

MedAdvisor announces its September 2019 Quarterly Report and 4C

First US Customer Signed; UK Revenues Commence; Cash Injection for Continued Global Expansion; Chemist Warehouse Commits

MedAdvisor Limited, Australia's leading digital medication management company, has today released its Appendix 4C Report for the three-month period to 30 September 2019 and is pleased to provide an update of the progress during the period.

Financial Update

The Company reported \$2.1m (unaudited) in quarterly revenue, an uplift of 18.8% from Q1 FY19 (\$1.8m). Annualised Recurring Revenue (ARR)[1] derived as at September from pharmacy SaaS sales increased ~4.7% compared to June 2019, despite total revenue being 7.7% lower than Q4 primarily due to the timing of health program delivery.

Operating Cash Flow Breakdown of the June 2019 Quarter

\$'000

AUSTRALIA

INTERNATIONAL

TOTAL

Total Operating Cash flow

2,211

2,211

BAU Cash outflows

(1,746)

(1,746)

Net BAU Cash Flows

Growth Cash Inflows

-

73

73

Growth Cash Outflows

(2,092)

(1,177)

(3,269)

Net Growth Cash Flows

(2,092)

(1,104)

(3,196)

Net Cash Flow

(1,627)

(1,104)

(2,731)

The company reported total cash receipts of \$2.8m in Q1 FY20, with operating cash receipts of \$2.3m (versus \$1.9m (+23.1%) in Q1 FY19). Net cash used in operating activities was in line with expectations at (\$2.7m) vs (\$1.9m) in Q1 FY19. After allowing for one-off adjustments[2], underlying net cash used in operating activities was \$2.2m.

MedAdvisor closed the quarter with \$2.3m in cash, prior to raising \$17m in October.

Capital Raising

In early October 2019, MedAdvisor raised \$17m at \$0.05 per share, an 11% premium to the share price at that time.

Following its investment of \$11m, HMS (NASDAQ:HMSY), a leading US healthcare analytics and technology business, became the largest shareholder with a 13% holding, joining existing strategic investors EBOS Group (ASX:EBO) and Sigma (ASX:SIG) on MedAdvisor's share register.

The funding provides MDR with the capital required to execute opportunities identified to date in each market. These funds will be used for continued investment in MedAdvisor's technology, sales and support, to drive success in the US and UK as well as support the MedAdvisor Zuellig Pharma joint venture in South East Asia.

Business Updates

Australia

MedAdvisor has over 3,300 pharmacy customers who subscribe to PlusOne, the Software-as-a-Service ("SaaS") offering. These pharmacies

collectively serve ~12m Australian customers, and of those, MedAdvisor digitally connects its pharmacy customers to over 1.2 million patients.

In early October, MedAdvisor signed a new 3-year agreement with pharmacy retail giant Chemist Warehouse. The Chemist Warehouse agreement is expected to generate \$5m revenue over its 3-year term. The figure includes recurring SaaS licence fees, patient messaging fees and new revenue streams from Health Programs facilitated and distributed by MedAdvisor. The audience of patients eligible for both digital and in store Health Programs is expected to significantly increase.

US

In the US, MedAdvisor has signed its first top 10 global pharmaceutical company as a Health Programs customer through its partnership with Adheris. The initial revenue from this Health Program is not material, however it does represent an important milestone and proof point for the company's US market entry strategy. MedAdvisor remains focused and on track to generate revenue from this, and potential additional Health Programs in the US in Q2/Q3 FY20 in collaboration with its US partner, Adheris.

Off the back of the recent investment by HMS; an expert in supporting health funders including health insurers and government to improve patient health outcomes and reduce costs, HMS will work with MedAdvisor to leverage our capabilities for customers in the US and Australia.

Asia

The Singapore-based joint venture, ZP MedAdvisor Pte. Ltd. ("ZPM") is on track for its rollout plans in the Philippines and Malaysia.

In the Philippines, ZPM expects revenue to begin in Q2 FY20 as previously advised. To that end ZPM will begin rollout of the MedAdvisor app for MedExpress' 1.5m regular customers before the end of H1 FY20.

In Malaysia, ZPM recently signed agreements with Klinify to distribute Health Programs to a pool of over 2 million patients. Under the Klinify agreement, ZPM will support more than 900 Malaysian doctors to offer digital Health Programs to their patients. Revenue from Malaysia is expected to commence in H2 FY20.

UK

In the UK, MedAdvisor secured its first customer and recognised its first revenue following the agreement executed with Day Lewis Pharmacy Group in August. The Day Lewis Pharmacy Group is one of the largest independent pharmacy chains in the UK owning over 270 pharmacies and servicing over 1 million customers. A Day Lewis branded version of the MedAdvisor consumer app is being customised for their patients to order and manage their medications and is expected to begin roll out as planned in Q3 FY20.

Robert Read, CEO of MedAdvisor commented:

"The business is continuing to pursue its growth objectives and our strategy to achieve these objectives is well funded. We have achieved key milestones in all our operating markets. Generating first revenues in the US, UK and Asia is our major focus, to that end, we have now received our first cash inflow from the UK, signed our first revenue generating deal in the US and our joint venture is progressing well.

Validation of our offering is demonstrated by our customer wins across both pharmacy and pharmaceutical companies in all markets. MedAdvisor's proposition to help address the global problem of medication non-adherence is being recognised by major players in the world's largest markets. We have significantly increased the audience of patients that can receive our programs that improve health literacy and help people take their medication safely, effectively and on time in Australia and around the world."

---ENDS---

[1] Calculated as the final month of the Quarter SaaS revenue plus new sales within that month that will generate revenue in future periods

[2] Includes a one-off adjustment to the companies timing of tax related payments and implementation fees of the new finance system.

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