

MARKET RELEASE

December 2020 Quarterly Report and 4C

MedAdvisor reports record operating revenue of \$12.8m, up 188% YOY, with USA half-year revenue 40% above initial expectations

Melbourne, Australia, 21 January, 2021 - Medtech company, MedAdvisor Limited (**MedAdvisor** or the **Company**) (ASX: MDR) has today released its Appendix 4C Report for the three-month period to 31 December 2020 and is pleased to provide an update of the progress during the period.

Key highlights

- **Purchased Adheris, LLC** creating immediate scale in the USA
- **Full year CY20 pro-forma revenue of AUD\$56m up 484%** on CY19 (AUD:USD \$0.70)
- **MedAdvisor US (incorporating Adheris) achieved USD\$19.3m pro-forma in sales for the December half-year** (up 85% on the prior corresponding period (p.c.p) and +40% on the Company's initial forecast of USD\$13.8m pro-forma for the half-year)
- **Signed contracts to deliver 50%+ of CY21 Adheris earnout revenue hurdle** of USD\$32.5m (~AUD\$40m) and pipeline is strong
- **Recognised revenue of AUD\$12.8m for the half-year** to 31 December 2020, up AUD\$8.3m on the p.c.p. (+188%), and AUD\$10.3m for the quarter, including the 6 weeks following the Adheris acquisition on 17 November 2020
- Vaccine product was the highest revenue product for CY20, indicating the significant opportunity for MedAdvisor in this space, as programs drive awareness and dose series completion, critical to ensure patients are adequately vaccinated
- **Increased operating cash inflows to AUD\$14.2m** for the half-year to 31 December, up 196% on the p.c.p.
- MedAdvisor (excl. USA) total revenue of AUD\$2.7m for the quarter, up 15.4% on p.c.p
- **Raised AUD\$42.2m equity** from a number of existing shareholders, including HMS, and new institutional investors
- **Funded to execute integration and growth plans with AUD\$21.2m cash** at bank

MedAdvisor CEO and Managing Director Robert Read said: *"Achieving scale in the US has long been our aspiration given the size of the market and the impact MedAdvisor can have there. We set out to build partnerships and have now made a strategic acquisition at an attractive price, providing immediate scale in the world's largest market."*

"This quarter validates the strong financial performance of Adheris and the opportunities that are available from MedAdvisor ownership. As a result, our revenues are up 188% year-on-year and approximately 80% of our revenue is now generated in the US. We are now working with our global customers at scale across multiple regions."

Financial update

Full year CY pro-forma revenue for MedAdvisor and Adheris was \$56.1m, up 24% on the p.c.p. The December half pro-forma revenue was \$34.3m, up 79%. The December half actual was \$12.8m, up 188%.

The Company reported \$10.3m in quarterly operating revenue for the period ending 31 December 2020, an uplift of 324% from Q2 FY20 (\$2.4m), and 350% on the p.c.p, driven by strong Adheris performance, generating AUD\$7.8m in revenue in the 6 weeks to 31 December. Australian health programs also grew 56% on the p.c.p.

| Revenue (AUD \$M) | 2019 | 2020 | % Change |
|--|------|------|----------|
| December quarter actual | 2.3 | 10.3 | 350.0% |
| December half actual | 4.4 | 12.8 | 188.4% |
| Pro-forma MDR US + Adheris: December qtr | 11.0 | 19.7 | 72.2% |
| Pro-forma MDR + Adheris: December half | 19.1 | 34.3 | 79.3% |
| Pro-forma MDR + Adheris: CY full year | 45.1 | 56.1 | 24.3% |

Operating cash flow breakdown for the December 2020 quarter

The Company reported operating cash receipts of \$10.7m in Q2 FY21, up 208% on Q2 FY20 (Q2 FY20: \$3.5m). The December quarter results were driven by strong performance by Adheris health programs post-acquisition. The Company closed the quarter with AUD\$21.2m in cash, ensuring the business can execute on its integration and growth plans globally.

| Q2 operating cash flow summary (AUD \$M) | Rest of world "ROW" | MDR USA inc /Adheris | Total |
|---|------------------------|-------------------------|--------------|
| Receipts from customers | 3.0 | 7.7 | 10.7 |
| Government incentives, interest, & other | 0.1 | - | 0.1 |
| Total receipts | 3.1 | 7.7 | 10.8 |
| Payments to suppliers and employees | (6.2) | (5.2) | (11.4) |
| Net cash used in operations | (3.1) | 2.5 | (0.6) |

Significant one-off costs of \$4.2m for the quarter relate to the transaction and include legal fees, diligence fees, capital raising costs and other one-off payments relating to the transaction.

Business activity update

US drives revenue growth

The US market is more than 40% of the world's medicines market. MedAdvisor has both partnered and integrated technology platforms with Adheris and HMS over the last 18 months, providing initial scale and market access.

MedAdvisor acquired US-based Adheris in November, for USD\$27.5 million (<1x revenue) plus earnout payments. The Adheris business delivers MedAdvisor significant US scale with the ability to reach 1 in 2 Americans through opt-out messaging via a pharmacy network of 25,000. This scale combined with MedAdvisor's digital offering is a significant opportunity for the Company with the US pharmaceutical market.

The integration and transition work is progressing well. The combination of digital solutions and global scale has been received well by customers, laying a strong foundation for FY21. MedAdvisor US has also expanded its business development team to drive growth.

The combined MedAdvisor and Adheris business generated revenues of USD\$7.8m for Q2 and USD\$19.3m for the pro-forma half-year to December 31. The Adheris acquisition has

exceeded the earnout threshold of revenues of USD\$14m for the December half year, generating USD\$19.3m revenue for H1 FY21. This represents 85% growth year-on-year for the half, a 40% increase on the Company's expectations published in the Investor Presentation related to the acquisition and associated capital raise (released to ASX on 6 November 2020). The Adheris business achieved year-on-year growth from CY19 to CY20 of 26%.

The market for Adheris Health's services is robust, with strong booking activity in Q4 2020 and so far in Q1 2021. Brands that have renewed 2020 programs have typically done so at equal or higher spend levels compared to the prior year. Over 50% of the CY21 earn-out revenue target was contracted during Q2. Programs involving digital are being contracted for next year, allowing multi channel tactics to improve medication adherence. Pipeline activity is healthy, with both overall and weighted pipeline values well in excess of prior year levels for the same period.

Demand for vaccination delivery via retail pharmacies is expected to grow - this will accelerate opportunities to market MedAdvisor/Adheris Health services, especially with multiple vaccine manufacturers. Vaccine awareness campaigns and dose series completion programs benefit patients, pharmacies and manufacturers. Adheris Health can execute these awareness and series completion programs to patients. Adheris has run numerous vaccine programs successfully in the past - the company's vaccine product was the largest revenue product in CY20, highlighting the near-term opportunity for MedAdvisor in this market.

MedAdvisor's HMS integration, announced last year, will go live with a leading Sydney Hospital. This pilot program is aimed at keeping patients from readmission to hospital, by delivering health programs via secure digital messaging. Whilst this pilot will not generate material revenue initially, avoidable hospital readmissions is a global problem and, if successful, we expect will lead to significant opportunities for HMS and MedAdvisor.

MedAdvisor has commenced go-to-market activities with HMS who has signed some initial health insurer clients for Q3, building a pipeline of secure digital programs with HMS' customers. This will be the first time that MedAdvisor has run secure digital programs for the US insurer market and will be an important first step in opening up this market opportunity.

Australian growth underpinned by health programs

Total revenue for Australian operations was up 13% for H1 2020 compared to H1 2019, largely through pharmacy network growth which was up to 3,600+ representing approximately 64% of the pharmacy market. As MedAdvisor continues to grow its network and reach, the opportunity to generate an increasing amount of revenue from patients within the network, and through health programs, will be a key growth driver for future periods.

Health programs revenue was up 56% on the p.c.p. as patient volumes grow and more sponsors are attracted to the scale and reach of MedAdvisor. Our ability to improve adherence and persistence to medication is a significant attraction for pharmaceutical companies. We had 10 new programs signed during Q2.

During the half, MedAdvisor has invested in rebuilding its patient app, making it more user friendly through improved design and automation. MedAdvisor has also recently launched important enhancements including the ability for patients to activate remotely, providing an opportunity to attract and activate patients through sources beyond pharmacy.

Continued investment in technology to improve the patient experience is critical as MedAdvisor strives to accelerate patient acquisition and ensure pharmacies benefit from strong digital engagement with their patients.

Relative to Q2 FY20, digitally connected patient numbers passed 1.8 million, up 41%. Patient numbers are a key leading indicator to health program revenues as they enable engagement with a larger group of people.

Patient app orders and items per order were up nearly 52% and 56% respectively year-on-year for Q2 FY20 vs Q2 FY19.

Electronic prescribing recently went live, with MedAdvisor the first conformant patient app for electronic prescribing in Australia. The workflows make it extremely easy for patients to handle multiple scripts whilst providing pharmacy with a more efficient workflow than with paper scripts.

South East Asia to grow addressable users through MedExpress App

Through the Company's joint venture with ZuelligPharma (ZP MedAdvisor Pte Ltd.) in the Philippines and Malaysia, the Company's first pharmacy customer, MedExpress, went live with a white labeled MedAdvisor app across 65 of its stores. Patient volumes are increasing but have not yet achieved meaningful scale.

Additional health programs also went live in the Philippines and Malaysia.

UK app launched

During Q2, MedAdvisor launched its white labeled app with Day Lewis. The solution provided has been enhanced with new integrations with NHS systems and additional consumer features. The rollout has been delayed due to the COVID-19 crisis currently facing the UK. The roll out will resume in the second half.

The UK variant of the MedAdvisor app, which is supported by the National Pharmacy Association (NPA) for its pharmacy members, will go live in Q3 following NHS accreditation.

Related party transactions

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

- \$39,756 paid to a related party which provides data services to the Company in the ordinary course of business
- \$137,854 in fees and executive remuneration paid to directors.

This document has been authorised for release by Chris Ridd, Chairman.

- ENDS -

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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 the US, MedAdvisor can reach 1 in 2 Americans for opt-out health programs via ~25,000 pharmacies. In Australia, MedAdvisor has connected over 1.8 million users through more than 60% of Australian pharmacies. MedAdvisor has recently 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/December/2020

| 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 | 10,722 | 14,195 |
| 1.2 Payments for : | | |
| (a) research and development | (132) | (236) |
| (b) product manufacturing and operating costs | (4,511) | (4,974) |
| (c) advertising and marketing | (318) | (701) |
| (d) leased assets | - | - |
| (e.1) staff costs - R&D | (1,532) | (2,667) |
| (e.2) staff costs - other | (4,222) | (6,926) |
| (f) administration and corporate costs | (752) | (1,098) |
| 1.3 Dividends received | - | - |
| 1.4 Interest received | 10 | 31 |
| 1.5 Interest and other costs of finance paid | (20) | (40) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives ⁽¹⁾ | 100 | 125 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (655) | (2,291) |

⁽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 \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--------------------------------------|
| 2. Cash flows related to investing activities | | |
| 2.1 Payment to acquire: | | |
| (a) entities | (29,212) | (29,212) |
| (b) businesses | - | - |
| (c) property, plant & equipment | (152) | (161) |
| (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 | (29,364) | (29,373) |
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | 42,384 | 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 | (1,961) | (1,961) |
| 3.5 Proceeds from borrowings | (167) | (231) |
| 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 | 40,256 | 40,613 |

| 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 | 11,055 | 12,345 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (655) | (2,291) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (29,364) | (29,373) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 40,256 | 40,613 |
| 4.5 | Effect of movement in exchange rates on cash held | (84) | (86) |
| 4.6 | Cash and cash equivalents at end of quarter | 21,208 | 21,208 |

| 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 | 21,208 | 11,055 |
| 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) | 21,208 | 11,055 |

| 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 | 178 |
| 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.

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 |
|---|---|--|
| 7 Financing facilities available | | |
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |

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.

| | \$A'000 |
|---|---------|
| 8. Estimated cash available for future operations | |
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (655) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 21,208 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 21,208 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 32.4 |

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: not applicable

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: not applicable

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: not applicable

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: _____



Date: 21/Jan/21

Naomi Lawrie

Company Secretary

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.