A leader in digital medication adherence solutions

FY22 Full Year Results | ASX:MDR

26 August 2022

www.mymedadvisor.com
MedAdvisor Limited ABN 17 145 327 617

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Agenda

1. Delivering on strategic initiatives
2. Digitalisation of the US market continues
3. Further growth in Australia and New Zealand
4. Robust financial performance in FY22
5. Positive outlook
6. Q&A
7. Appendix: analyst pack

Delivering on strategic initiatives

Delivering on key priorities in FY22

Expand digital reach

Omni-channel network contract signed in US, access to over 40 million patients

Major AU pharmacy group signed AU network growth up 18.7%

US$3m COVID-19 awareness campaign, largest digital program

Launch omni-channel adherence solution

THRiV developed and launched, delivering gross margin improvement

Expanded markets

US Medicare Advantage program launch

6.5m vaccinations were booked and administered in MedAdvisor powered pharmacies

Expanded geographies

NZ Market entry with Green Cross Health, ~40% of the NZ market

Robust FY22 results, with strong growth in underlying results

Revenue	Gross Margin	EBITDA	Operating Cash flow
$67.8m	**$35.0m**	**($11.3m)**	**($0.2m)**
+18.7% LFL[1]	**+17.3% LFL**[1]	**+9.9% LFL**[1]	**+$12.3m YOY**

ANZ revenue	ANZ gross margin	US Revenue	US gross margin
$14.1m	**83.3%**	**+13% per program**	**47.5%**[2]
+44% YOY	**+2.3ppt YOY**		

$14.6m

capital raise completed in August 2022 to support future growth

GuildLink acquisition completed 27 July 2022

1. Like-for-like revenue includes Adheris' results for the prior corresponding period from 1 July 2020 to 16 November 2020 (pre-acquisition period) translated at a constant AUD/USD of $0.73 for comparative purposes.
2. US gross margin of 47.5% excludes US Medicare Advantage program. US gross margin including US Medicare Advantage program was 43.3%.

Digitalisation of the US market continues

US digitalisation continues to progress

Recap of FY22 achievements

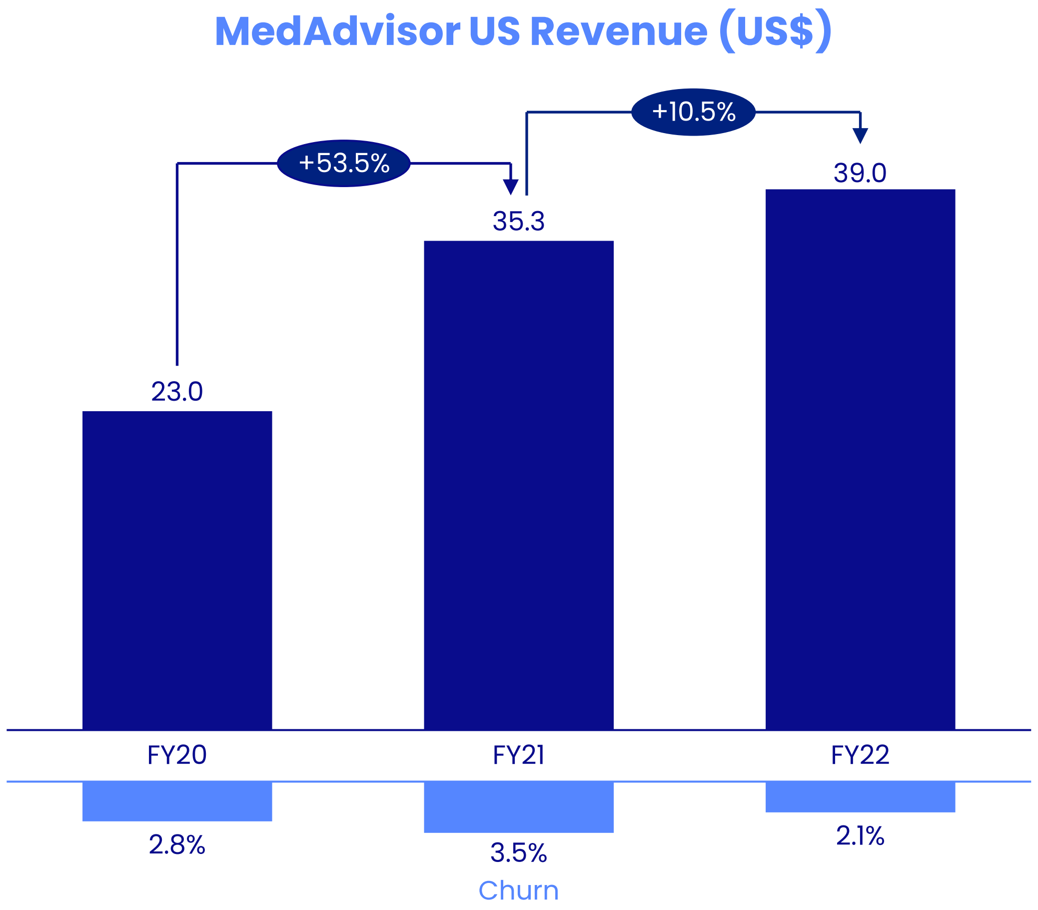
- Digitalisation of the US market
  - Patient reach of over 40 million people in the US digitally through our pharmacy network
  - 37% of the network have signed agreements to add digitalisation
- Improved financial economics driven by THRiV
  - THRiV drives the most appropriate product mix, more targeted messaging, larger and longer contracts ultimately improving outcomes for patients
- National US retailer agreement leads adoption to achieve digital scale
- COVID-19 awareness program

Key priorities for FY23

- THRiV 2 and MedEngage – Investment in platform upgrade and expansion of product offering
  - Leverage unique digital solutions into new markets whilst providing better outcomes for patients and stakeholders
  - Tailored patient engagement
  - Richer models incorporating new data sources
  - Expanded omni-channel approach
- Further roll out of digital programs
- Cost optimisation

US Revenue up 10.5%[1] to US $39.0m

Adheris is continuing to deliver on its growth profile with emerging upside from new revenue models and digital solutions



US Revenue uplift driven by:

- **Increased revenue per program:** grown by c. 13% on the pcp
- **Increased customer diversification:** customer concentration has declined on the prior year, validating Adheris' client diversification and growth strategy. This partially offset the pause of the regular program for MedAdvisor's largest single product, reducing revenue by US$5.3m
- **Uplift in new customers:** Adheris' new customers as a percentage of revenue have increased from c. 2.4% to c. 19.8%, illustrative of Adheris' continuing market penetration
- **Decrease in customer churn rate:** Adheris' customer churn rate has declined to 2.1%, with customer retention being largely driven by the increased sales team and new solutions such as THRiV and digital
- **Successful** first program launched into the Medicare Advantage market

1. Like-for-Like revenue shows Adheris pre-acquisition revenue for full year FY20 and 01 Jul 2020 to 17 Nov 2020 in FY21

Further growth in Australia and New Zealand

A year of growth and consolidation in Australia

Recap of FY22 achievements

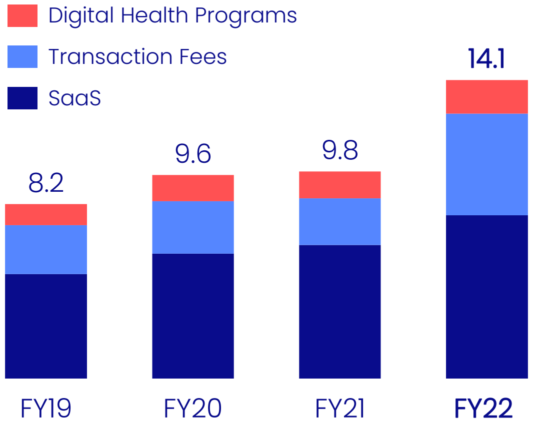
- Signed major pharmacy group to a 5-year deal, driving network growth up 18.7%.
- Introduced new pricing hierarchy allowing for a standard and premium offering, along with price increase.
- Launched V6 in Australia in January 2022, delivering a fast, more responsive user experience.
- Annual recurring revenue growing to $8.3m as at FY22, up from $6.6m FY21.
- Churn down to 1.3% on a rolling 12-month average as at FY23.
- Entered into 3-year agreement with Green Cross Health Limited (GXH), providing MDR access to approximately 40% of the New Zealand pharmacy market.
- Delivered 6.5m COVID-19 and Flu vaccinations through the MedAdvisor pharmacy network.

Key priorities for FY23

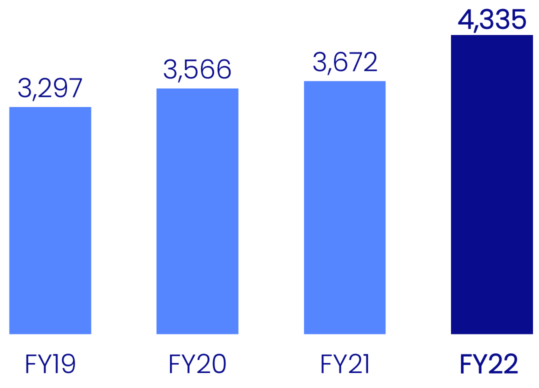
- Successful integration of GuildLink acquisition:
  - Consolidation of pharmacy customer base and product offering onto the MedAdvisor platform.
  - Realisation of operating cost synergies and efficiencies.
  - Expansion on current government and industry contracts, providing a full suite of MedAdvisor's product base and services.
  - Immediate scale, consistent cost to serve.
- Acceleration of ANZ business into profitability through GuildLink acquisition.
- Continuing support of pharmacy vaccination workflows ensuring pharmacies can deliver more vaccinations to the community, in a fast and efficient manner.

Strong growth in ANZ revenues, up 44%

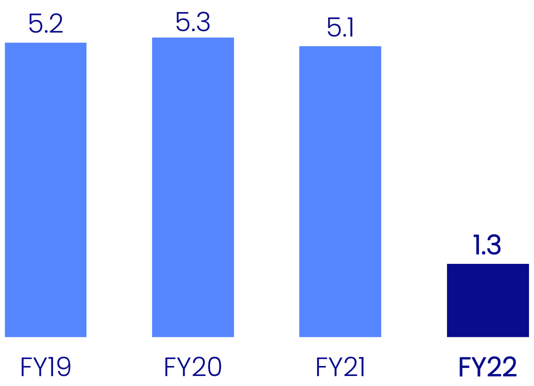
Operating Revenue up 44%



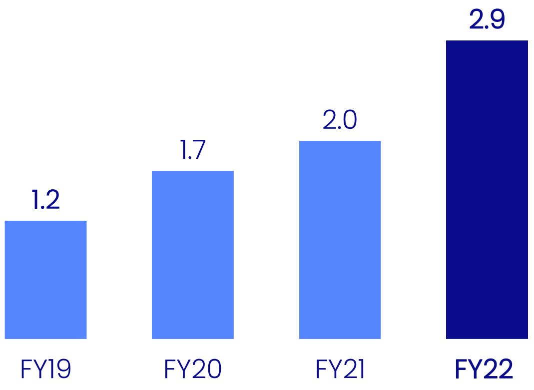
Pharmacy Network over 4,300 (incl NZ, excluding GuildLink)



Churn[1] down to 1.3%



Patients up 50% to +2.9m



ANZ Revenue uplift driven by:

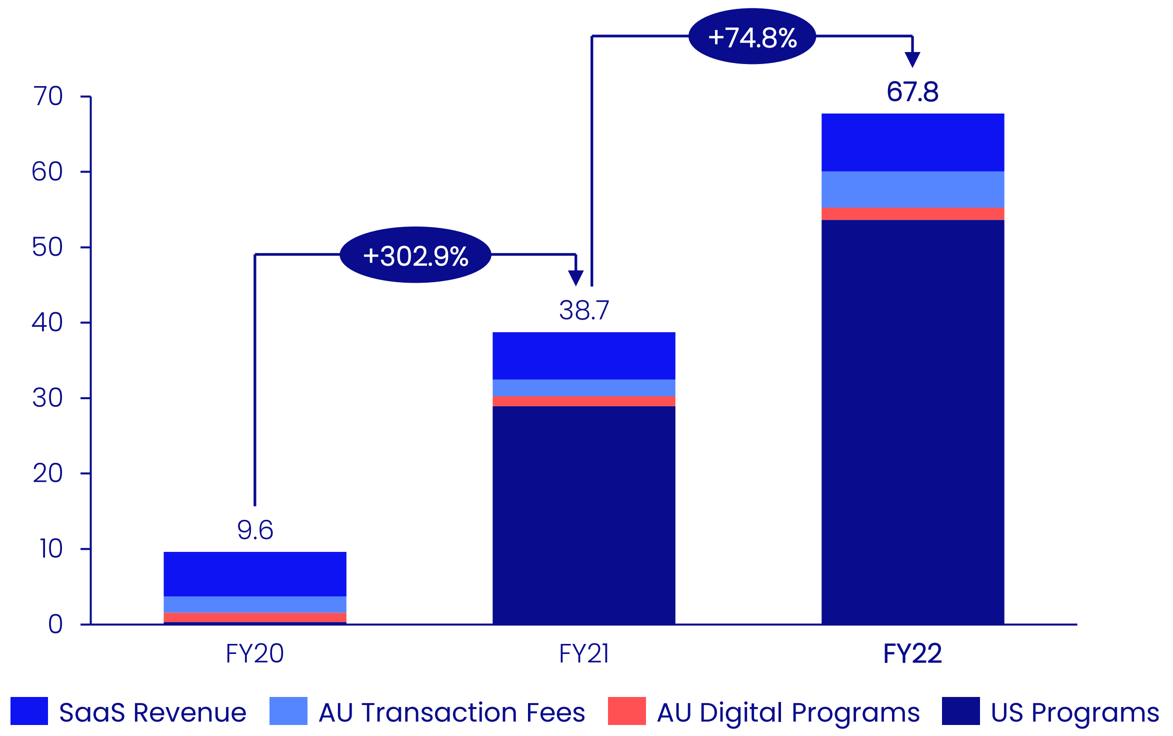
- **Transaction fees up c. 101%** attributable to the COVID-19 vaccination campaign, and increased usage from new pharmacies in the MedAdvisor network
- **SaaS revenue up c. 21%** due to major pharmacy group signing, Green Cross, price increase and the introduction of premium offer (600+ stores).
- **Digital Health Program revenue up c. 25%** driven by investment in improved AU sales execution capacity.
- **Churn reducing to 1.3%** with MedAdvisor's PlusOne being the leading software in the market. It is expected MedAdvisor's churn will remain lower than historical levels post the integration of GuildLink
- **Patient numbers** using MedAdvisor platform increasing from 2 million to 2.9 million, benefiting from the signing of a major AU pharmacy group and Green Cross Health, and a targeted focus on patient acquisition

1. Churn is calculated on a rolling 12-month basis

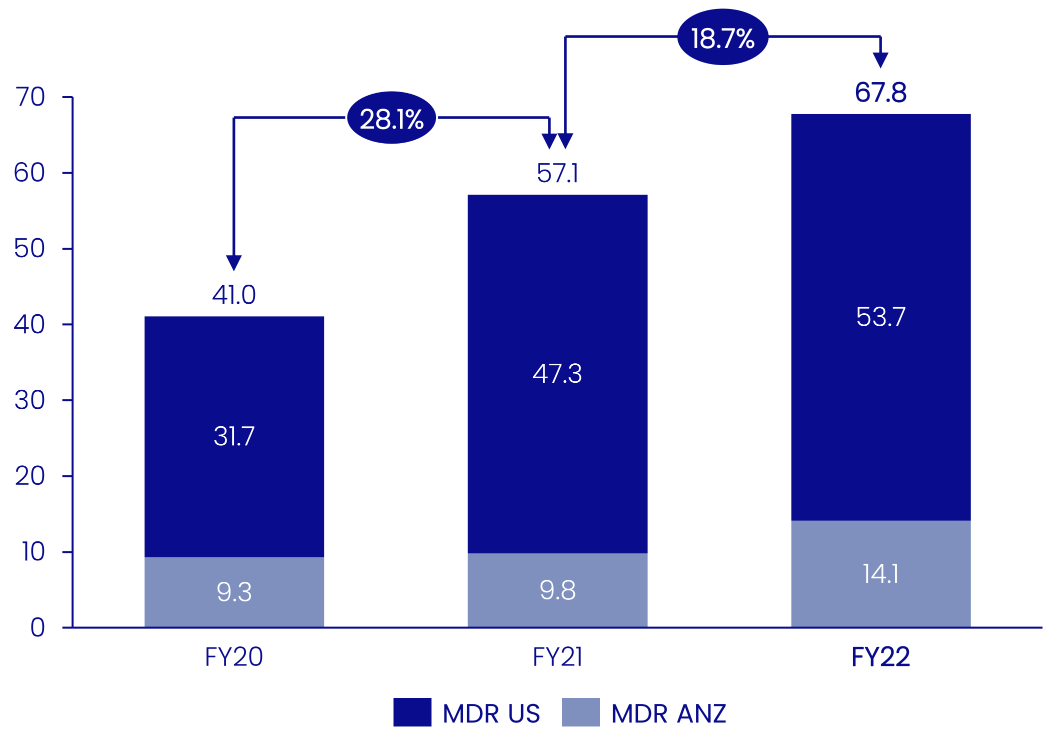
Robust financial performance in FY22

FY22 revenue strong with like for like[1] growth of 19%

Reported Revenue up 75%[1]



Like for like revenue up 19%[2]

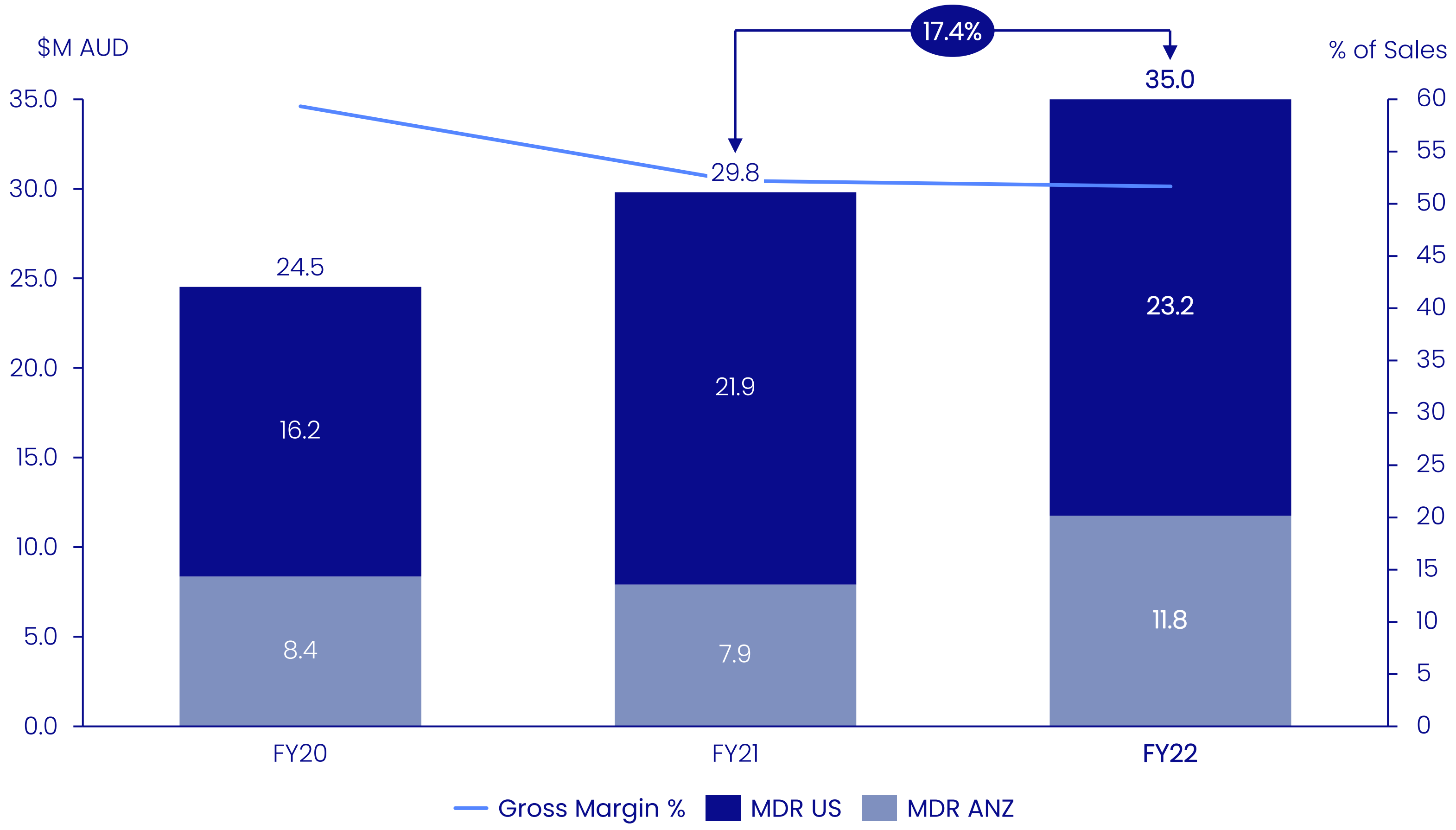


- **The ANZ business has increased revenue year on year by 44% to $14.1m**, reflecting the increased network capacity from signing a major Australian pharmacy group in July. In addition there was significant growth in transaction fee revenue driven by the COVID-19 vaccination rollout program.
- **US business continues to perform strongly with like for like[1] revenue growth of 13% to $53.7m** (US$39.0m).

1. FY21 reported revenue of $38.7m includes $28.9m contribution from Adheris for 7 ½ months (date of acquisition 17 Nov 2020)
2. Like-for-Like revenue shows Adheris pre-acquisition revenue translated at a constant AUD/USD of $0.73 for full year FY20 and 01 Jul 2020 to 17 Nov 2020 in FY21

Gross Margin of $35m up 17.3% like for like[1]

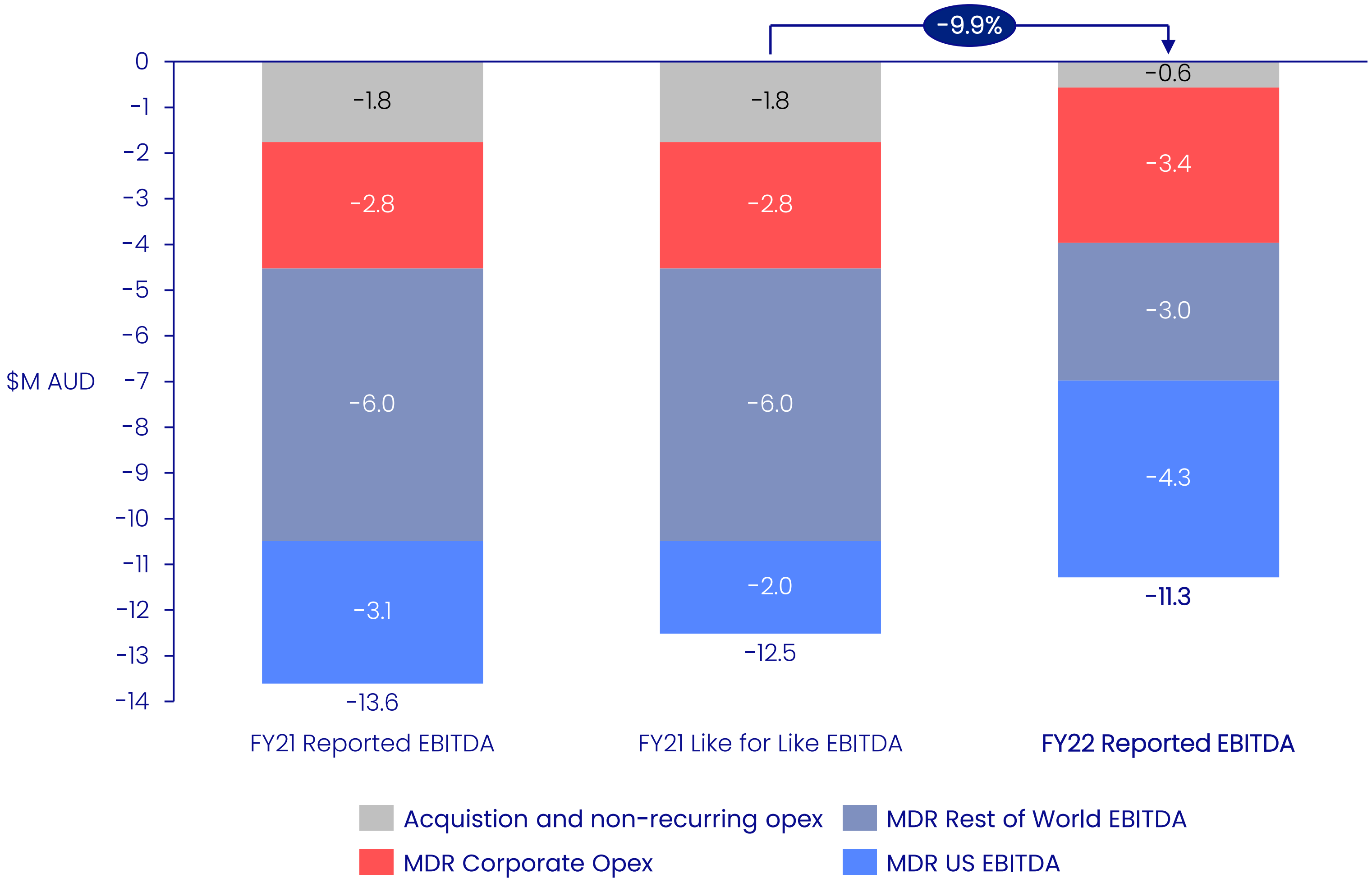
Like for like gross margin up 17.3%[1]



- **ANZ gross margin of $11.8m @ 83.3% of sales** (FY21: $7.9m @ 81.0%) reflecting strong revenue growth and realised upside of re-platforming.
- **US gross margin of $23.2m @ 43.3% of sales** (FY21 LFL: $21.9m @ 46.2%) reflecting continued top line growth offset by the impact of our US Medicare Advantage program, which had a dilutive impact on gross margin as part of the upfront investment. US gross margin excluding this program was 47.5%.
- Launch of the new digital THRiV product offering that will provide opportunity to increase US margin.

1. Like-for-Like gross margin shows Adheris pre-acquisition gross margin translated at a constant AUD/USD of $0.73 for full year FY20 and 01 Jul 2020 to 17 Nov 2020 in FY21

EBITDA stable, absorbing investment in US as ANZ improves

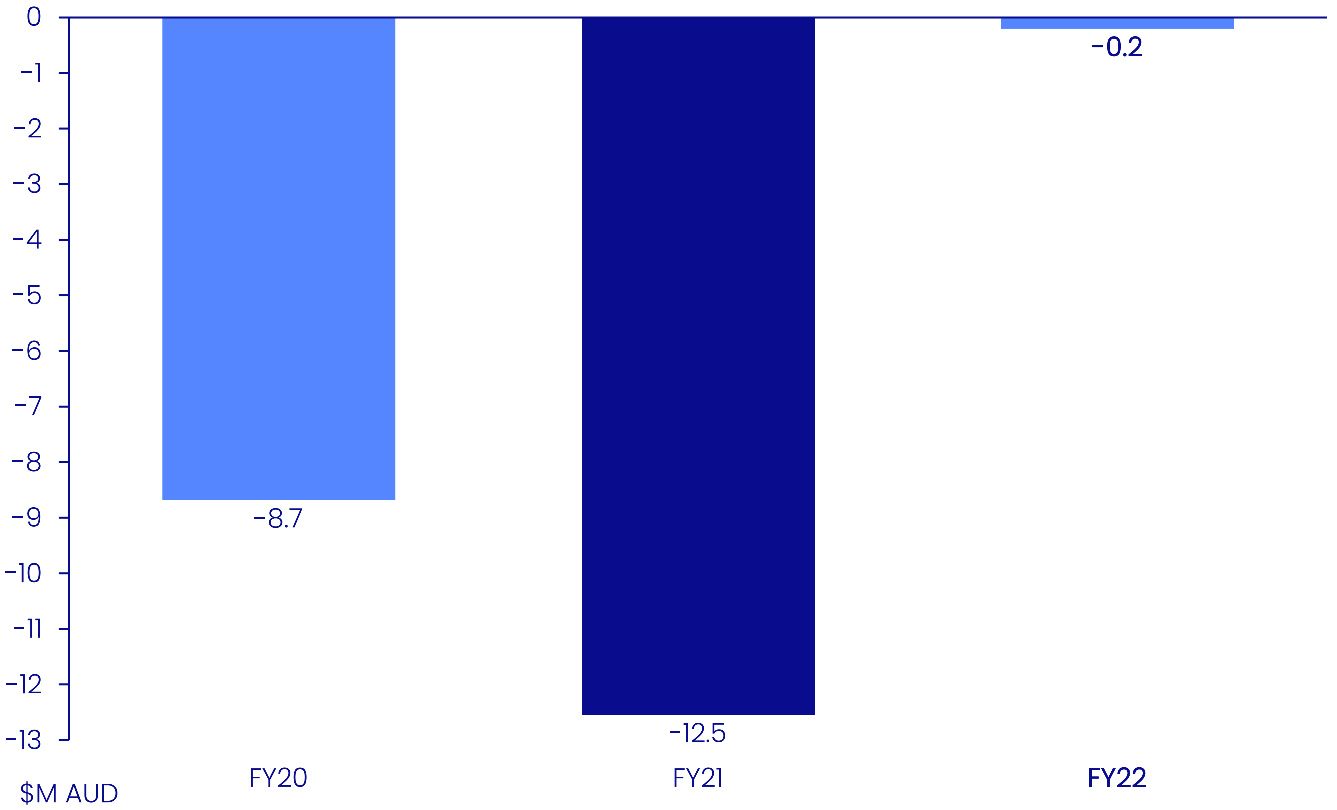


- EBITDA loss of ($11.3m), reducing by $1.2m year on year on a like for like[1] basis
- US EBITDA reflecting investments in the THRiV product offering and digitalisation, as well as IT infrastructure of $2.9m
- ROW EBITDA contribution has improved by $3.0m due to improved revenue and gross margin performance and stable operating costs
- Corporate opex reflecting increased insurance, recruitment and professional fees year on year
- FY22 acquisition and non-recurring opex relates to costs associated with the acquisition of GuildLink ($0.2m) and restructuring costs ($0.4m). FY21 acquisition and non-recurring opex relates to costs associated with the acquisition and integration of Adherls ($1.5m) and restructuring costs ($0.3m)

1. Like-for-Like gross margin shows Adheris pre-acquisition gross margin translated at a constant AUD/USD of $0.73 for full year FY20 and 01 Jul 2020 to 17 Nov 2020 in FY21

Operating cash flow moving towards cash flow breakeven

Operating cashflow outflow of ($0.2m)



Reported Cash: $21.2m	Reported Cash: $7.2m	**Reported Cash: $7.6m**

- **Operating cash flow of ($0.2m),** an improvement from ($12.5m) in FY21, demonstrating robust working capital management.
- Cash flow management continues to be a high priority with the second (and final) Earn Out payment due to Syneos Health US, Inc in September 2022 after the Company outperformed its revenue target.

Positive outlook for FY23 and beyond

Strategic initiatives underpin positive outlook

Optimise cost structure to drive sustainable performance

Successful integration of GuildLink

Continue digitalisation of US network

Analyse market expansion opportunities

Appendix: analyst pack

FY22 Group Profit/(Loss) Statement

Year ended 30 June 2022 ($'000)	FY22 reported	FY21 reported	Var %	FY21 LFL[1]	Var %
Operating Revenue	67,750	38,773	74.7%	57,174	18.5%
Gross Margin	**34,992**	**21,306**	**64.2%**	**29,824**	**17.3%**
Gross Margin %	*51.6%*	*55.0%*	*(6.0%)*	*52.2%*	*(1.0%)*
Operating Expenses	(46,036)	(34,631)	(32.9%)	(42,061)	(9.5%)
FX gains and losses	322	(30)	1182.8%	(30)	1182.8%
Acquisition and non recurring opex[2]	(566)	(1,761)	67.8%	(1,761)	67.8%
Total Opex	(46,280)	(36,421)	(27.1%)	(43,851)	(5.5%)
Other Revenue	2	1,508	(99.8%)	1,508	(99.8%)
EBITDA	**(11,286)**	**(13,608)**	**17.1%**	**(12,520)**	**9.9%**
Depreciation and amortisation expense	(2,557)	(1,797)	(42.3%)	(2,145)	(19.2%)
Amortisation of acquired intangibles[3]	(2,343)	(1,414)	(65.6%)	(1,414)	(65.6%)
Total depreciation and amortisation expense	(4,900)	(3,211)	(52.6%)	(3,560)	(37.7%)
EBIT	**(16,186)**	**(16,819)**	**3.8%**	**(16,079)**	**(0.7%)**

- **Statutory operating revenue growth of 74.7% (18.5% LFL)** driven by solid Adheris performance (13% LFL growth) and strong sales across Australian product streams (44% growth).
- **Gross margin up 17.3% LFL**, albeit at a slightly lower % margin.
- Operating expenses up 9.5% LFL reflecting investment in the US business in THRiV, digitisation and uplift in IT infrastructure.
- **EBITDA excluding Other Revenue[4] improved 25.3% LFL** reflecting strong top line growth.
- Reported EBIT consistent year on year.

1. LFL includes Adheris' pre acquisition results for the prior corresponding period in FY21 (from 1 July 2020 to 16 November 2020) for comparative purposes
2. FY22 acquisition and non-recurring opex relates to costs associated with the acquisition of GuildLink ($222k) and restructuring costs ($472k). FY21 acquisition and non-recurring opex relates to costs associated with the acquisition and integration of Adherls ($1.49m) and restructuring costs ($311k)
3. Amortisation of acquired intangibles relates to acquired Adheris assets identified from independent valuation (identified intangibles include software, relationships)
4. Other Revenue in FY21 relates to R&D tax concession and government grants not received in FY22

30 June 2022 Group Balance Sheet

As at 30 June 2022 ($'000)	30 June 2022 $'000	30 June 2021 $'000	Change $'000
ASSETS			
Current assets			
Cash and cash equivalents	7,579	7,151	428
Trade and other receivables	9,052	12,464	(3,412)
Other assets	1,845	1,702	143
Total current assets	**18,476**	**21,317**	**(2,841)**
Non-current assets			
Property, plant & equipment	1,506	2,231	(725)
Right-of-use assets	1,967	2,341	(375)
Intangible assets	56,346	54,547	1,800
Other assets	144	482	(338)
Total non-current assets	**59,963**	**59,601**	**362**
Total assets	**78,439**	**80,918**	**(2,479)**
LIABILITIES			
Trade and other payables	16,575	11,063	5,512
Borrowings	11,133	6,393	4,739
Other liabilities	11,904	9,199	2,706
Leases	2,282	2,768	(486)
Employee benefits	1,447	1,918	(471)
Deferred tax liabilities	553	732	(179)
Total liabilities	**43,894**	**32,073**	**11,821**
Net assets	**34,545**	**48,845**	**(14,300)**

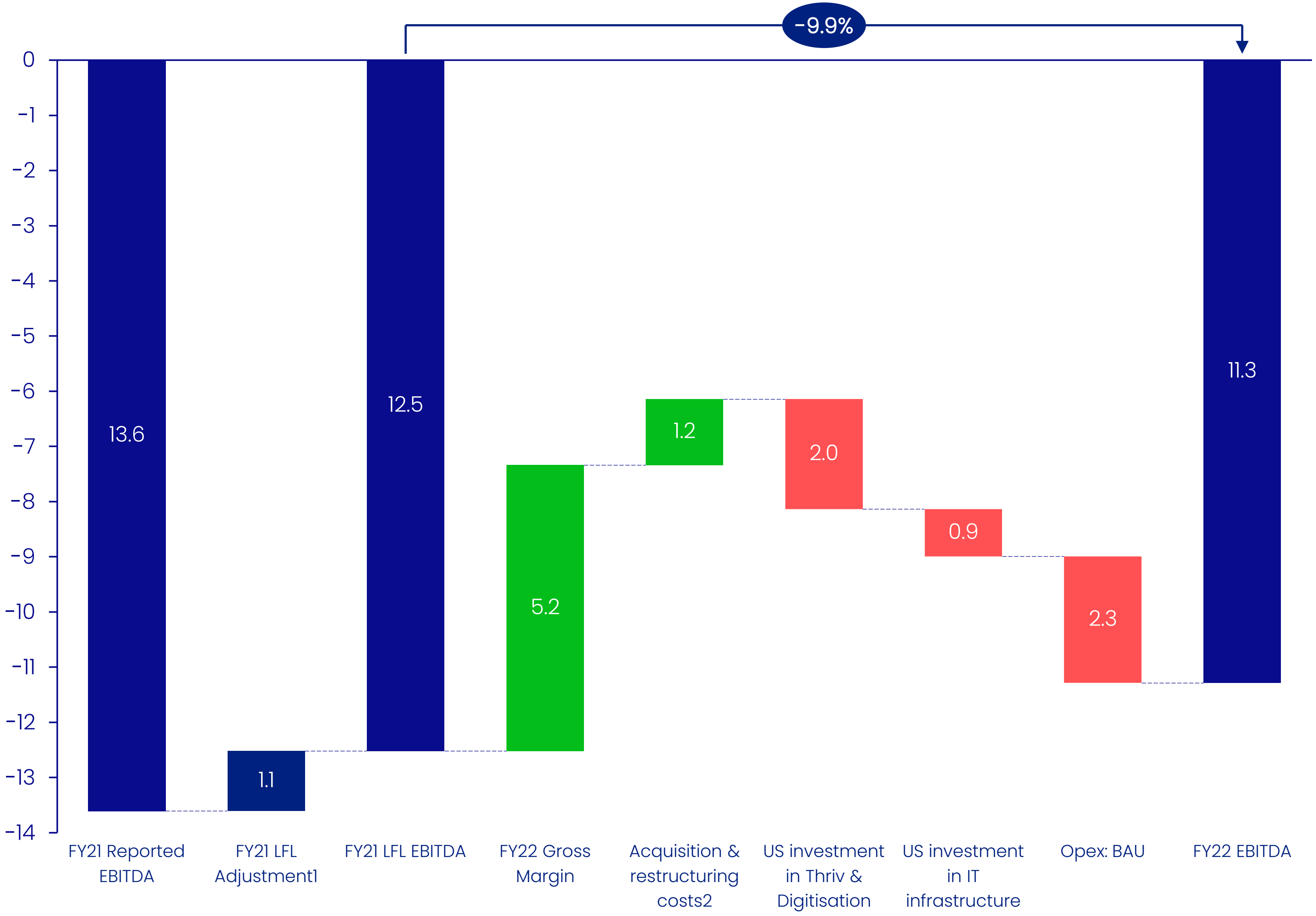
- Trade receivables of $9m, down from $12.5m, due to the timing of a large debtor receipt received in Q1 FY22. 3 month rolling DSO down to 33 days (June 2021: 78 days) with new payment arrangements in place with key customers.
- Intangible assets are largely acquired Adheris assets including Goodwill, Software, Brand & Relationships. Movement in FY22 due to FX & amortisation charges only.
- Other Group liabilities includes deferred revenue $7.5m & Syneos Earn-out of $4.4m (USD $3m) due in September 2022.
- Borrowings of $11.1m represents the PFG 3-year term note facility (USD $5m), net of AASB9 adjustments, due in May 2024, as well as the drawdown of USD $2.8m on the PFG revolving facility.

FY22 Group Cashflow Statement

Year ended 30 June 2022 ($'000)	30 June 2022 $'000	30 June 2021 $'000	Change $'000
Cash Flows From Operating Activities			
Receipts from customers (inclusive of GST)	74,863	37,958	36,905
Payments to suppliers and employees (inclusive of GST)	(74,270)	(51,526)	(22,744)
Receipt from R&D tax concession	-	1,331	(1,331)
Interest received	2	39	(36)
Interest and other costs of finance paid	(832)	(346)	(486)
Net cash inflow/(outflow) from operating activities	**(236)**	**(12,544)**	**12,308**
Cash Flows From Investing Activities			
Payment for acquisition of subsidiary	-	(43,494)	43,494
Payments for property, plant and equipment	(312)	(392)	80
Proceeds from sale of property, plant and equipment	21	-	21
Net cash inflow/(outflow) from investing activities	**(291)**	**(43,886)**	**43,595**
Cash Flows From Financing Activities			
Proceeds from new share issue	-	47,528	(47,528)
Capital raising costs (net of GST)	(53)	(2,444)	2,392
Repayment of lease liabilities	(1,516)	(930)	(586)
Repayment of borrowings	(300)	-	(300)
Proceeds from debt raising	3,731	6,777	(3,046)
Transaction costs related to debt raising	-	(213)	213
Receipts from non controlling entities	-	525	(525)
Net cash inflow/(outflow) from financing activities	**1,863**	**51,244**	**(49,381)**
Net increase/(decrease) in cash held	**1,335**	**(5,186)**	**6,522**
Cash and cash equivalents at the beginning of the financial year	7,151	12,345	(5,194)
Effects of exchange rate changes on cash and cash equivalents	(908)	(8)	(900)
Cash and cash equivalents at the end of the period	**7,579**	**7,151**	**428**

- **Cash balance of $7.6m** consistent year on year
- **Total cash receipts of $74.9m** +36.9m year on year on a reported basis.
- **Cash outflow from operations ($0.2m)** improving from ($12.5m) in FY21. No R&D tax concession received in FY22 (FY21: $1.3m).
- Proceeds from debt raising of $3.7m representing draw-down of PFG revolving facility (USD $2.8m). $0.3m was also repaid.
- Increase in repayments of lease liabilities due to Adheris being reported for the full 12-month period (FY21: 7.5 months post acquisition only).

EBITDA reconciliation – $1.2m uplift year on year LFL[1]



- Reported EBITDA loss of ($11.3m), reducing by $1.2m year on year on a like for like basis
- Gross margin uplift of $5.2m driven by sales out performance, partially offset by a reduced gross margin rate on US sales mix achieved
- FY22 acquisition and non-recurring opex relates to costs associated with the acquisition of GuildLink ($0.2m) and restructuring costs ($0.4m). FY21 acquisition and non-recurring opex relates to costs associated with the acquisition and integration of Adherls ($1.5m) and restructuring costs ($0.3m)
- US investments in the THRiV product offering and digitalisation, as well as IT infrastructure driving $2.9m additional spend in FY22

1. LFL includes Adheris' pre acquisition results for the prior corresponding period in FY21 (from 1 July 2020 to 16 November 2020) for comparative purposes

Executive team and Board of Directors

Over 70+ years of combined healthcare and technology experience

Executive Team

Rick Ratliff
CEO & Managing Director

Jim Rotsart
EVP US – Client Relations

Annabelle Grant
Interim Chief Financial Officer

Wayne Marinoff
EGM ANZ – Sales & Marketing

Ruba El Afifi
Chief Operating Officer

Craig Schnuriger
Chief Technology Officer

Naomi Lawrie
General Counsel and Company Secretary

Board of Directors

Linda Jenkinson
Non-Executive Chair

RaeAnn Grossman
Non-Executive Director

Sandra Hook
Non-Executive Director

Robert Read
Executive Director

Jim Xenos
Non-Executive Director

Lucas Merrow
Non-Executive Director

Anthony Tassone
Non-Executive Director

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