

ASX RELEASE (ASX: MDR)**MedAdvisor 1Q revenue grows strongly
as the Company delivers focused operational improvements*****September 2022 quarterly activities report***

Melbourne, Australia, 27 October 2022 – World-class medication management platform, MedAdvisor Limited (**MedAdvisor** or the **Company**) is pleased to provide this quarterly activities report outlining progress achieved over the September 2022 quarter (1Q FY23), alongside the Company's Appendix 4C Quarterly cashflow report.

1Q FY23 highlights (vs 1Q FY22):

- New CEO & Managing Director, Rick Ratliff, commenced
- GuildLink Pty Ltd (**GuildLink**) acquired, with integration progressing well and on plan
- MedAdvisor is currently working with 8 of the top 10 Pharma companies in the US, and has access to over 60 million patients via digital communications through additional retail pharmacy networks, underpinning a strong pipeline into 2Q FY23
- Successful \$14.6 million capital raise supporting growth opportunities
- Operating revenue **up 29.5% to \$20.0 million**
 - **US up 27.3%** to \$15.4 million, underpinned by growing digital programs with the expansion of a COVID awareness program that will continue into 2Q, while ensuring a sustainable cost base and growing margin by moving away from low margin partners and programs
 - **Australia up 38.1%** to \$4.5 million, including two months' contribution from GuildLink of \$1.1 million; excluding GuildLink underlying revenue was up 3.6%
- Strong capital position, with \$11.9 million cash on 30 September 2022

Business activity update**MedAdvisor Group**

- MedAdvisor acquired GuildLink on 27 July 2022 from Guild Group Holdings Limited (**Guild Group**).
- MedAdvisor successfully completed a fully underwritten capital raise on 18 August 2022, raising approximately \$14.6 million (before costs):
 - \$10.2 million via a 1 for 4.2 accelerated institutional entitlement offer; and
 - \$4.4 million via a 1 for 4.2 retail entitlement offer.

- Funds raised will support the acceleration of growth initiatives in Australia, cover the costs of the acquisition and integration of GuildLink, support growth opportunities in the US, and provide general working capital.
- Strong support shown by both existing and new institutional investors for the institutional entitlement offer and the acquisition of GuildLink. In addition, Guild Group was welcomed as MedAdvisor’s largest shareholder.
- Having launched a review of the UK operation in 4Q FY22, an update will be provided at the Company’s Annual General Meeting to be held on 30 November 2022.

Board and Executive changes to support next phase of growth

During and subsequent to quarter-end, the following Board and Executive changes were announced:

- New CEO & Managing Director, Rick Ratliff, commenced on 18 July 2022
- Anthony Tassone appointed Non-Executive Director on 27 July 2022
- Josh Swinnerton retired from the Board on 27 July 2022, remaining as an executive, continuing to provide support and innovation advice across the business
- New CFO, Ancila Desai commenced on 17 October 2022
- Kevin Hutchinson appointed Non-Executive Director (US based), effective 23 November 2022
- Robert Read to step down from his role as an Executive Director on 30 November 2022.

Commenting on the Board and Executive appointments, Chair Linda Jenkinson said:

“MedAdvisor has quickly grown from an Australian tech platform into a global business spanning four countries, with its largest operational presence and market opportunity in the US. The strategic changes made at both the Board and Executive level will support the Company’s next phase of growth and evolution.

We now have the right expertise in the right locations with the US based appointments of Rick Ratliff as CEO and Managing Director, and soon to commence Kevin Hutchison as Non-Executive Director. Following the strategic acquisition of GuildLink, we welcomed Anthony Tassone, Victorian Branch President of The Pharmacy Guild of Australia, as a Non-Executive Director and nominee of the Guild Group. Lastly, we retained an experienced Australian based CFO, with Ancila Desai commencing in her role this month.

I am delighted to welcome all the new appointments and believe we are well placed to deliver on the exciting opportunities we see for our business.”

USA

- 1Q FY23 operating revenue was up 27.3% to \$15.4 million, underpinned by the expansion of a previously announced (ASX release of 1 November 2021) digital vaccination COVID awareness program involving a wider execution with the same Top 10 Pharma. It is expected that the majority of this program revenue will be realised in this half.
- Gross margin was up 48.8% to \$8.3 million, achieving a margin of 53.6%, an improvement of 7.7 ppts. The improvement in gross margin is a reflection of the move away from traditional lower margin products to digital programs.
- The business is focused on progressing towards profitability through growing digital programs and ensuring a sustainable cost base by moving away from low margin partners and programs.
- Significant efforts have been made to diversify the customer mix over the course of the last 12 months with a net 20 new brands running programs compared to the same time last year. MedAdvisor is currently working with 8 of the top 10 Pharma companies.
- Given increased support of the inMotion (digital) product by additional US retail pharmacy chains, MedAdvisor now has access to over 60 million patients.

Australia

- 1Q FY23 saw a continuation of the strong performance delivered throughout FY22, with revenue up 38.1% to \$4.5 million, including 2 months' contribution from GuildLink. Excluding GuildLink underlying revenue was up 3.6%.
- The GuildLink acquisition has immediately delivered an uplift in earnings.
- The integration of GuildLink is progressing well and to plan, focused on transitioning customers and enhancing the functionality of the MedAdvisor Plus One platform.
- The New Zealand roll out is progressing to plan with 204 pharmacies (58% of the Green Cross Health network) migrated to date, representing 25% of the NZ market.
- Gross margin was 81.8% for 1Q FY23, broadly in-line with the prior corresponding period (**pcp**), and is expected to improve once the GuildCare platform has been integrated towards the end of FY23.

1Q FY23 financial update (vs 1Q FY22)

- Operating revenue was up 29.5% to \$20.0 million:
 - included two months of revenue from GuildLink of \$1.1 million
 - the US business performed strongly, with the expansion of a digital COVID awareness program contributing an additional \$3.3 million in the quarter.
- Net operating cash outflow was \$(4.9) million, and was unfavourable to pcp by \$6.9 million:
 - cash receipts totaled \$21.0 million, largely in line with the pcp
 - cash payments totaled \$25.9 million, up \$6.7 million on pcp, largely reflecting an additional quarterly abatement payment delayed from 4Q FY22 and costs associated with the transition and integration of GuildLink.
- The second and final earn out of \$4.5 million for the acquisition of Adheris was paid to Syneos Health US, Inc. during the quarter.
- The acquisition of GuildLink was funded by way of a placement of 15% of the fully paid ordinary shares in MedAdvisor to Guild Group:
 - \$0.7 million was paid in relation to acquisition related expenses
 - cash acquired on acquisition was \$1.7 million, to reflect the acquired deferred revenue.
- Cash at 30 September 2022 was \$11.9 million (30 June 2022: \$7.6 million).

Commenting on the performance of MedAdvisor's US business, CEO Rick Ratliff said:

"Our US business is seasonal, with strong performance historically in the December quarter of the calendar year. This is largely driven by significant investment being made by pharmaceutical companies at this time of year, seeking to drive vaccination awareness and education in anticipation of the next flu and COVID season in the US. As a result, we have successfully expanded our existing COVID related digital programs, and expect to drive strong second quarter revenue and profit margin performance, as well as result in a solid contribution to MedAdvisor's cash position.

The Company intends to share more details regarding its trading year to date and expectations for the first half of FY23 at its AGM on 30 November 2022."

Related party transactions

During 1Q FY23, the Company made the following payments to related parties:

- \$46,809 to a related party that provides data services to the Company in the ordinary course of business; and
- \$357,007 in fees and executive remuneration paid to Directors.

- ENDS -

This document has been authorised for release by the Board of MedAdvisor Limited.

For more information please contact:

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About MedAdvisor

MedAdvisor is a world-class medication management platform that empowers patients to more simply manage their medication and improve adherence. MedAdvisor's highly automated and intuitive software system connects patients to tools and education materials from their preferred pharmacy. MedAdvisor works with 25,000 pharmacies in the US to deliver programs to help patients take their medication safely and effectively. In Australia, MedAdvisor has connected over 3.1 million patients through over 90% of Australian pharmacies. MedAdvisor is on track to become one of the largest players in the global digital medication 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 (ASX: MDR)

ABN

17 145 327 617

Quarter ended ("current quarter")

30 Sep 2022

Consolidated statement of cash flows

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows related to operating activities		
1.1 Receipts from customers	21,006	21,006
1.2 Payments for:		
(a) research and development	-	-
(b) product manufacturing and operating costs	(11,061)	(11,061)
(c) advertising and marketing	(594)	(594)
(d) leased assets	-	-
(e) staff costs	(10,424)	(10,424)
(f) administration and corporate costs	(3,313)	(3,313)
1.3 Dividends received	-	-
1.4 Interest received	8	8
1.5 Interest and other costs of finance paid	(512)	(512)
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	(4,890)	(4,890)

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.	Cash flows related to investing activities		
2.1	Payment to acquire:		
	(a) entities ⁽¹⁾	(5,257)	(5,257)
	(b) businesses	-	-
	(c) property, plant & equipment	(138)	(138)
	(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⁾	1,700	1,700
2.6	Net cash from / (used in) investing activities	(3,694)	(3,694)

⁽¹⁾ Final earn-out payment to Syneos Inc relating to the acquisition of Adheris LLC in November 2020 and costs associated with the acquisition of GuildLink Pty Ltd on 27 July 2022.

⁽²⁾ Cash acquired as part of the GuildLink Pty Ltd acquisition.

		Current quarter \$A'000	Year to date (3 months) \$A'000
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	14,597	14,597
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(901)	(901)
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 (repayment of lease liabilities)	(412)	(412)
3.10	Net cash from / (used in) financing activities	13,284	13,284

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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 the period	7,579	7,579
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,890)	(4,890)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,694)	(3,694)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	13,284	13,284
4.5	Effect of movement in exchange rates on cash held	(362)	(362)
4.6	Cash and cash equivalents at end of the period	11,917	11,917

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	11,917	7,579
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)	11,917	7,579

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1
 6.2 Aggregate amount of cash flow from loans to these parties included in item 2

Current quarter \$A'000
404
-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payments to related parties of the entity and their associates include: 1) fees paid to NostraData Pty Ltd, an associated party, which provided data services to the Company during the quarter in the ordinary course of operations, and 2) payments made to Executive and Non-Executive Directors of the Company.

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	13,842	11,996
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	13,842	11,996

7.5 Unused financing facilities available at quarter end 1,846

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.

*Term loan: US\$5m (secured), Partners for Growth VI L.P., 10.25% IR for 3 years maturing 28 May 2024.
Revolving credit facility: US\$3.5m (secured) of which US\$2.8m is drawn, Partners for Growth VI L.P. 10.25% IR*

		\$A'000
8.	Estimated cash available for future operations	
8.1	Net cash from / (used in) operating activities (Item 1.9)	(4,890)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	11,917
8.3	Unused finance facilities available at quarter end (Item 7.5)	1,846
8.4	Total available funding (Item 8.2 + Item 8.3)	13,763
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.8

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

8.6.1 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

8.6.2 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

8.6.3 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: Board of Directors - MedAdvisor Limited

Date: 27/10/2022

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.

If this quarterly cash flow 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 cash flow 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.
- 2
- 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.

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".
- 4
- 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.