

MARKET RELEASE

March 2021 quarterly business update

Melbourne, Australia, 30 April, 2021 - Medtech company, MedAdvisor Limited (**MedAdvisor** or the **Company**) (ASX: MDR) today released its Appendix 4C Report for the three-month period to 31 March 2021 and is pleased to provide an update of the progress during the period.

Key highlights

- FY21 Q3 revenue \$12.5m, up 481% on Q320
- On a like-for-like basis, revenue was up 44.6% for the 9 months year-to-date
- Receipts from operations in the quarter of \$9.9m
- 76% of the US business' calendar year revenue target contracted as at 30 April, ahead of prior year (68%)
- Two consecutive quarters of positive revenue growth in the US market
- FY21 guidance of \$38-39m and gross margin percentage of 55%
- CY21 guidance of \$55m-\$57m with a comparable gross margin percentage

Outlook

- The MedAdvisor board is confident with the progress of its Adheris integration and the opportunity that exists in the US market. As a result, MedAdvisor is providing full year FY21 revenue guidance of \$38-39m, with gross margin percentage of approximately 55%. The Company is providing CY21 revenue guidance of \$55-57m, with approximately 55% gross margin.¹ MedAdvisor has a strong sales pipeline that supports the amount required to deliver on guidance.

Business activity update

US market

- Initial integration between MedAdvisor and Adheris is progressing well and is in the final stages of completion. On budget and on schedule. This includes the migration of IT systems and support.
- Investment in the team is having a direct effect on pipeline activities, with eight new employees hired to boost business development and data analytics capabilities. 76% of the US business' calendar year revenue target has been contracted as at 30 April, ahead of previous corresponding period (68%). The deals include six new pharmaceutical

¹ Outlook is based on an AU:USD of \$0.75.

companies.

- The additional investment in sales resources is already delivering returns, cementing our repeat customers while expanding our marketplace with new business, representing 1/3 of the pipeline.
- Dynamic Engagement and InMotion technology development is on track and the US pharmaceutical market continues to respond positively to the digital opportunity. MedAdvisor signed an additional pharmaceutical company and an inMotion program went live in FY21 Q4.
- The Company has executed agreements to roll out digital programs with 12.5% of its existing US pharmacy market with potential patient reach approaching 25 million.
- MedAdvisor is in the final stages of executing agreements to enable digital programs with additional pharmacy chains. Once signed, MedAdvisor will have the ability to serve digital health programs to a network of over 60 million patients in the US.
- The Company has begun successfully executing on phase one of the identified COVID opportunities, filling the need for the education and information patients require so that they can manage existing vaccines alongside the COVID vaccination roll-out. This program has now been delivered to more than 2 million patients, and is being marketed to other pharmaceutical companies.
- Two new secure digital programs were also contracted by HMS for US-based health insurers. The Company expects its partner and major shareholder, HMS, will now benefit from the larger sales team and wider network of its new owner, Cotiviti.
- Following an increasing US profile and inbound interest, MedAdvisor has appointed US investment bank BTIG for a US non-deal roadshow in Q4.

Australian market

- Australian pharmacy market share has grown to approximately 65%, with annual pharmacy churn steady at about 5%.
- New head of Australian sales appointed to drive revenue growth and commercialisation of health programs and pharmacy growth.
- Record usage of MedAdvisor's in-app payment with approximately 28% of all orders now made through the in-app payment feature.
- 31 health programs funded by pharmaceutical companies were live during the quarter. Closed deals for the year-to-date now exceed \$2m with growing health programs pipeline.
- Working with HeathEngine to rollout a streamlined booking system ahead of in-pharmacy flu and COVID vaccination activities. Where pharmacies use both systems, MedAdvisor receives a revenue share.

UK market

- Sales penetration has suffered the effects of COVID shutdowns. The Company maintains its thesis for the opportunity in the region but notes it will take longer to execute.
- Notwithstanding the challenges, MedAdvisor launched the first version of the MedAdvisor UK app, following the launch of Day Lewis product which now includes a web-based solution for consumers. The MedAdvisor UK app rollout has commenced with the first 50 pharmacies expected to go live in Q4.

Asia

- Seven health programs with similar customers to Australia and the US are live in Malaysia in conjunction with our partners.
- New consumer product for Philippines is being tested in the market next quarter based on the existing tech stack and product to better suit the needs of this market.

Financial update

- The Company reported \$12.5m in quarterly operating revenue for the quarter ending 31 March 2021, an uplift of 481% from Q3 FY20.
- On a like-for like-basis, revenue was up 9.4% from the prior corresponding quarter and 44.6% for the 9 months YTD. Total revenue is in line with expectations.
- Historically, the December quarter has been MedAdvisor's strongest, representing more than 30% of the Company's sales. MedAdvisor's current deal pipeline indicates the Company is strongly positioned for the upcoming December quarter.

AUD (\$'m)	2020	2021	% Change
March Reported			
March Quarter Actual	2.2	12.5	481.4%
March Year to Date Actual	6.6	25.5	286.5%
Pro-Forma MedAdvisor + Adheris: March Quarter	11.5	12.5	9.4%
Pro-Forma MedAdvisor + Adheris: March YTD	29.8	43.0	44.6%

- Cash movement drivers for the March quarter include a change in payment terms from one pharmaceutical company resulting in \$4.9m receivable moving from Q3 to Q4.
- The Company's cash position was also impacted by the anticipated unwind of the

acquired net working capital balances and one-off costs relating to the integration and acquisition. After adjusting for these one-off impacts, the net cash used in underlying operations for the quarter is (\$1.5m).

- The upfront purchase price of USD\$22.5m for Adheris had been paid to USD\$20.5m by December 31 because of multiple purchase price adjustments. These adjustments have been unwound in this quarter and to date MedAdvisor has now paid USD\$22.1m. Liabilities associated with the upfront purchase consideration of \$22.5m, recorded on the balance sheet as at 31 December 2020, were paid during the quarter, with the final \$0.4m USD due in May, and the subsequent earn outs and deferred payments due in May 2021 and May 2022.
- To support the Company's growth and manage the cash flow cycle the Company has established facilities that provide the flexibility to bring forward the receipt of cash.

Operating Cash Flow Summary (AUD \$'000)	MedAdvisor ROW	MedAdvisor US	Total
Receipts from Customers	2.3	7.6	9.9
Government Incentives, interest & other	-	-	-
Total Receipts	2.3	7.6	9.9
Payments to suppliers and employees	(3.4)	(14.9)	(18.2)
Net cash used in operations	(1.0)	(7.3)	(8.3)
Lease payments classified as Financing activities	(0.1)	(0.3)	(0.3)
Total Cash cash used in operations	(1.1)	(7.6)	(8.7)
Normalisation			
Receipts from Customers (pre acq related)	-	1.2	1.2
Payments to suppliers and employees (pre acq related)	-	(3.6)	(3.6)
Timing of Debtor receipt		(4.9)	(4.9)
Net cash used in underlying operations	(1.1)	(0.4)	(1.5)

Related party transactions

During the quarter, the Company made the following payments to related parties:

- \$26,502 paid to a related party which provides data services to the Company in the ordinary course of business
- \$191,629 in fees and executive remuneration paid to directors.

- ENDS -

This document has been authorised for release by Chris Ridd, MedAdvisor Board Chair.

For more information:

Simon Glover
Chief Financial Officer
corporate@medadvisor.com.au
+61 3 9095 3036

Alex Beashel
Corporate Communications
ab@alexbeashel.com
+61 466 308 667

About MedAdvisor

MedAdvisor is a world-class medication management platform that empowers users to more simply manage their medication and improve adherence. MedAdvisor's highly automated and intuitive software system connects users to tools and education materials from their local/preferred pharmacy. In Australia, MedAdvisor has connected over 1.8 million users through more than 65% of Australian pharmacies and a network of thousands of GPs. MedAdvisor has partnered with HMS in the US, Zuellig Pharma in Asia and launched into the UK 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

ABN

17 145 327 617

Quarter ended ("current quarter")

31/March/2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows related to operating activities		
1.1 Receipts from customers	9,850	24,045
1.2 Payments for :		
(a) research and development	(1,296)	(1,532)
(b) product manufacturing and operating costs	(7,922)	(12,896)
(c) advertising and marketing	(777)	(1,478)
(d) leased assets	-	-
(e.1) staff costs - R&D	(2,659)	(5,326)
(e.2) staff costs - other	(4,428)	(11,354)
(f) administration and corporate costs	(1,086)	(2,184)
1.3 Dividends received	-	-
1.4 Interest received	6	37
1.5 Interest and other costs of finance paid	(61)	(101)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives ⁽¹⁾	-	125
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(8,373)	(10,664)

⁽¹⁾ R&D Tax Concession and Government Grants (EMDG)

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
2. Cash flows related to investing activities			
2.1 Payment to acquire:			
(a) entities	(2,089)	(31,301)	
(b) businesses	-	-	
(c) property, plant & equipment	(107)	(268)	
(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)	-	-	
2.6 Net cash from / (used in) investing activities	(2,196)	(31,569)	
3. Cash flows from financing activities			
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	(0)	42,805	
3.2 Proceeds from issues of convertible debt securities	-	-	
3.3 Proceeds from exercise of options	-	-	
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(233)	(2,194)	
3.5 Proceeds from borrowings	-	-	
3.6 Repayment of borrowings	(362)	(593)	
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	(595)	40,018	

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
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		21,208	12,345
4.2 Net cash from / (used in) operating activities (item 1.9 above)		(8,373)	(10,664)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(2,196)	(31,569)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		(595)	40,018
4.5 Effect of movement in exchange rates on cash held		4	(82)
4.6 Cash and cash equivalents at end of quarter		10,048	10,048

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		10,048	21,208
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)		10,048	21,208

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1		218
6.2 Aggregate amount of payments to related parties and their associates included in item 2		-
6.3 Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments		

The total of payments to related parties is comprised of amounts paid to Nostra Data Pty Ltd, an associated party, which provided data services to the Company during the quarter in the ordinary course of operations.

Quarterly report for entities subject to Listing Rule 4.7B

7 Financing facilities available

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 Total financing facilities

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

7.5 Unused financing facilities available at quarter end

-

- 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.

The Company did not have any financing facilities in place at the end of the quarter.

8. Estimated cash available for future operations

- 8.1 Net cash from / (used in) operating activities (Item 1.9)
- 8.2 Cash and cash equivalents at quarter end (Item 4.6)
- 8.3 Unused finance facilities available at quarter end (Item 7.5)
- 8.4 Total available funding (Item 8.2 + Item 8.3)
- 8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**
- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

\$A'000
(8,373)
10,048
-
10,048
1.2

- 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: No. The quarter's operating cash outflow was negatively impacted by several one off timing events:

- (1) payment of acquired of working capital payments of \$2.4m;
- (2) change in the timing of receipts from a key customer (impact of \$4.9m).

After adjusting for these two amounts, the underlying operating cashflow is \$1.5m. Hence, management would expect the current level of cash is sufficient to support normal operating cash flows.

- 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: MedAdvisor has established an invoice factoring facility, which will mitigate any change in payment terms as outlined above. In addition, MedAdvisor is currently negotiating other funding arrangements to provide additional sources of capital, which it believes is highly likely to be successful. These negotiations are commercial in confidence.

- 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 it does, per above, by securing additional funding the business will be able to continue to operate and grow and ultimately deliver value to its shareholders.

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: _By the Board_____

Date: 30/Apr/21

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 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.
- 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.