

ASX MARKET RELEASE**MedAdvisor completes a transformational year reporting operating revenue of \$38.8m, up 27%¹ YOY***Delivering global expansion sees reported revenue up 304%*

Melbourne, Australia, 30 August, 2021 - Medtech company, MedAdvisor Limited (**MedAdvisor** or the **Company**) (ASX: MDR) today reports full year earnings to 30 June 2021 (FY21) delivering top-line growth in what has been a transformational year for the Company.

Performance highlights FY21 (all figures in AUD as at 30 June 2021; comparisons are made against FY20):

- **Acquired strategic partner Adheris, LLC**, creating immediate scale in the USA.
- **Adheris integration on target** with revenue turnaround and digitalisation of Adheris network.
- **Total revenue of \$40.3m** (+263.8% v FY20 \$11.1m). On a like-for-like² (LFL) basis, is up 26%.
- **Operating revenue of \$38.8m** (+303.8% v FY21). On a LFL¹ basis operating revenue is up 27%.
- **US Revenue (LFL) growth 35% YOY**. Demonstrating turnaround on revenue growth in what is now our largest market.
- **Normalised EBITDA of (\$12.6m)** (-10.4% v FY20 LFL (\$11.4m)) representing continued investment in the MedAdvisor platform and expansion into the USA and UK.
- **Australian annual recurring revenue** of \$6.6m now representing 67% of AU revenue.
- **Surpassed 65% pharmacy market share in Australia** with 2.0 million digitally connected patients in Australia, up 25%.
- **Decision to unwind our joint venture** with Zuellig Pharma and exit the South East Asia market to focus resources on core markets.
- **Strengthened board and executive** with a restructure to drive operational acceleration.

FY21 was a transformational year for MedAdvisor with the Company successfully building on its global strategy to pursue growth markets with larger patient populations through the acquisition of Adheris from Syneos Health US, Inc (**Syneos**). The US, which represents 46% of total medication spend globally, and the UK, a market approximately 3 times the Australian market, both represent significant opportunity for MedAdvisor to deploy and monetise its sophisticated digital medication adherence solutions.

MedAdvisor raised \$45m of new equity and established new debt facilities replacing the Syneos acquisition convertible note (USD \$5m) to fund the acquisition and to support the business with a USD \$4m revolving working capital facility. Ending the period with \$7.2m in cash.

^{1,2} Like-for-like (LFL) includes Adheris, LLC results for the corresponding period in FY20 (i.e. from 17 November 2019 to 30 June 2020)

MedAdvisor CEO & Managing Director Robert Read commented on the financial report, "The full year to 30 June 2021 financial results, with our significant entry into the US, demonstrate the good progress that the Company is making towards achievement of its objectives. We are focused on realising the potential of our digital capabilities by expanding our technology footprint in the US and UK and monetising our expanded audiences and in Australia we are seeing strong growth in Annualised Recurring Revenue (ARR) from our SaaS software platform."

MedAdvisor's key priorities:

1. Drive revenue growth and scale in large addressable markets

In FY21, MedAdvisor generated \$38.8m in operating revenue (+27% LFL), providing a strong platform for both top line revenue and margin growth in FY22, by working with pharmaceutical companies to improve patient outcomes.

Adheris acquisition brings scale in the world's largest market

In November 2020, MedAdvisor acquired the number 1, data driven adherence business in the US³, Adheris, LLC. With a 25+ year track record in medication adherence, Adheris works with 80% of the top 100 pharmaceutical companies and can deliver programs for 1 in 2 US residents through its US network of 25,000 pharmacies. Adheris had experienced a period of revenue decline, driven in part by a lack of a digital channel to patients at scale and underinvestment in business development. The attractive underlying marketplace fundamentals of Adheris present significant opportunities for MedAdvisor. The powerful business combination of MedAdvisor and Adheris sees the emergence of a world-class medical adherence platform, fast-tracking Adheris's digital capabilities and opening up substantial digital marketplace scale opportunities in the US.

Following investment in digital enablement, sales and marketing, the Adheris business has returned to revenue growth. The US business grew by 35% in FY21 on like-for-like basis. Notably, revenue per program increased by 58% with existing customers. US revenue now accounts for 75% of group revenue.

2. Digitalisation of the existing US Pharmacy Network

MedAdvisor will invest up to \$2m in CY21 to enhance the go-to-market model for Adheris through a new omni-channel offering called Dynamic Engagement. This allows predictive algorithms to determine the optimal channel and optimise program design ROI for pharmaceutical clients. This has the potential to significantly increase revenue per patient, per program, as well as grow gross margins from CY22.

A critical enabler of this new revenue model is activating the Adheris pharmacy network for digital programs. MedAdvisor originally projected for 30% of this network to be activated by December 31 and is now on track to meet or exceed this target with 30% already committed. This subset of the Adheris network provides digital access to over 40m patients, 20 times the existing Australian reach. It is expected that programs including this patient cohort will go live during the first half of FY22.

³ In terms of patient reach, 180m patients with the ability to understand their medication profile

Other key revenue and operational accelerants:

- Expanded reach expected to accelerate revenue from pharmaceutical companies.
- Driving improvements in disease awareness and medication adherence. This market is estimated to be ~\$8B in the US alone.

COVID-19 distracted US pharmacies in the 2nd half of FY21, requiring them to focus on delivery of a large number of in-store COVID-19 vaccinations. As the vaccine roll out has slowed, COVID-19 is now proving to be an opportunity for Adheris to support pharmaceutical companies and pharmacies with patient health programs through existing and digital channels.

The introduction of digital programs and Dynamic Engagement revenue model in the US is expected to improve gross margins over time for the US business. As MedAdvisor is able to access these large markets to create revenue growth, this is expected to support more profitable growth.

3. Continued Australian expansion

MedAdvisor's Australian pharmacy network has delivered growth in Annualised Recurring Revenue (ARR) of \$6.6m (~67% of total revenue), with a Life Time Value per customer of up to \$34,000 per pharmacy. The pharmacy network has remained loyal with low churn due to significant product enhancements to the MedAdvisor PlusOne (SaaS) solution.

Other Australian Highlights:

- Delivered a new ePrescribing solution for patient featuring multiple upgrades including in-App payments, ordering and home delivery of medications and the fully integrated COVID-19 vaccination module for patients and pharmacy.
- Over 100 net new pharmacies added to the network and new tiered pricing model introduced.
- Following the end of the reporting period, MedAdvisor announced it had secured the Priceline pharmacy chain adding an incremental 250 stores to the MedAdvisor pharmacy network, along with significant patient growth. FY21 patient growth up ~300k (+17%).
- Patient population growth resulted in increase in health programs, in-app payments, GP Script renewals, SMS and other transactions.
- Slower than expected revenue growth of \$9.8m (up 6.5%) due in part to distractions relating to the acquisition in November, changes within business development team which have now been resolved with appointment of a new EGM Sales & Marketing, Wayne Marinoff (announced June 2021) as well as a series of subsequent hires to strengthen the sales team.

COVID-19

In response to the COVID-19 global pandemic, MedAdvisor has played a vital role, moving quickly to activate its pharmacy network. MedAdvisor pharmacies are now responsible for ~70% of all in pharmacy vaccinations. These pharmacies are using MedAdvisor to book patients, record the service, connect with the Australian Immunisation Register (AIR) and claim payments. This is also resulting in accelerated patient activation.

4. Successful launch of MedAdvisor in the UK

Following ongoing and unavoidable delays in the UK market due to the COVID-19 pandemic, we have now commenced the roll out of our SaaS product, seeking to replicate the success of our Australian business model in a market that is 3 times the size. MedAdvisor led with the v6 version of the App in the UK market. This latest version leverages integrations with various NHS systems to provide seamless workflow for patients and pharmacy.

This market leading SaaS product is now being promoted with support from the National Pharmacy Association (NPA) that represents ~6500 pharmacies in the UK. MedAdvisor has also refined the Day Lewis white labeled solution to include a web ordering capability and utilise the new v6 code base. MedAdvisor will continue to roll out the Day Lewis and NPA sites through the course of FY22 as we move towards achieving scale in this market.

South East Asia Update

Together with our partner Zuellig Pharma, we have reassessed the strategic outlook for this joint venture relative to other global opportunities that we are now pursuing. As a result of this review, the parties jointly determined that the capital and time required to achieve success in the region would be significant. As such, and following our recent acquisition of Adheris, we feel it is better for our shareholders that we accelerate our operational focus as we strive for improved return-on-investment across our portfolio of businesses and in particular our US market.

The parties have agreed to dissolve the joint venture. MedAdvisor will immediately cease software development efforts in Asia and redeploy headcount to focus on its other international markets, including the US. There will be a tapering of activities in South East Asia where the joint venture has existing commitments to execute health programs for a small number of global pharmaceutical customers. The joint venture agreement will be terminated in H1 FY22.

We have had a valued partner with Zuellig Pharma in Asia and we look forward to potential future collaboration with Zuellig Pharma.

Robert Read, MedAdvisor CEO & Managing Director said *"It is critical as a business that we focus on our ambitious growth strategy and direct resources to where the biggest wins will be. We have recently strengthened our board with US based director Lucas Merrow and restructured the organisation to accelerate our operational focus. The US market is responding exceptionally well to the increased investment in sales and marketing along with digital innovation. Our home market of Australia is benefiting from a new pricing framework, investment in sales and marketing and a COVID tail wind. FY21 saw 27% like-for-like revenue growth with our Adheris acquisition thesis being validated. We are excited about the foundation that we have laid for FY22 and beyond."*

- ENDS -

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

About MedAdvisor

MedAdvisor is a world-class medication management platform that empowers patients to 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 2 million patients through more than 65% of Australian pharmacies. MedAdvisor has partnered with Cotiviti in the US and is 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

For more information:

Simon Glover

Chief Financial Officer

corporate@medadvisor.com.au

+61 3 9095 3036

For personal use only