Robert Read, CEO of MedAdvisor commented: "We continue to grow our domestic business while scaling up to take advantage of significant growth opportunities in both domestic and international markets. The opportunity in the hospital market is significant and we are now



focused on developing this offering and simultaneously improving our services and value to GPs."

"We are optimistic about international opportunities in the markets that we are focusing on and are well advanced in the US, with the integration of our platform into PDX's software progressing on track."

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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 their community pharmacy, providing them with real time access to their personal medication records. Available free on mobile and internet devices, the platform also incorporates a variety of valuable and convenient features including reminders and pre-ordering of medications, which together improves adherence to common medications by approximately 20%.

Since launching in 2013, MedAdvisor has welcomed over one million users through its connections with ~55% of pharmacies and thousands of GPs across Australia.

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-September-2018

Consolidated statement of cash flows

	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
1. Cash flows related to operating activities		
1.1 Receipts from customers	1,855	1,855
1.2 Payments for :		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(449)	(449)
(d) leased assets	-	-
(e.1) staff costs - R&D	(848)	(848)
(e.2) staff costs - other	(1,303)	(1,303)
(f) administration and corporate costs	(1,159)	(1,159)
1.3 Dividends received	-	-
1.4 Interest received	44	44
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	(1,860)	(1,860)

+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	Year to date (3 months)
	\$A'000	\$A'000
2. Cash flows related to investing activities		
2.1 Payment to acquire:		
(a) property, plant & equipment	(73)	(73)
(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	(73)	(73)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
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	-	-
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	-	-

+See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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		10,591	10,591
4.2 Net cash from / (used in) operating activities (item 1.9 above)		(1,860)	(1,860)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(73)	(73)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		-	-
4.5 Effect of movement in exchange rates on cash held		-	-
4.6 Cash and cash equivalents at end of quarter		8,658	8,658

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		8,658	9,585
5.2 Call deposits		-	1,006
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)		8,658	10,591

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		217
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		
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

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8. Financing facilities available		
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

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	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	395
9.4 Leased assets	-
9.5 Staff costs	2,092
9.6 Administration and corporate costs	427
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	2,914

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

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: 26-Oct-18

^ASee 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.