Your Health in Your Hands

Annual Report 2021

MedAdvisor

Your Health in Your Hands

We are passionate about improving healthcare outcomes by giving people back control of their medications through simplicity, convenience and education.

CONTENTS

Every year, non-adherence to medication advice costs thousands of lives. That's why we have made it our mission to help improve patient outcomes by connecting patients, pharmacies and pharmaceutical companies.

By working to a common goal, MedAdvisor's solution is improving medication adherence and helping to solve a multi-billion-dollar global health problem.

Here's how we are doing it.

We saw a health problem and created a unique solution

Non-adherence results in 125,000 deaths p.a. in the US and US$630b of unnecessary costs globally.

	Australia	US
50% of the population has a chronic disease	12m[1]	160m[3]
55% are no longer taking medication after 6 months[2]	6.6m	88m
Lives lost per annum	9,000	125,000[4]
Unnecessary costs	AU$1.9b[5]	US$300b[+]

1 Adapted from Commonwealth Fund's 2016 International Health Policy Survey of Adults. And https://www.aihw.gov.au/reports/australias-health/australias-health-2018/contents/table-of-contents

2 Benner JS, Glynn RJ, MogunH, et al. Long term persistence in use of statin therapy in elderly patients. JAMA 2002; 288(4):455–461.

3 https://www.cdc.gov/pcd/issues/2020/20_0130.htm

4 https://pubmed.ncbi.nlm.nih.gov/10185113/Australian number calculated as an equivalent mortality rate to the US

5 Cutler et al. Pharmacist-led medication non-adherence intervention: reducing the economic burden placed on the Australian healthcare system.

What is medication non-adherence?

Medication non-adherence occurs when a patient is not taking their medication as prescribed. This can happen unintentionally, for example by the patient forgetting or not understanding the instructions, or intentionally by choosing not to take medication due to side effects, fear, inconvenience, or belief that the medication is ineffective. The reality of medication non-adherence was highlighted in a recent study that showed between 40% to 60% of patients could not accurately report adherence instructions within 10-80 minutes after a consultation[1]. It has also been shown that as many as 59% of Australians have inadequate health literacy[2].

This problem is further supported by the World Health Organisation (WHO), which estimates that medical adherence to long term therapies in developed nations is as low as 50%, and that closing the gap represents the largest driver of the avoidable health costs that ensue, impacting the funders of health care including governments, health insurers and hospitals. In addition, low medication adherence rates cost pharmaceutical companies more than US$630b[3] in revenue each year, which reduces their ability to invest in new products and research and development.

Our Solution and Strategy

MedAdvisor is focused on improving medication adherence through its data-rich, patient centric digital platform, and delivering value from the benefits generated.

1. Improving outcomes

Helping patients improve their medication management (and health outcomes) by empowering them through MedAdvisor's world-class apps and health programs.

2. Creating a strong network

Enhances value to other key stakeholders (payers, providers, pharmaceutical companies and pharmacists).

3. Ability to reach large patient populations

Create extensive patient populations in our markets, sufficient enough to attract program sponsors.

4. Taking it global

Leverage Australian success to digitise the US business and develop the UK business.

Our Objectives

Your health in your hands

Improving healthcare outcomes by giving people back control of their medications through simplicity, convenience and understanding.

Our Goal

100m digitally connected patients receiving health programs p.a. by 2025.

1 Mongkhon P, Ashcroft DM, Schofield CN, et al. BMJ Qual Saf 2018;27:902-914. 1.7% x Number of Hospitalisations (2016/17) found here: https://www.aihw.gov.au/reports/hospitals/ahs-2016-17-admitted-patient-care/contents/table-of-contents

2 AIHW in 2006, 41% of Australians aged 15-74 were assessed as having adequate or more than adequate health literacy skills (ABS 2006).

3 https://www.rdmag.com/news/2016/11/medication-nonadherence-costs-billions-lost-revenue

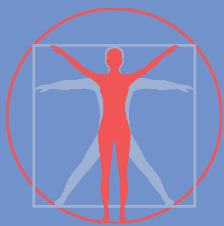
Our reputation is built around putting patient welfare first

MedAdvisor has put the patient at the centre of its platform, and by doing so is solving the problem of medication non-adherence through its patient centric solutions.

MedAdvisor benefits key stakeholders in health system

Pharmacies
- Increase customer loyalty
- Increased spend in pharmacy from more adherent patients
- Improved workflow

Pharmaceutical companies
- Increases revenue through improved adherence to their medications
- Increases awareness of the need
- Reduced marketing spend



Patient
Improved lifestyle and better health outcomes

Providers
- Timely information for patient
- Post-visit care coordination
- Better outcomes

Payor
- Reduced hospitalisations
- Reduced medical cost and reimbursements
- Improved outcomes

Why does medication non-adherence exist?

There are two key drivers of non-adherence:

1: UNINTENTIONAL

I intend to do what the Doctor told me, but:

- I forgot to take the medication dose
- I forgot to get supply (from pharmacy or Doctor)
- I took it incorrectly by accident
- I did not understand what the doctor told me

2: INTENTIONAL

I choose not to follow the regime because:

- I do not like the side effects
- I think the medication does not work
- I have fear or psychosocial reasons
- I know better than the doctor
- It is not convenient

Empowering patients with more control and peace of mind

The MedAdvisor product suite is built upon a sophisticated medication data platform that supports a patient app, a pharmacy-based module "PlusOne", and digital health programs, all of which are connected to dispensing networks.

The MedAdvisor app provides a digital connection for patients to their pharmacist to support them in their medication journey. The app offers many features, including important information regarding the prescribed medication available to the patient, the ability to pre-order medication, arrange delivery, dosage reminders, a GP script renewal service and a carer mode that allows loved ones to assume care on behalf of a patient. MedAdvisor app patients report that they feel more in control of their health and medication, are more organised around their medication use and save significant time in the ordering process.

The added peace of mind that comes from having easy access to medication history for those in more frequent interactions with the health system cannot be underestimated.

Facilitating stronger connections for pharmacies and their patients

Pharmacies can better anticipate their patients' needs by using our PlusOne in-pharmacy platform. PlusOne offers pharmacies a Software-as-a-Service solution that empowers them to digitally connect to their patients, automate medication reminders and offer a range of ordering and medication related services. In addition to allowing patients to "click & collect" their medication, pharmacies use PlusOne to alert them to health programs and services funded by the government (through 6CPA) and pharmaceutical companies (through MedAdvisor) that are relevant and appropriate for their patients. Patients can be enrolled in the system with a record of the delivery of the program or service streamlined and any fees earned by the pharmacy automatically claimed. Pharmacies benefit from increased customer loyalty, flow-on ancillary purchases and increased spending from more adherent patients, coupled with improved workflow and an ability to better control cash flow and working capital.

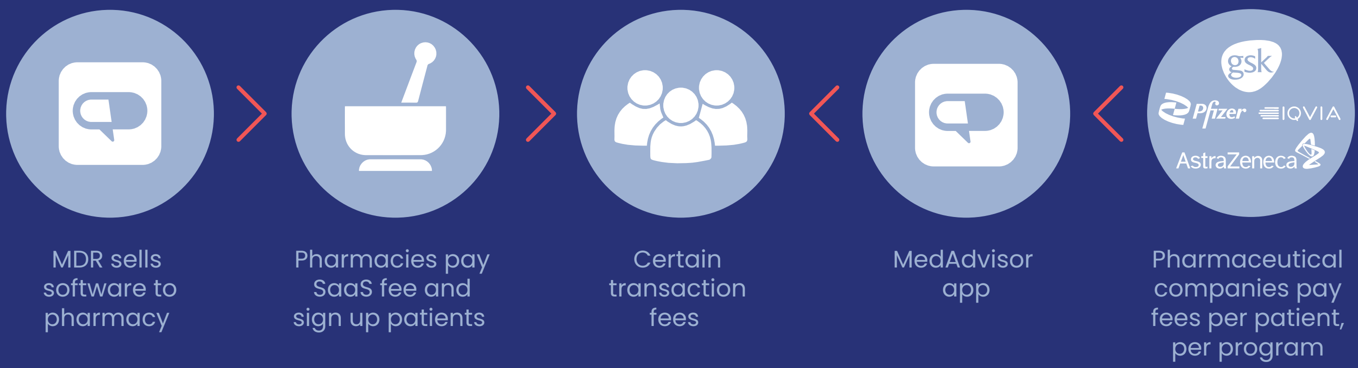
Connecting with harder to reach patients

MedAdvisor's health programs offer pharmaceutical companies a platform for distribution of direct-to-patient and in-pharmacy programs to large, geographically dispersed, and hard-to-reach audiences. Information can be effectively communicated, driving better quality use of medicines and health literacy and ultimately resulting in improved adherence. MedAdvisor has estimated that medication adherence can be improved by up to 20%+ for users of the app and further again if a patient is part of a MedAdvisor-initiated education program. The result is improved medication adherence which in turn reduces wastage and marketing spend, thereby generating improved returns to the pharmaceutical company.

Finally, the flow-on benefits of improved medication adherence on the healthcare system are significant through reduced medical costs and hospitalisations.

We've proven that our revenue model works

Australia's business model is centred around the patient



AU Strategic Priorities

MedAdvisor has established a strong presence in the pharmacy market in Australia and is extending its patient reach through enhancements with its patient app. Overall, MedAdvisor has an established network of greater than 65% of the total Australian pharmacy market, representing around 75% of script volumes in Australia.
In respect to patient reach, it is estimated that there are more than 12 million patients with a chronic condition in Australia[1], with MedAdvisor having 2.0 million patients connected to its app.

MedAdvisor's Australian model is centred around the patient. Its app is free for patients, with revenue generated from pharmacies through SaaS and transaction fees, and from pharmaceutical companies on a fee per patient basis that use the technology and network for content distribution. MedAdvisor estimates that each patient on the MedAdvisor app adds approximately $200 per annum in incremental revenue to a pharmacy, demonstrating strong ROI and stickiness of the solution for retail pharmacy customers.

The Australian operation has undergone significant change over the course of the last 12 months, which has laid the foundations for continued growth in the market. MedAdvisor continues to innovate and enhance its product offering, with a team of over 40 developers and engineers. During the year, MedAdvisor has undertaken a complete rebuild of the patient app, which greatly simplifies the code base, allowing for a faster, more responsive user experience. This new version of the app is live in the UK and is expected to be available in Australia in the first half of FY22.

In addition, MedAdvisor was the first conformant patient app to facilitate ePrescribing in Australia and launched a new medication home delivery service during COVID-19 travel restrictions as well as offering a "click & collect" service, features that have now become widely used and critical in helping certain patient cohorts in coping with COVID-19 related restrictions. Finally, MedAdvisor launched a new sign-up pathway for patients known as "remote verification", which allows patients to sign up remotely, thereby reducing the reliance on patients needing to physically visit the pharmacy store for activation of the app.

1 Department of Health, Australian Government; (https://www.health.gov.au/health-topics/chronic-conditions-in-australia).

Continuously enhancing our platform

The in-pharmacy PlusOne module has seen significant enhancements during the year, with a new booking module integrated with HealthEngine and our own booking system to enable a seamless workflow for both flu and COVID-19 vaccinations. To further improve workflow efficiencies for pharmacists, we also completed an integration with the Australian Immunisation Register (AIR), enabling pharmacists to gain real time access to patients' immunisation records prior to administering vaccinations through the PlusOne system.

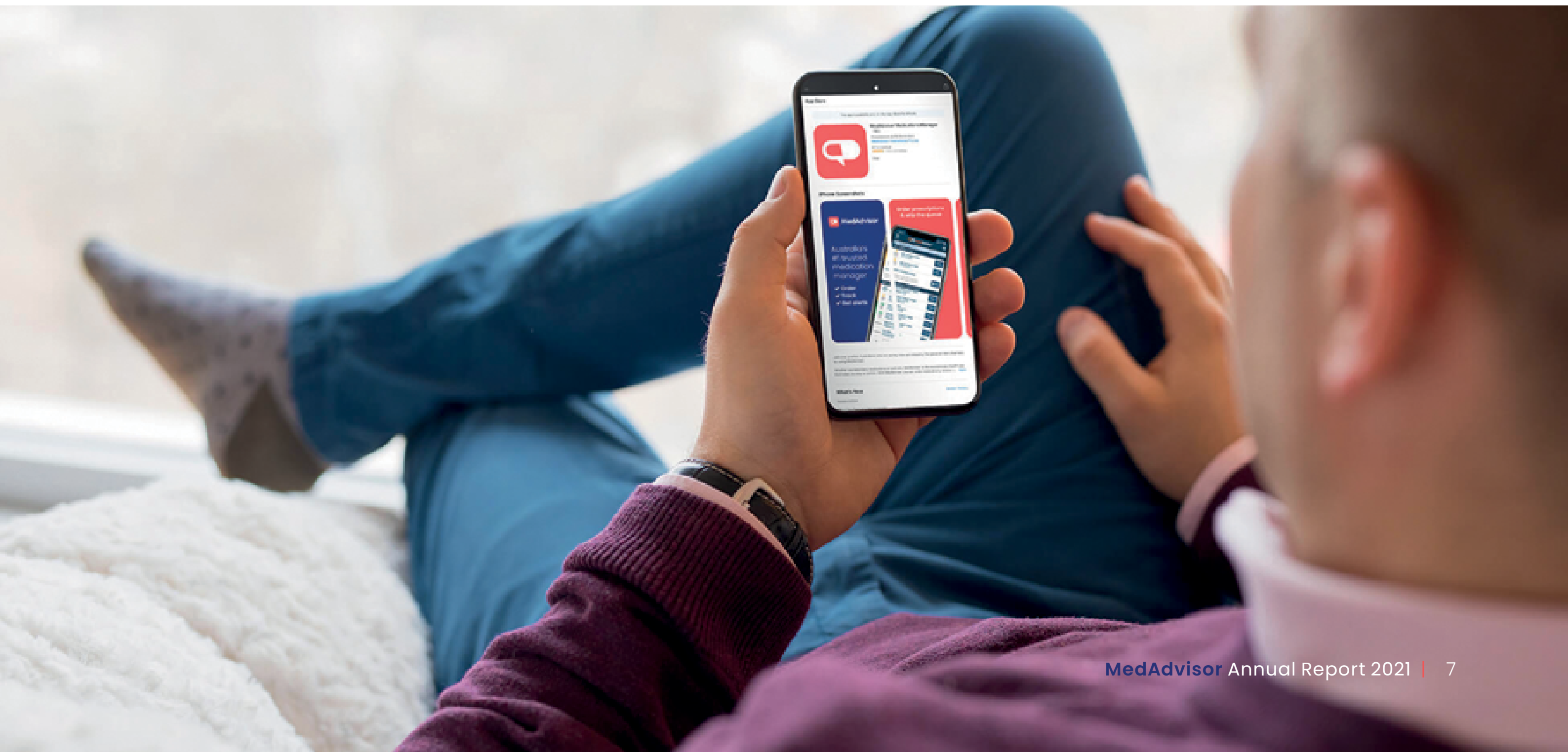
These enhancements place MedAdvisor in a unique position in continuing to improve medication adherence and health outcomes and provide a strong platform for sustained growth both in Australia and globally.

The investments that MedAdvisor has made in its product development and the benefits that flow to its stakeholders is evidenced by the low churn amongst its pharmacy network, currently tracking at just 5.0% per annum. We continue to expand on an already strong market share having recently signed a five-year agreement with pharmacy wholesaler Australian Pharmaceutical Industries Limited (API), which owns Priceline Pharmacy, Soul Pattinson Chemist, and Pharmacist Advice Pharmacy banner groups representing approximately 450 pharmacies.

The MedAdvisor platform will provide a comprehensive digital solution to the Priceline Pharmacy network to better support its customers in managing their total health and wellbeing. The partnership is expected to increase MedAdvisor's patient reach and aligns with the strategic priority of growing domestic revenues through patient acquisition and network expansion.

Over the last several years, MedAdvisor has progressively deployed a string of new features to the MedAdvisor app and PlusOne software platform. To provide greater value and choice to its network, MedAdvisor also introduced a new tiered pricing for its SaaS platform, offering the choice of either a standard or premium package. The new pricing structure also included a price increase to the standard package. To date, feedback and take up of the premium pricing package has been very positive, with pharmacy churn remaining stable. MedAdvisor has increased its ARR to $6.6m following the change to its pricing model.

In March 2020, MedAdvisor responded quickly to the challenges presented by COVID-19 by offering a click and collect and delivery functionality in app. Throughout FY21, the adoption has been increasing steadily with nearly 30% of in-app orders now using the click and collect functionality.



Establishing a strong US footprint will provide an unrivalled platform to expand

Adheris provides a unique opportunity to establish a clear leadership position in the world's largest healthcare market

Highlights

180m	2.2b	~25k	430m	$35.3m
Patients	Scripts per annum	Preferred pharmacies	Scripts via prescribers	(US$) FY21 revenue

US Market Opportunity

Revenue Source	Estimated Market Size		
Patient Programs Per patient, per annum	Adherence TAM: US$1.9b[1]+	86% of medication volume in generic with payers motivated to influence outcomes	
Direct to consumer Per patient, per message	US$6.0b[2] p.a. patient awareness and advertising in US		
Retail Pharmacy SaaS & transaction fees	55,000 SaaS – Pharmacies in US	US$1b[1] Estimated value (US)	40–60% (est) of market addressable

1 https://www.newswire.com/news/medication-adherence-market-expanding-due-to-specialized-market-21361444 and "Medication Adherence Market Overview", PS Market Research, September 2020 (https://www.psmarketresearch.com/market-analysis/medical-adherence)

2 https://arstechnica.com/science/2019/01/healthcare-industry-spends-30b-on-marketing-most-of-it-goes-to-doctors

Instant US traction via Adheris acquisition

In late 2020, MedAdvisor acquired Adheris LLC, a medication adherence company based in the USA who we had already established a go-to-market partnership with 18 months prior. The acquisition provides a unique opportunity for MedAdvisor to establish a clear leadership in medication adherence in the world's largest healthcare market, and with an unrivalled network to roll out its digital platform that has been developed in Australia.

Adheris has been operating for 30 years and set the industry standard for adherence measurement and program performance. In this time, Adheris has built a strong network with the ability to reach +180 million patients via three channels (direct mail, in-pharmacy prints, and via health care practitioners), with over 80% of the top 100 pharmaceutical companies using Adheris to run medication adherence programs.

Adheris has developed a sophisticated software engine that enables patient and prescription data to be extracted from approximately 25,000 pharmacies, which in turn is used to develop robust, data-driven programs that yield actionable insights. Adheris' data analytics capability is underpinned by its 15 patents, which provides it with a clear competitive advantage. The business was acquired for US$27.5m including two earn outs of US$4m, paid in May 2021, and a further US$3 million payable in May 2022 on meeting certain revenue targets of US$32.5m for the calendar year 2021.

A smooth integration is underway

The integration is proceeding well, with additional investments made in sales and business development capabilities, as well as a transformational project to leverage MedAdvisor's digital assets and Adheris' data analytical capabilities. Investment in the team is having a positive impact on sales pipeline activities, with greater capacity resulting in new customers and programs being added.

MedAdvisor's strategic priorities for the US centre on the digitisation of Adheris' network, which will enable MedAdvisor to leverage its predictive analytical capability to deliver greater value and increased returns, and extending into the payer market and thereby increasing the addressable market.

Strategic Priorities

Digital Transformation

Roll-out MedAdvisor's world class Australian digital platform to patients and pharmacies.

Dynamic Engagement

- Implement tailored and targeted messaging to patients based on profile, history and predictive algorithms
- Apply omni-channel engagement.

Expand Network of Partners

Transition to a patient centric model which optimises outcomes for all stakeholders (including payers, providers and pharmacists).

Implementing the digital transformation

The digital transformation of the pharmacy network is well underway with the integration of critical digital endpoints with Adheris' product suite. To date, 30% of Adheris' pharmacy network has agreed to run digital health programs. Currently, Adheris is running seven programs across 6% of the pharmacy network. Importantly, MedAdvisor has invested in a critical enabling project called Dynamic Engagement. This changes the way pharmaceutical companies engage with Adheris from a price per message basis, to a true omnichannel, price per patient basis. This allows Adheris to leverage powerful data and analytics to ensure the right patients are getting the right messages via the most effective channels for them, including much needed digital engagement capabilities. This will enable a more targeted and individualised approach for lifting patient medication adherence and ROI. To date the project is on track and is scheduled to go live during the second half of FY22.

MedAdvisor successfully integrated with Cotiviti owned HMS to run a patient discharge program in Australia and launch initial health programs via our secure digital platform.

Scaling our platform globally will provide growth opportunities

Founded in Australia and expanding to the UK

UK key growth opportunity

- MedAdvisor is taking our leading SaaS solution to a market size three times that of Australia's, with more attractive market dynamics
- Initial client, Day Lewis, live with a white label offering to the market
- Supported by National Pharmacy Association representing 6,500 independent pharmacies
- Integrated with NHS digital systems, producing highly automated workflows for patient and pharmacy

The entry into the UK market has provided some challenges throughout the year, with technical issues and the impact of COVID-19 delaying our planned roll out. However, despite these challenges, the first batch of implementations amongst both Day Lewis and independent stores has been positively received. Integration has involved considerable work with the UK's National Health Service, as well as navigating challenges presented by COVID-19 restrictions.

MedAdvisor has successfully passed the necessary conformance requirements which permit integration with various NHS systems. The development of these integrations will improve the workflow for pharmacy and patient access to medication records including the ability for patients to order from their GP.

Day Lewis Pharmacy

FIRST CLIENT **300 STORES**
$300m TAM (14,000 Stores)

NPA National Pharmacy Association

INITIAL SAAS ROLL OUT
PRIOR TO BUILD PATIENT AUDIENCE

South East Asia

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 has ceased software development efforts in Asia and is redeploying headcount to focus on its other 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 enjoyed a valuable partnership with Zuellig Pharma in Asia and we look forward to potential future collaboration with Zuellig Pharma.

FY21 financial and non-financial highlights

FY20
Total operating revenue
$9.6m
($30.6m LFL)[1]

FY21
Total operating revenue
$38.8m

US Programs
↑ 35.5% YoY
FY20 / $21.4m LFL[1]
FY21 / $29.0m

Transaction Fees
↑ 4.8% YoY
FY20 / $2.1m
FY21 / $2.2m

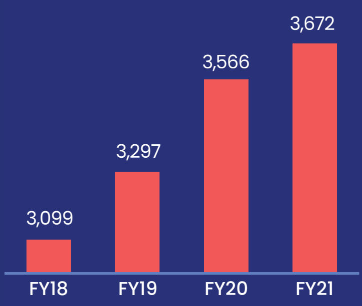
Digital Programs
↑ 8.3% YoY
FY20 / $1.2m
FY21 / $1.3m

SaaS
↑ 6.8% YoY
FY20 / $5.9m
FY21 / $6.3m

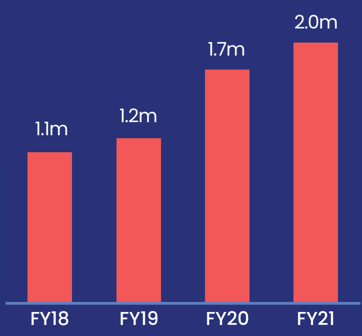
1 Like-for-Like revenue shows US revenue translated at a constant AUD/USD of $0.75 from date of acquisition to 30 June for FY20.

AU Metrics

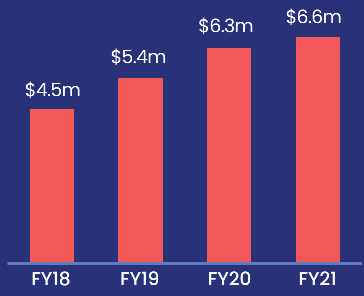
Network – Pharmacies



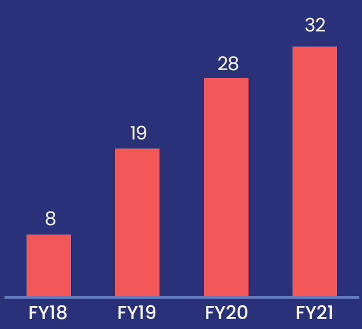
Network – Patients



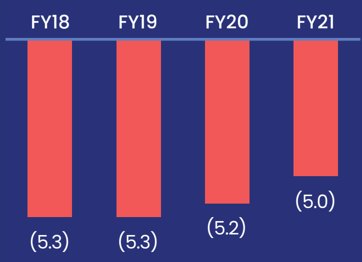
Annual Recurring Revenue (ARR) – $



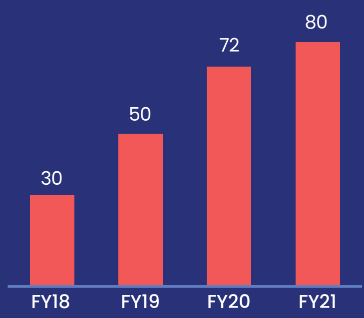
Lifetime value to Cost of Acquisition (LTV/CAC) ratio[1]



Pharmacy Churn %

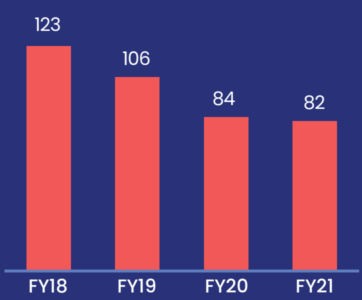


Digital Programs

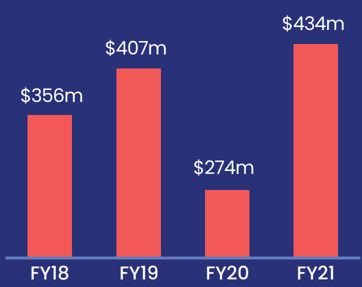


US Metrics

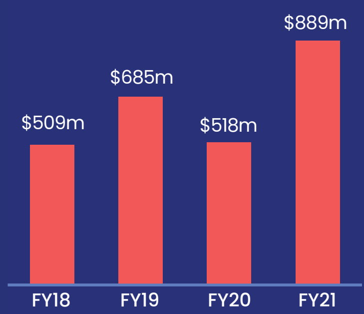
Average no. of programs



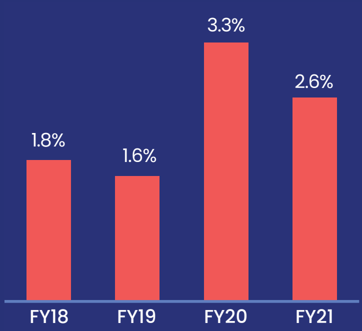
Revenue per program (US$)



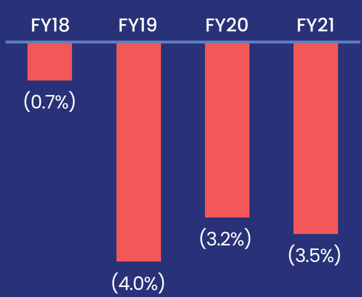
Revenue per program for Top 10 customers (US$)



% revenue from new customers



Churn as % of revenue (lost customers)



1 Lifetime value represents the net margin generated by pharmacies allowing for churn. Cost of acquisition is calculated as the cost of acquiring pharmacies and includes marketing costs and certain people costs. LTV/CAC ratio shows the relationship of the lifetime value of pharmacies to the cost of acquiring.

FY21 – a year of transformation and integration

Chair's and CEO's Report

Chris Ridd Chairman

To our shareholders,

This year has been one of transformation for MedAdvisor as we ready the business to take advantage of key growth opportunities across the US, Australia and the UK.

A patient-centric technology business

MedAdvisor is a for purpose HealthTech company leveraging software to address medication non-adherence – a problem which costs US$630b globally and more importantly, hundreds of thousands of lives every year.

MedAdvisor already helps millions of people around the globe to take their medication safely, effectively and on time. Through a deep understanding of patients and their medication needs, MedAdvisor is providing solutions to improve health outcomes for patients, increase revenue for pharmaceutical companies and reduce costs for payers. Our solutions include digital medication management tools and direct to patient health programs. The total global addressable market is estimated to be more than $10b p.a.

MedAdvisor has built a SaaS business in Australian that now boasts in excess of 65% of the pharmacy market, enabling major pharmacy chains and their 2.0m patients to connect digitally. We also work with 12 of the top 20 pharmaceutical companies to deliver health programs to patients in Australia.

As Australia is only around 2% of the world medicines market, our clear focus moving forward is to pursue the US market, being one that accounts for 46%[1] of total medication spend globally. This year we acquired the number one adherence business in the US in terms of reach, Adheris. With a 30 year track record in medication adherence, we now run programs with the potential to reach 1 in 2 US residents through our network of 25,000 pharmacies in the US.

The knowledge and experience in medication adherence across our combined businesses means that we understand how to deliver the right message, through the right medium at the right time. Combining a compelling patient experience with deep medication data analytics, we provide both pharmacy chains and pharmaceutical companies with proven tools and channels that help deliver improved medication adherence to the patients that we all serve.

Powered by data

The MedAdvisor business is underpinned by a deep understanding of patient medication data. With this understanding we can use sophisticated data analytics and predictive modelling capabilities to help design health programs. We access this data through tight integrations with the systems that power

1 https://www.statista.com/statistics/245473/market-share-of-the-leading-10-global-pharmaceutical-markets/#:~:text=The%20United%20States%20was%20the,hospital%20market%20only%20for%20China).

Robert Read CEO & Managing Director

$630b

Global health problem from non-adherence (US$)

$10b

Total global addressable market (p.a.)

2%

of the world's medicine market is from Australia

46%

of the world's medicine market is from the US

1 in 2

US residents are accessible through our network of 25,000 US pharmacies

pharmacy across the globe, and this allows us to have a live feed that we can provide to patients or healthcare practitioners as appropriate.

Adheris has developed world leading approaches to analysing and reporting on adherence in the US. We have shown that with this understanding of a patient's medication profile, we can design programs that improve health outcomes around the world. These improved health outcomes also provide cost savings to payers, improved revenues for pharmaceutical companies and most importantly better health for patients.

With global reach

Originally developed in the Australian market, MedAdvisor has expanded internationally to pursue larger medication adherence markets in Europe (UK) and the US that offer substantially larger market sizes and growth prospects.

Underpinned by operational excellence

MedAdvisor is on track to deliver profitable growth and operating leverage through the improvement of gross margins made possible by the adoption of digital solutions globally, particularly in the US. MedAdvisor is committed to executing this strategy across its core markets and has designed the organisation to achieve this in the most efficient way possible.

There are a number of key strategic imperatives that we will focus on over the next 12 months in order to deliver strong results. These include:

Digitalisation of the US Pharmacy Network

Adheris was clearly the best avenue for MedAdvisor to enter the US with accelerated pace.

By rolling out our digital platform into the world's largest market we can access an $8b addressable market[2]. This gives us the ability to drive top line revenue growth with both adherence and awareness programs.

The integration of Adheris and MedAdvisor has progressed on budget and on schedule. Adheris has unmatched scale and reach to run targeted health programs based on a deep understanding of a patient's medication profile. The opportunity to add digital channels to the existing direct mail and pharmacy prints of Adheris allows MedAdvisor to introduce a new revenue model known as Dynamic Engagement.

Dynamic Engagement allows MedAdvisor to tailor programs to send messages to selected patients via the right channels at the right time. Changing the revenue model to a per patient per annum, rather than per message basis, will allow MedAdvisor to charge more per program and increase gross margins in CY22.

2 Refer to page 8. Estimated Market size consists of 1) Patient Programs USD $1.9b+, 2) Direct to customer USD $6.0b, 3) Retail Pharmacy USD $1.0b.

Critical to this is to ensure that the pharmacy network is enabled to run digital programs. MedAdvisor has now secured agreement from 30% of this US pharmacy network, which enables us to reach over 40 million people digitally in the US during FY22. We are actively engaged in discussions across all chains in the Adheris network and focused on having all the US chains active with digital and providing the foundation for our growth initiatives in the US.

Drive revenue growth in large addressable markets

In FY21, we generated $38.8m in operating revenue and will look to drive both top line revenue as well as margin growth in FY22 by working with pharmaceutical companies to improve patient outcomes. The revenue opportunities in the US, Australia and the UK are significant over the medium term. Following delays in the UK due to the COVID-19 pandemic, we have now commenced our SaaS roll out in this market, aiming to replicate the success of our Australian business model but in a market that is 3 times the size. Continued revenue streams in Australia are expected to grow in line with increased patient volumes underpinned by our health programs business. Furthermore, in a market that commands 46% of global medication spend, we will increase our share of wallet from US pharmaceutical clients as they move to embrace digital programs.

Thank you for joining us on this journey as we continue to grow our global footprint.

Kind regards,

Chris Ridd
Chairman

22 September 2021

Robert Read
CEO & Managing Director

22 September 2021

Business update

MedAdvisor recorded operating revenue of $38.8m, which reflects the inclusion of Adheris from 17 November 2020. On a like-for-like basis, the total revenue growth is up 26.7% for the 12 months to 30 June 2021.

Operating revenue growth

On a like for like basis, operating revenue growth is up 26.7% for the 12 months to 30 June 2021. The US revenue is characterised by a high degree of repeat business with large global pharmaceutical companies, of which over 95% of revenue is of a recurring nature. Moreover, the top 10 customers have remained stable, delivering over 75% of revenue on average for last three years.

Revenue growth in Australia of 6.5% was impacted by resourcing issues within the local sales team. This had now been addressed with the recent appointment of new leadership and business development resources. Despite the challenges presented, the fundamentals of the Australian business are sound and provide an excellent platform for growth, with annual recurring revenue (ARR) of $6.6m, up from $6.3m, and with expected growth due to the restructuring of pricing plans to a new tiered approach. In addition, MedAdvisor's annualised churn of 5.0% represents an improvement on FY20, and the Lifetime Value to Cost of Acquisition ratio continues to improve. Overall, MedAdvisor is well placed to drive greater value through its stable and growing network of pharmacies, and deliver further benefits to its end users, the patients.

Improvements in Gross Margin

In respect of gross margin, MedAdvisor has a reported gross margin of 55.0%, which is down on a like-for-like basis 6.9% due to the impact of a change in channel mix for Adheris, and MedAdvisor re-platforming its network to facilitate its global expansion.

Adheris recorded a gross margin of 46% for the period post-acquisition, whilst MedAdvisor recorded 80% for the 12 months ended 30 June 2021, with an underlying gross margin of approximately 84% after adjusting for the one-off re-platforming costs. MedAdvisor is investing significantly in the transformation of Adheris' product suite which will drive accretion in gross margin in calendar year 2022, which involves the digitisation of the network and extension of products to other participants in the market such as insurance payers.

Opex efficiency

The acquisition of Adheris has transformed MedAdvisor into a truly global medication adherence company. MedAdvisor continues to invest in developing its product and technology, as well as its capability in delivering solutions to its customers and patients. This is reflected in MedAdvisor's operating cost base, which like-for-like has changed significantly post acquisition.

Reported operating costs of $39.6m included $2.0m for acquisition and related one-off restructuring costs and amortisation of acquired intangibles of $1.4m. Operating costs after allowing for these items was $36.2m, up 12.5% on a like-for-like basis, driven by investments in digitising the US product suite, additional sales and IT infrastructure in the US, market entry for the UK, and providing additional capability in support functions to operate globally.

Overall the EBITDA loss adjusted for leases and one off costs increased by $1.2m to $12.6m, on a like-for-like basis. This was driven by higher operating costs from the investments outlined above. Reported EBITDA (lease adjusted) was $14.6m.

Board of Directors

Chris Ridd
Non-Executive Chairman
BA , Post Grad Diploma Strategic Mktg

Director since February 2020

Chris Ridd is non-executive director, advisor and investor in various fast-growth, Australian-based start-ups. He has 30 years' experience in the IT industry including 5 years as Managing Director for Xero Australia and 15 years at Microsoft in various senior executive roles. He led Xero's expansion in the Australian market from a small start-up to become the largest online cloud accounting software company, growing from seven staff and 3,500 customers, to over 300 staff and 320,000 paying customers. In 2015, Chris was awarded The CEO Magazine's Financial Services Executive of the Year & Runner Up in Managing Director of the Year.

Robert Read
CEO and Managing Director
B.Com, B.Arts, B.Psych, GAICD

Member of Audit and Risk Committee

Member of People, Remuneration and Nominations Committee

Director since 2015

Robert Read has led MedAdvisor since July 2015 as a small private company, taking it through an initial ASX listing and growing the business to now operate with a dominant market share in Australia, a huge pharmacy network in the US and evolving business in the UK. Robert has extensive commercial experience in a wide range of businesses, including Director of Commercial Strategy and Operations in one of the world's leading pharmaceutical companies, GSK and roles in venture capital and private equity. Robert brings a wide range of skills to the position of CEO in leadership, sales and marketing, financial performance improvement and mergers and acquisitions.

Joshua Swinnerton
Executive Director and Product Lead International
MEI, Grad Cert Eng., BE, BCS

Director since 2015

Josh Swinnerton has extensive experience leading and managing sizeable IT ventures, including within large companies, as a consultant, and as the technical and operational lead of start-up companies. Prior to founding MedAdvisor, Josh was the Chairman and CTO of technology start-up DeskActive Pty Ltd which he founded and sold into the US based DeskActive, Inc, raising funds in the US for the company's expansion and managed software development. Prior to founding DeskActive, Josh held senior software engineering positions in a number of large IT companies. At Oakton he was Technical Architect and Team Leader in a multimillion-dollar project for a major client, while at Unico Computer Systems and AdvaTel Josh held senior positions as a Software Engineer. During this time, Josh gained valuable experience in bridging the gap between innovative technology and business objectives. Josh also has extensive skills in building and managing exceptional development teams.

Sandra Hook
Non-Executive Director
GAICD

Chair of Audit and Risk Committee

Member of People, Remuneration and Nominations Committee

Director since 2016

Sandra Hook has 25+ years' experience developing and implementing commercially successful business and brands, driving growth and leading change. Sandra has a track record in delivering customer-centred business transformation, building digital businesses, and transitioning traditional organisations in rapidly evolving environments.

Sandra brings extensive operational, financial management and strategic experience built over a career which includes MD/CEO, COO, GM, and Marketing Director with some of Australia's largest media companies including News Limited, Foxtel, Federal Publishing Company, Murdoch Magazines and Fairfax. She brings a strong focus on customer-centric growth and digital innovation at Board level.

Sandra is an independent director on the board of IVE Group Ltd (ASX:IGL) (May 2016 – Current), Redhill Education Ltd (ASX: RDH) (August 2019 – Current), the Sydney Fish Market Ltd and CRC Right Food Waste. She is a trustee of the Sydney Harbour Federation Trust. Sandra was previously an independent director on the board of RXP Technology Ltd (ASX: RXP) (Feb 2016 – Nov 2020).

Jeffrey Sherman
Non-Executive Director

MBA, B.S.Bus Fin & Acct

(resigned 30 April 2021)

Jeff Sherman has more than 30 years of experience in corporate and hospital-based finance. He previously served as executive vice president and CFO of Accentcare, executive vice-president and CFO of Lifepoint Hospitals Inc., and held senior finance positions at Tenet Healthcare Corporation.

Based in the US, Jeff recently served as the CFO and Treasurer for HMS. Additionally, he was responsible for corporate development, including mergers and acquisitions. HMS was publicly traded on the Nasdaq under the symbol HMSY. HMS was taken private in a transaction completed on April 1, 2021. Jeff led the sale process to Veritas Capital-Backed Gainwell and stayed on for a transition period before leaving the company on April 30, 2021.

Jim Xenos
Non-Executive Director

BSc, DipEd, AFAIM, GAICD

Chair of People, Remuneration and Nominations Committee

Member of Audit and Risk Committee

Director since 2015

Jim Xenos is an experienced general manager with sales and marketing expertise and a track record in building and leading high performing teams delivering market share and profit growth in national and multinational companies. Jim has a strong reputation in forming brand and portfolio strategies, developing new product launches with innovative go-to-market activities in existing and new channels. He has significant strength in establishing high performing sales teams in highly competitive categories. Jim is currently the CEO of NostraData Pty Ltd which he co-founded in 2010. NostraData is a leading provider of business intelligence to the pharmaceutical industry. Prior to co-founding NostraData, Jim held several Associate Director positions with GlaxoSmithKline as well as holding the position of Head of Retail at Sigma for the Heron brand. These positions helped Jim to develop key skills in the areas of general and financial management, marketing and strategy development, sales management, and team development.

Lucas Merrow
Non-Executive Director

MBA, BSc

Director since 2021
(appointed 10 August 2021)

Lucas Merrow is an experienced entrepreneur with a successful track record of launching and scaling technology-enabled businesses in healthcare. Lucas co-founded and served as the CEO of Eliza Corporation, the leader in health engagement management and patient communications focused on US-based health insurers. At Eliza, Lucas led a team responsible for building the business from concept to national scale and a successful acquisition exit. With over 130 health plan customers and 80 million insurance members under management, Eliza was acquired by HMS Holdings in 2017.

Prior to Eliza, Lucas co-founded and served as the COO of Adheris Health, the leading firm in prescription adherence and patient education programs in the United States. At Adheris, Lucas led the development of the technology platform and pharmacy network that included nearly 25,000 pharmacies with access to over half of the US population. Adheris was acquired by inVentiv Health in 2006, returning over thirty-times initial capital invested. Prior to Adheris, Lucas served in senior business and technology development roles in medical devices, disease management, and wireless communications.

Peter Bennetto
Non-Executive Director

GAICD, SA Fin.

Member of Audit and Risk Committee

Member of People, Remuneration and Nominations Committee

Director since 2013

Peter Bennetto is an experienced company director, with skills in banking, corporate finance and governance. Peter has held several company director positions in exploration, mining and manufacturing companies listed on the ASX since 1990. Peter was non-executive chairman of Ironbark Zinc Limited (ASX:IBG) (Jun 2006 – Sep 2019) and Kingwest Resources Ltd (ASX: KWR) (Apr 2018 – Sep 2019).

Management Team

Simon Glover
Chief Financial Officer
MBA, B. Com, CA.

Simon Glover holds over 25 years experience in senior financial and operational leadership across a range of industries including retail, aviation, gambling and entertainment, technology and communications and financial services across Australia and internationally.

Joining MedAdvisor in July 2019 as Chief Financial Officer, Simon is responsible for corporate finance and investor relations, while also leading the broader finance team in supporting financial planning, forecasting, business analytics and operating budgets.

Prior to joining MedAdvisor he held a number of senior finance roles in large, listed companies such as Tabcorp Holding (ASX:TAH) and Coles Group (ASX:COL) and also brings prior industry experience from his time at Mayne Pharma. Prior to 2006, Simon was heavily involved in the international expansion of Jetstar where he was responsible for all finance matters relating to the launch of the international business.

Ruba El Afifi
Chief Operating Officer
Executive MBA, B. Com

Ruba El Afifi manages MedAdvisor operations and the Australian Technology and Product team, and the global people and culture strategy. She has played a central role in driving operational excellence for MedAdvisor since joining the organisation in 2018.

Ruba is a commercially astute strategic executive with over 20 years' experience in both large and mid-entrepreneurial organisations. In addition, Ruba brings a wealth of industry experience gained in IT, finance and professional services with significant experience in commercial transformation, aligning people initiatives, business strategy and creating a performance culture.

Craig Schnuriger
Acting Chief Technology Officer
B. Bus Systems

As MedAdvisor Acting CTO, Craig Schnuriger leads the technical team as it scales MedAdvisor's platform to help patients manage their medication globally. Prior to working at MedAdvisor, Craig had roles at Ernst & Young, Shell and Tenix Solutions. In 2011, Craig took his experience over to the US to work on the first generation of pharmacy/insurance connected mobile applications to support patients taking chronic medications. He brought this expertise back to the Australian market and has been with MedAdvisor since its inception in 2013. Craig has worked extensively within the pharmacy industry within Australia and recognises the role of technology in supporting patients, pharmacists, and doctors. Over the years, Craig has held several roles at MedAdvisor including Head of Engineering, Head of Architecture and now Acting CTO.

Wayne Marinoff
EGM Sales & Marketing
B. Bus, Grad. Dip. Accounting
(commenced 8 June 2021)

Wayne Marinoff has worked in senior commercial positions for almost 30 years within the pharmaceutical industry for both large Australian and multinational companies and prior to this spent over 8 years in banking & finance.

Joining MedAdvisor in July 2021 as General Manager Sales AU, Wayne is now responsible for revenue and marketing activities in Australia and the UK with a focus on growing the health programs in both markets.

Prior to joining MedAdvisor, he held several senior sales, marketing and finance roles in large local and international pharmaceutical companies such as Arrotex/Arrow, Aspen (SA), Sigma and Eli Lilly (US). Wayne prides himself on building and leading a customer focused sales and marketing team to deliver on both short – and long-term company objectives.

Naomi Lawrie
General Counsel and Company Secretary
LLB (Hons), BCom (Hons)

Naomi Lawrie holds over 20 years legal experience including as a partner in a national law firm. She has particular expertise in corporate and commercial law and has consulted to companies in a variety of sectors, including health and technology. Joining MedAdvisor in August 2020 as General Counsel and Company Secretary, Naomi is responsible for legal, compliance and company secretarial matters.

John Ciccio
CEO Adheris
B. Arts (Government)

John Ciccio is a proven strategic growth leader with over 20 years experience in the healthcare/life sciences industry. His background is diverse and includes leadership roles in commercial operations, analytics, business development, product development and finance. Prior to joining Adheris, he served as President of the healthcare professional social network, Skipta, which he helped lead to exponential growth resulting in its eventual sale.

As President and CEO of Adheris, John is responsible for overseeing all US operations of MedAdvisor and for driving sustained growth through innovation. He is also focused on maximising existing portfolios/solutions and furthering the collaborative, family-like culture that is unique to Adheris and its employees.

Directors' Report

The Directors present their report with the Consolidated Financial Report of MedAdvisor Limited and its controlled entities (the **Group**) for the year ended 30 June 2021.

Directors

The names of the Directors of MedAdvisor during or since the end of the financial year were:

Chris Ridd	Non-Executive Chairman
Robert Read	Executive Director/Chief Executive Officer
Joshua Swinnerton	Executive Director/Founder
Peter Bennetto	Non-Executive Director
Sandra Hook	Non-Executive Director
Lucas Merrow	Non-Executive Director (appointed 10 August 2021)
Jeffrey Sherman	Non-Executive Director (resigned 30 April 2021)
Jim Xenos	Non-Executive Director

The above named Directors held office during the whole of the financial year and since the end of the financial year with the exception of Jeffrey Sherman (resigned 30 April 2021) and Lucas Merrow (appointed 10 August 2021).

The Company Secretaries during the financial year were Carlo Campiciano (until 1 June 2021) and Naomi Lawrie (from 25 August 2020 and to the date of this report).

Information on the Directors, the current Company Secretary and the executive team can be found on pages 18 to 21 and forms part of this report.

As at the date of this report, MedAdvisor has the following committees of the Board: Audit and Risk and People, Remuneration and Nominations. Details of members of the committees of the Board during the year are included below and on pages 18 to 21 of the Annual Report.

Meetings of Directors

The number of Directors' meetings, including meetings of the committees, held during the year ended 30 June 2021, and numbers of meetings attended by each of the Directors were as follows:

			Meetings of committees					
	Full meetings of Directors		Audit and Risk		People, Remuneration and Nominations		Sales and Marketing	
	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended
Chris Ridd	13	13	3	3	5	5	2	2
Robert Read	13	13	3	3	5	5	–	–
Josh Swinnerton	13	13	–	–	–	–	–	–
Peter Bennetto	13	13	3	3	5	5	2	2
Sandra Hook	13	13	3	3	5	5	–	–
Jim Xenos	13	13	3	3	5	5	2	2
Jeffrey Sherman	12	9	–	–	–	–	–	–

1. Indicates the number of meetings held which the Director was eligible to attend following their appointment or up to their retirement. Mr Lucas Merrow was appointed subsequent to the end of financial year.

Principal activities

The principal activities of the Group continue to be the enhancement and growth of the MedAdvisor medication and adherence platform. The platform is focused on improving health outcomes by connecting health professionals with their patients using technology and enhancing medication adherence through health programs.

Operating results

During the financial year, the Group reported a comprehensive loss of $15,444,523 (2020: loss of $9,727,382). Operating revenue totalled $38,772,576, growing 304% on the prior financial year (2020: $9,602,646).

Dividends

No dividends have been paid or declared by the Company since the beginning of the financial year.

Review of operations

Please refer to the Business Update and Management Commentary sections of this annual report on pages 2 to 17 for the following information in respect of the Group (which forms part of this Directors' Report):

- A review of operations during the financial year and the results of those operations;
- Likely developments in the operations in future financial years and the expected results of those operations;
- Comments on the financial position; and
- Comments on business strategies and prospects for future financial years.

In respect of likely developments, business strategies and prospects for future financial years, material which if included would be likely to result in unreasonable prejudice to the Group has been omitted.

Financial position

The Group has $7,150,865 in cash plus $115,757 in cash on deposit as security, bringing a total cash balance of $7,266,622 as of 30 June 2021 following a net cash decrease of $5,194,299 for the financial year.

The net assets of the Group at 30 June 2021 were $48,845,150, an increase in net assets of $31,824,541 from 30 June 2020.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Group that occurred during the financial year that are not otherwise disclosed in this report.

Proceedings

No person has applied for leave of Court under section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings in the financial year.

Matters subsequent to the end of the financial year

MedAdvisor and ZP Pharma Holdings Pte Ltd have agreed to cease their joint venture in ZP MedAdvisor Pte Limited and propose to wind-up operations in H1 FY22. Refer to page 11 for further information.

Apart from the above, no matters or circumstances have arisen since the end of financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Directors' Report

Continued

Unissued ordinary shares or interests under option

Details of unissued ordinary shares or interests under option as at the date of this report are:

Unlisted ordinary shares under option

Class (ASX code)	Grant date	Expiry date	Exercise price	# of Options
MDRAI	15-Apr-16	14-Apr-31	$0.00	154,757
MDRAI	15-Dec-16	14-Dec-31	$0.00	132,850
MDRAI	27-Oct-17	28-Oct-32	$0.00	339,977
MDRAI	19-Dec-17	19-Dec-32	$0.00	35,712
MDRAI	12-Apr-18	12-Apr-33	$0.00	31,426
MDRAI	24-Sep-18	24-Sep-33	$0.00	215,219
MDRAI	10-Jan-19	10-Jan-34	$0.00	14,284
MDRAI	25-Aug-19	25-Aug-34	$0.00	25,713
MDRAI	23-Dec-19	8-Dec-34	$0.00	1,314,758
MDRAI	23-Dec-19	8-Dec-34	$0.28	499,999
MDRAI	23-Dec-19	8-Dec-34	$0.49	214,284
MDRAI	23-Dec-19	8-Dec-34	$0.56	714,285
MDRAI	23-Dec-19	8-Dec-34	$0.63	428,571
MDRAI	23-Dec-19	8-Dec-34	$0.84	428,572
MDRAI	28-Apr-20	26-Apr-35	$0.00	109,275
MDRAI	28-Apr-20	26-Apr-35	$0.35	28,571
MDRAI	27-Jul-20	13-Jul-35	$0.00	80,655
MDRAI	27-Jul-20	22-Apr-35	$0.00	15,000
MDRAI	17-Nov-20	17-Nov-35	$0.00	14,285
MDRAI	18-Dec-20	8-Dec-30	$0.38	27,940
MDRAQ	21-Dec-20	30-Oct-23	$0.60	750,000
MDRAR	21-Dec-20	30-Oct-24	$0.675	750,000
MDRAP	21-Dec-20	30-Oct-29	$0.70	4,500,000
MDRAU	7-Apr-21	24-Mar-36	$0.40	220,000
MDRAV	7-Apr-21	24-Mar-36	$0.60	1,450,000
MDRAW	7-Apr-21	24-Mar-36	$0.70	680,000
MDRAX	7-Apr-21	24-Mar-36	$1.00	75,000
MDRAAC	7-Apr-21	24-Mar-36	$0.00	567,731
MDRAT	7-Apr-21	24-Mar-31	$0.00	51,667
MDRAY	28-May-21	28-May-28	$0.40	659,091
MDRAZ	28-May-21	28-May-28	$0.43	608,392
MDRAAA	28-May-21	28-May-28	$0.50	1,054,545
MDRAAB	28-May-21	28-May-28	$0.58	1,205,195
MDRAI	15-Jun-21	25-May-36	$0.00	45,000
MDRAI	7-Jul-21	6-Jul-36	$0.00	500,000
MDRAAD	7-Jul-21	6-Jul-36	$0.60	200,000
MDRAAE	7-Jul-21	6-Jul-36	$0.70	200,000
MDRAAF	7-Jul-21	6-Jul-36	$0.80	200,000
Total				**18,542,754**

Shares issued on exercise of options

1,705,860 ordinary shares were issued during or since the end of the financial year as the result of the exercise of options.

Unlisted performance rights over unissued shares

ASX code	Grant date	Exercise price	# of rights	Class
MDRAC	1-Jul-15	$0.00	2,014,285	Unlisted

The holders of these options and performance rights do not have the right, by virtue of the option or performance right, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

Remuneration Report

1. Introduction

The Directors of MedAdvisor present the Remuneration Report for the Group for the year ended 30 June 2021. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*.

The Remuneration Report details the remuneration arrangements for the Group's Key Management Personnel (KMP) identified in the table below:

Name	Title	Independent	Term
Non-Executive Directors			
Chris Ridd	Chairman	Y	Full financial year
Peter Bennetto	Director	Y	Full financial year
Sandra Hook	Director	Y	Full financial year
Jeffrey Sherman	Director	N	Resigned 30 April 2021
Jim Xenos	Director	N	Full financial year
Executive Directors			
Robert Read	Chief Executive Officer (CEO)		Full financial year
Joshua Swinnerton	Director		Full financial year
Other Key Executives			
Simon Glover	Chief Financial Officer (CFO)		Full financial year
John Ciccio	CEO – Adheris		Appointed 17 November 2020

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

References in the Remuneration Report to Executives only refer to 'Executive Directors' and 'Other Key Executives' identified above.

Aside from the appointment of Lucas Merrow as a Non-Executive Director on the 10th of August 2021, there were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

This Remuneration Report is presented in the Company's functional currency of AUD.

2. Overview of Executive remuneration

(a) Remuneration principles

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- To align rewards to business outcomes that deliver value to shareholders;
- To drive a high-performance culture by setting challenging objectives and rewarding high performing individuals; and
- To ensure remuneration is competitive in the relevant employment marketplace to support the attraction, motivation, and retention of executive talent.

(b) Remuneration governance

The Board is responsible for:

- Defining MedAdvisor's remuneration strategy; and
- Determining the structure and quantum of remuneration for the CEO and other executives that support and drive the achievement of MedAdvisor's strategic objectives.

The Board has an overarching discretion with respect to the awards given under incentive plans and can adjust proposed incentive or vesting outcomes, subject to the applicable rules governing each incentive plan.

Remuneration Report

Continued

The People, Remuneration and Nominations Committee (PRNC) operates independently from management and may at its discretion appoint external advisors or instruct management to prepare and provide information as an input to its decision-making process.

Given the Company's stage of development, the Company may consider it appropriate to use equity-based remuneration in lieu of cash to preserve capital and to retain and incentivise key executives and Directors. The Company will disclose terms and valuations of all equity awards, and provide a cogent explanation where the approach is different from those of more established companies.

Management provides information relevant to remuneration decisions and makes recommendations to the PRNC.

During the year the Committee appointed Aon Advisory Australia Pty Ltd to provide remuneration advisory services. Such services were provided to the Committee free from any undue influence by management.

(c) Remuneration structure and framework

With the recent expansion in the USA, the Board recognises the need for a remuneration framework that will strike an appropriate balance between the need to attract and retain high calibre candidates from within this highly competitive market while still meeting the market and governance expectations of an ASX-listed company.

The remuneration structure applicable to the Australian based key management personnel named in this Remuneration Report consists of fixed and variable at-risk remuneration in the form of short and long-term incentive opportunities.

The table below details the structure.

Remuneration component	Purpose
Fixed Remuneration	Fixed remuneration includes base salary, Superannuation contributions and other ordinarily paid benefits, allowances, and any applicable fringe benefits tax (FBT). Set in consideration of the total overall remuneration package and the desired mix of fixed and 'at risk' remuneration. Positioning of the remuneration for each executive, MedAdvisor will be guided by independent market remuneration analysis comprising similar sized companies, in similar industries operating in similar jurisdictions. Other factors that will be considered include the individual's responsibilities, performance, qualifications, experience, and location as well as the strategic imperatives of the Company.
Short-term incentives (STIs)	MedAdvisor performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Company values. The performance measures are set annually after consultation with the Directors and executives and are specifically tailored to the areas where each executive has a level of control. The Key Performance Indicators (KPI's) for the Executive Team are aligned with the Group's short-term objectives and overall strategy. Performance areas include: • Financial – revenues and operating results; and • Non-financial – strategic and individual goals set for each executive having regard to their overall accountability and scope of influence. The CEO STI opportunity for FY21, FY22 and FY23 will be provided through an award of STI Options approved at the 2020 AGM. The options are provided in lieu of a cash incentive for those years. Vesting of the options subject to performance hurdles for each year comprising a mix of financial, strategic and employee engagement metrics. The details of the STI options are described in Section 5. For other KMP and Non-KMP employees the STI awards are determined annually and may be delivered in cash and or equity subject to each participant achieving agreed Company and individual KPIs for the year. The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs.

Remuneration component	Purpose
Long-term incentives (LTIs)	Long-term incentives ensure alignment of shareholder interests with executive interests by facilitating the meaningful accumulation of MedAdvisor shares upon successful achievement of pre-determined long-term business goals. The LTI is also expected to drive an ownership mentality in addition to providing a retention element to MedAdvisor's remuneration structure. Consistent with prevalent market practice for similar size technology companies at similar stage of development, LTI awards have, to date, been delivered through options and premium price options. Options granted to employees under the MedAdvisor Employee Incentive Option Plan vest subject to the service period and performance milestone conditions in accordance with the approved plan rules. Unvested options will lapse immediately on the termination of the individual's employment or if a relevant vesting condition is not met. Vested options can be exercised at any time from the date of vesting until their designated expiry date. The LTI grants to executive KMP during FY21 included: • CEO (Read) FY21 options – An award of 2.25 million options was approved at the 2020 AGM. These are described in Section 5 – CEO FY21 LTI Award.

3. Statutory remuneration table

The amounts shown in this table are prepared in accordance with AASB 124 *Related party disclosures* and do not represent actual cash payment received by executives for the year ended 30 June 2021. Amounts shown under Share-Based Awards reflect the accounting expense recorded during the year with respect to prior year awards that have or are yet to vest.

2021	Cash Salary and Fees $	Cash Bonus[1] $	Super-annuation $	Value of Share-Based Awards in 2021 Financial Year[2] $	Value of Share-Based Awards from prior years[2] $	Total $
Executive Directors						
R Read	293,910	53,906	21,694	369,767	–	739,276
J Swinnerton	324,272	–	3,149	–	–	327,421
Non-Executive Directors						
C Ridd	128,222	–	12,153	230,240	–	370,615
P Bennetto	45,000	–	4,275	–	–	49,275
S Hook	45,000	–	4,275	–	–	49,275
J Xenos	49,275	–	–	–	–	49,275
Other Key Management Personnel						
S Glover	228,307	–	21,689	46,996	117,607	414,599
J Ciccio	287,377	–	5,974	100,115	–	387,492
	1,401,363	**53,906**	**73,209**	**747,118**	**117,607**	**2,387,228**

1. Cash bonuses are dependent on satisfying established performance measures determined by the People, Remuneration and Nominations Committee. 100% of the awardable bonus payable was granted in FY21.

2. Share based entitlements have been measured at fair value on grant date determined in accordance with the Binomial or Black-Scholes option pricing model.

Remuneration Report

Continued

2020	Cash Salary and Fees $	Cash Bonus $	Super-annuation $	Value of Share-Based Awards in 2020 Financial Year[1] $	Value of Share-Based Awards from prior years[1] $	Total $
Executive Directors						
R Read	292,113	–	21,002	129,642	18,316	461,073
J Swinnerton	281,157	–	1,546	–	–	282,703
Non-Executive Directors						
C Ridd	40,639	–	3,861	–	–	44,500
P Bennetto	69,000	–	6,555	–	–	75,555
S Hook	45,000	–	4,275	230,921	–	280,196
J Xenos	45,000	–	4,275	–	–	49,275
Other Key Management Personnel						
S Glover	198,103	–	18,836	47,882	–	264,821
C Campiciano	166,719	–	15,472	21,878	–	204,069
	1,137,731	**–**	**75,822**	**430,323**	**18,316**	**1,662,192**

1. Share based entitlements have been measured at fair value on grant date determined in accordance with the Binomial or Black-Scholes option pricing model.

Remuneration linked to performance

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At Risk – STI		At Risk – LTI	
	2021	2020	2021	2020	2021	2020
Executive Directors						
R Read	43%	68%	7%	0%	50%	32%
J Swinnerton	100%	100%	0%	0%	0%	0%
Non-Executive Directors						
C Ridd	38%	100%	0%	0%	62%	0%
P Bennetto	100%	100%	0%	0%	0%	0%
J Xenos	100%	100%	0%	0%	0%	0%
S Hook	100%	18%	0%	0%	0%	82%
Other Key Management Personnel						
S Glover	60%	82%	0%	0%	40%	18%
J Ciccio	74%	n/a	0%	n/a	26%	n/a

4. Service Agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period
Directors			
R Read	$292,037	Undefined	9 months
J Swinnerton	$294,665	Undefined	9 months
Other Key Management Personnel			
S Glover	$227,270	Undefined	6 months
J Ciccio	$427,712	Undefined	12 months

Note: Base salary noted above is the current base salary and is exclusive of superannuation which under the applicable service agreements is capped in accordance with the maximum superannuation contribution base for superannuation guarantee purposes.

5. KMP Equity Awards

(a) CEO Equity Awards

At the 2020 AGM Shareholders approved the Company to issue 4,500,000, $0.70 exercise price options to the CEO comprising:

- 2.25 million short-term incentive-based Employee Incentive Options (STI Options).
- 2.25 million long-term incentive-based Employee Incentive Options (LTI Options).

The terms and vesting conditions of each these awards are as follows:

(i) 2020 STI Option Award

What was awarded?	**Approved at the FY2020 AGM** The CEO was granted a total of 2.25 million short-term incentive-based Employee Incentive Options (STI Options). These were issued in 3 tranches as follows: • Tranche 1 – 750,000 FY21 STI Options vesting upon the release of FY21 financial statements subject to performance against the KPIs agreed by the Board for FY21; • Tranche 2 – 750,000 FY22 STI Options vesting upon the release of FY22 financial statements subject to performance against the KPIs agreed by the Board for FY22; and • Tranche 3 – 750,000 FY23 STI Options vesting upon the release of FY23 financial statements subject to performance against the KPIs agreed by the Board for FY23. The options that vest may be exercised at any time from the date of vesting until the expiry of the options.
Exercise Price	Each CEO STI Option was issued for an option acquisition fee of $0.0007 and has an exercise price of $0.70.

Remuneration Report

Continued

How is performance measured?	Each tranche of STI Options per annum will vest subject to achieve of the performance hurdles set for the year to which they are related. The vesting criteria have been and will be structured in a realistic but challenging manner to properly incentivise Mr Read to deliver optimal performance of the Company for the benefit of all shareholders. The performance criteria and percentage of each tranche that can vest is summarised below: • **KPI 1: Financial Metrics** Financial metric targets will be determined by the Board before each financial year based on internal budgets. – Revenue targets – up to 35% (262,500) of the STI Options in the tranche will vest; and – EBITDA targets – up to 35% (262,500) of the STI Options in the tranche will vest. • **KPI 2: Strategic Metrics** Strategic metric targets will be calibrated about expected levels of performance required to achieve threshold (0%) and full (100%) vesting. Up to 20% (150,000) of the STI Options in the tranche will vest against the following criteria: – product roadmap for core products in US, Australia, UK and South East Asia; – partner integration milestones; and – commercial milestones and timeframes. • **KPI 3: Engagement Metrics** – If the Company achieves an engagement score of more than 70%, then 10% (75,000) of the tranche will vest.
Expiry Date	The CEO STI Options all have an expiry date of 30 October 2029 but will lapse immediately if a relevant vesting condition is not met.
Termination	All unvested options will lapse upon the CEO's resignation or termination for cause. In the event of death, disability, bona fide redundancy or other reasons approved by the Board prior to the options becoming exercisable, the Board may determine to vary the service conditions and/or that some or all or a pro-rata number of options do not lapse. All vested and unexercised STI Options must be exercised within 3 months of termination or they will lapse.
Fraud or misconduct	The Board may determine that some or all of the options will lapse in circumstances such as fraud, defalcation or gross misconduct.

(ii) 2020 LTI Option Award

What was awarded?	The CEO was granted a total of 2.25 million long-term incentive-based Employee Incentive Options (LTI Options). Each option gives the right to acquire an ordinary share upon payment of a pre-determined exercise price if the service and performance conditions have been met.

What are the vesting conditions?	The LTI Options awarded in 2020 were issued in 3 tranches as follows: • Tranche 1 – 750,000 FY21 LTI Options vesting after the release of FY21 financial statements subject to the following: – 50% of this tranche (375,000) vest subject to Mr Read remaining employed by the Company at the date these options vest; and – 50% of this tranche (375,000) vest subject to the total shareholder return of MedAdvisor meeting or exceeding the 75th percentile of the TSR of the ASX All Technology Index for the period July 1, 2020 to June 30, 2021. • Tranche 2 – 750,000 FY22 LTI Options vesting after the release of FY22 financial statements subject to the following: – 50% of this tranche (375,000) vest subject to Mr Read remaining employed by the Company at the date these options vest; and – 50% of this tranche (375,000) vest subject to the total shareholder return of MedAdvisor meeting or exceeding the 75th percentile of the TSR of the ASX All Technology Index for the period July 1, 2021 to June 30, 2022. • Tranche 3 – 750,000 FY21 LTI Options vesting after the release of FY23 financial statements subject to the following: – 50% of this tranche (375,000) vest subject to Mr Read remaining employed by the Company at the date these options vest: and – 50% of this tranche (375,000) vest subject to the total shareholder return of MedAdvisor meeting or exceeding the 75th percentile of the TSR of the ASX All Technology Index for the period July 1, 2022 to June 30, 2023. The options that vest may be exercised at any time from the date of vesting until the expiry of the options.
Exercise Price	Each CEO LTI Option was issued for an option acquisition fee of $0.0007 and has an exercise price of $0.70.
Expiry Date	The CEO STI Options all have an expiry date of 30 October 2029 but will lapse immediately if a relevant vesting condition is not met.
Termination	All unvested LTI options will lapse upon the CEO's resignation or termination for cause. In the event of death, disability, bona fide redundancy or other reasons approved by the Board prior to the options becoming exercisable, the Board may determine to vary the service conditions and/or that some or all or a pro-rata number of options do not lapse. All vested and unexercised STI Options must be exercised within 3 months of termination or they will lapse.
Fraud or misconduct	The Board may determine that some or all of the options will lapse in circumstances such as fraud, defalcation or gross misconduct.

(iii) Other outstanding CEO Equity awards – unvested and vested and unexercised

- Mr Read was granted 1,178,569 options on 23 August 2019 by the Board with approval given by Shareholders at the 2019 AGM held on 18 November 2019. The options were issued to Mr Read for nil cost with a zero-exercise price. Mr Read currently holds 535,713 of these options, the remainder of which lapsed on 23 September 2020.
- Rights were issued to Mr Read (Read Rights) under his employment agreement dated 1 July 2015. Of the rights that have vested 2,014,283 remain unexercised.

Remuneration Report

Continued

(b) Other Executive LTI Awards

CFO Equity Awards

- Mr Glover was granted 607,142 options on 19 December 2019 by the Board. The options issued were as follows:
  - 428,571 options with an exercise price of $0.28 per share, which will vest equally over 3 years based on continuous employment. 285,714 of these options have vested as at the date of this report, none have been exercised; and
  - 178,571 options with a nil exercise price were issued and exercisable on achieving performance criteria. These options vested on 1 August 2020 and were exercised on 14 October 2020.
- Mr Glover was granted 178,571 shares by the Board on 25 March 2021 with vesting conditions linked to performance through the year FY21 financial year. These options remain unvested at the reporting date.

CEO Adheris Equity Awards

- Mr Ciccio was granted the following options by the Board on 25 March 2021:
  - 900,000 Tenure options:
    - 200,000 with an exercise price of $0.60, vesting 17 November 2022;
    - 300,000 with an exercise price of $0.60, vesting 17 November 2023; and
    - 400,000 with an exercise price of $0.70, vesting 17 November 2024.
  - 1,100,000 Performance options:
    - 800,000 linked to US Revenue performance, with an exercise price of $0.60, vesting 31 December 2021; and
    - 300,000 linked to achievement of strategic objectives, with an exercise price of $0.60, vesting 31 December 2021.

6. Non-Executive Director remuneration

The remuneration of Non-Executive Directors (NEDs) is set by reference to payments made by other companies of similar size and industry, and by reference to the Director's skills and experience, as well as the time commitment expected of Directors.

Currently the NEDs are paid a single composite fee and do not receive additional fees for their involvement on Board Committees, either as Chairman of Members of those committees. Chris Ridd received an additional fee for chairing the Sales and Marketing Committee.

Given the Company's stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to Non-Executive Directors, subject to obtaining shareholder approval.

Base Fees	
Non-Executive Chairman	$127,922 plus options granted on appointment
Independent Non-Executive Directors	$49,275 plus options granted on appointment/reappointment

During FY21 and following approval at the 2020 AGM a total of 1,500,000 options were issued to the Chairman Mr Chris Ridd (Ridd Options) in two tranches:

1. 750,000 Options exercisable at $0.60 on or before 30 October 2023 with an option acquisition fee of $1 (2023: Ridd Options); and
2. 750,000 Options exercisable at $0.675 on or before 30 October 2024 with an option acquisition fee of $1 (2024: Ridd Options).

Options not exercised by the above dates will lapse on the expiry date.

No other options or equity awards were granted to NEDs during FY21.

All other Directors' unvested and vested and unexercised option holdings are fully disclosed in Section 7.

Directors are permitted to be paid additional fees for special duties and time commitments above and beyond their ongoing Board obligations.

Directors are entitled to be reimbursed for all business-related expenses, including travel expenses incurred performing their duties.

There is no minimum shareholding requirement for Directors.

7. Additional statutory disclosures

(a) Options held by Directors and key management personnel

The number of options and rights to acquire shares in the Company held during the reporting period by each of the Directors and key management personnel of the Group including their related parties are set out below.

2021	Balance at start of the reporting period	Granted as remuneration	Exercised/ Lapsed	Vested and exercisable at end of the reporting period
Executive Directors				
R Read	3,192,852	4,500,000	642,856	2,549,996
Non-Executive Directors				
C Ridd	–	1,500,000	–	–
S Hook	714,285	–	–	714,285
Other Key Management Personnel				
S Glover	607,142	178,571	178,571	142,857
J Ciccio	–	2,000,000	–	150,000

(b) Shares held by Directors and key management personnel

Ordinary Shares

The number of ordinary shares in the Company held during the reporting period by each of the Directors and key management personnel of the Group including their related parties are set out below.

2021	Balance at start of the reporting period	Granted as remuneration	Received or Exercised	Other changes	Held at end of the reporting period
Executive Directors					
R Read	2,594,285	–	200,000	70,000	2,864,285
J Swinnerton	15,008,943	–	–	526,316	15,535,259
Non-Executive Directors					
C Ridd	–	–	–	184,210	184,210
P Bennetto	1,748,665	–	–	(58,273)	1,690,392
S Hook	178,571	–	–	71,428	249,999
J Xenos	20,583,723	–	–	–	20,583,723
Other Key Management Personnel					
S Glover	–	–	178,571	–	178,571

Remuneration Report

Continued

2020	Balance at start of the reporting period	Granted as remuneration	Received or Exercised	Other changes	Held at end of the reporting period
Executive Directors					
R Read	2,594,285	–	–	–	2,594,285
J Swinnerton	25,008,943	–	–	(10,000,000)	15,008,943
Non-Executive Directors					
P Bennetto	1,748,665	–	–	–	1,748,665
S Hook	178,571	–	–	–	178,571
J Xenos	20,583,723	–	–	–	20,583,723
Other Key Management Personnel					
C Campiciano	3,362,842	–	57,147	–	3,419,989

(c) Other transactions with Directors and key management personnel:

During the financial year, the Group used the services of NostraData Pty Ltd of which Mr Jim Xenos is a Director and has significant influence. The amounts billed relate to the provision of data services by NostraData Pty Ltd and amounted to $141,173 (2020: $143,157).

Additional information

The earnings of the Group over the last 5 financial years are summarised below:

	2021 $	2020 $	2019 $	2018 $	2017 $
Revenue from services	38,772,576	9,602,646	8,241,993	6,604,762	4,242,746
Other revenue	1,507,552	1,468,098	951,121	789,829	659,341
Total revenue	**40,280,128**	**11,070,744**	**9,193,114**	**7,394,590**	**4,902,087**
Total margin	21,305,948	8,381,419	7,227,972	5,783,128	3,508,881
EBITDA	(13,608,000)	(9,172,683)	(7,842,054)	(4,256,876)	(3,288,317)
EBIT	(16,819,435)	(9,684,907)	(8,101,368)	(4,453,869)	(3,428,643)
Profit (loss) after income tax	(14,371,990)	(9,779,590)	(8,101,385)	(4,454,211)	(3,429,927)
Share Price	$0.300	$0.500	$0.357	$0.343	$0.224

End of audited Remuneration Report.

Directors' Report

Continued

Indemnities given to, and insurance premiums paid for officers

The Company has indemnified the Directors and officers of the Company for costs incurred, in their capacity as a Director or officer, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and officers of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnities and insurance premiums of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Non-audit services

During the financial year, the Company's auditor, RSM Australia Partners, provided services in relation to a R&D Tax Concession claim, other general tax advice and provision of a whistle-blower service, valued at $61,961. They did not perform any other services in addition to this and their statutory audit duties.

Details of the amounts paid to RSM Australia Partners and its related practices for audit services provided during the year are set out in Note 28 to the financial statements.

The Directors are satisfied that the provision of non-audit services by RSM Australia Partners during the financial year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are of the opinion that the services as disclosed in Note 28 to the financial statements do not compromise the auditor's independence for the following reasons:

(a) all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

(b) none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 37 and forms part of this report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

This Directors' report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors,

Chris Ridd
Chairman

22 September 2021
Camberwell, VIC

Governance and Disclosures

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, the Group has adopted the 4th edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council in February 2019.

The Group's Corporate Governance Statement for the financial year ending 30 June 2021 is dated as at 30 June 2021 and the date of last review and Board approval was 22 September 2021. The Corporate Governance Statement is available on MedAdvisor's website at:

mymedadvisor.com/investors-corporate-governance > Governance Documents > Other.

Auditor's Independence Declaration

RSM

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report MedAdvisor Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 22 September 2021
Melbourne, Victoria

THE POWER OF BEING UNDERSTOOD
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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Financial Statements

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2021

	Notes	Consolidated Jun-21 $	Jun-20 $
Revenue from continuing operations	5(a)	38,772,576	9,602,646
Other revenue	5(b)	1,507,552	1,468,098
Direct expenses	6(a)	(17,466,629)	(1,221,227)
Development costs		(4,810,324)	(2,504,232)
Employee benefits expenses	6(b)	(24,151,663)	(11,501,162)
Marketing expenses		(2,244,415)	(2,425,110)
Depreciation and amortisation expenses	6(c)	(3,211,436)	(512,224)
Directors' fees	6(b)	(282,069)	(217,892)
Other expenses		(4,918,739)	(2,353,387)
Finance costs	6(d)	(422,088)	(115,100)
Loss before income tax		**(17,227,235)**	**(9,779,590)**
Income tax (expense)/income	8	2,855,245	–
Loss after income tax expense for the year		**(14,371,990)**	**(9,779,590)**
Other comprehensive income		(1,072,533)	52,208
Total comprehensive loss for the year		**(15,444,523)**	**(9,727,382)**
Loss for the year is attributable to:			
Non-controlling Interest	25	(422,541)	(194,595)
Owners of MedAdvisor Limited		(13,949,449)	(9,584,995)
		(14,371,990)	(9,779,590)
Total comprehensive loss for the year is attributable to:			
Non-controlling Interest	25	(469,087)	(196,529)
Owners of MedAdvisor Limited		(14,975,436)	(9,530,853)
		(15,444,523)	(9,727,382)
Loss per Share			
Basic loss per share (cents)	3	(4.54)	(4.22)
Diluted loss per share (cents)	3	(4.54)	(4.22)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Comparative figures are for the full year ended 30 June 2020.

Consolidated Statement of Financial Position

as at 30 June 2021

	Notes	Consolidated Jun-21 $	Consolidated Jun-20 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	7,150,865	12,345,164
Trade and other receivables	10	12,464,259	1,839,384
Other assets	11	1,702,250	375,732
Total Current Assets		**21,317,374**	**14,560,280**
Non-Current Assets			
Other assets	11	481,695	–
Property, plant and equipment	12	2,231,152	393,560
Right-of-use assets	13	2,341,328	1,073,219
Intangible assets	14	54,546,789	5,244,415
Total Non-Current Assets		**59,600,964**	**6,711,194**
Total Assets		**80,918,338**	**21,271,474**
LIABILITIES			
Current Liabilities			
Trade and other payables	15	10,704,727	1,189,710
Borrowings	16	299,762	–
Other liabilities	17	9,198,936	521,231
Leases	18	1,265,476	263,856
Employee benefits	19	1,795,609	1,036,199
Total Current Liabilities		**23,264,510**	**3,010,996**
Non-Current Liabilities			
Borrowings	16	6,093,539	–
Other payables	15	357,875	–
Leases	18	1,502,525	1,156,919
Employee benefits	19	122,739	82,950
Deferred tax liabilities	8	732,000	–
Total Non-Current Liabilities		**8,808,678**	**1,239,869**
Total Liabilities		**32,073,188**	**4,250,865**
Net Assets		**48,845,150**	**17,020,609**
EQUITY			
Contributed equity	20	90,992,487	45,369,890
Reserves	21	1,687,602	1,574,072
Retained earnings/(losses)	22	(44,231,164)	(30,281,714)
Equity attributable to the owners of MedAdvisor Limited		**48,448,925**	**16,662,248**
Non-controlling interest	25	396,225	358,361
Total Equity		**48,845,150**	**17,020,609**

The above statement of financial position should be read in conjunction with the accompanying notes.

Comparative figures are for the full year ended 30 June 2020.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	Contributed Equity $	Share Options Reserve $	Foreign Currency Translation Reserve $	Retained Earnings/ (Losses) $	Non-Controlling Interests $	Total Equity $
		Attributable to owners of MedAdvisor Ltd.					
Consolidated							
Balance at 1 July 2020		**45,369,890**	**1,570,838**	**3,234**	**(30,281,714)**	**358,361**	**17,020,609**
Transactions with owners in their capacity as owners:							
Ordinary shares issued	20(a), 25	47,528,469	3,152	–	–	506,951	48,038,572
Capital raising costs (net of GST)	20(a)	(2,444,173)	–	–	–	–	(2,444,173)
Share Options issued	21	–	1,674,665	–	–	–	1,674,665
Share Options exercised	20(a), 21	538,300	(538,300)	–	–	–	–
Total comprehensive income for the year:							
Exchange differences on translation of foreign entities	21, 25	–	240	(1,026,227)	–	(46,546)	(1,072,533)
Loss after tax		–	–	–	(13,949,449)	(422,541)	(14,371,990)
Balance at 30 June 2021		**90,992,487**	**2,710,595**	**(1,022,993)**	**(44,231,164)**	**396,225**	**48,845,150**
Consolidated							
Balance at 1 July 2019		**28,136,013**	**1,204,843**	**(50,908)**	**(20,645,126)**	**–**	**8,644,822**
Transactions with owners in their capacity as owners:							
Ordinary shares issued	20(a), 25	17,120,000	–	–	–	554,890	17,674,890
Capital raising costs (net of GST)	20(a)	(467,903)	–	–	–	–	(467,903)
Share Options issued	21	–	947,775	–	–	–	947,775
Share Options exercised	20(a), 21	581,780	(581,780)	–	–	–	–
Total comprehensive income for the year:							
Exchange differences on translation of foreign entities	21, 25	–	–	54,142	–	(1,934)	52,208
AASB16 *Retained Earnings Adjustment*		–	–	–	(51,593)	–	(51,593)
Loss after tax		–	–	–	(9,584,995)	(194,595)	(9,779,590)
Balance at 30 June 2020		**45,369,890**	**1,570,838**	**3,234**	**(30,281,714)**	**358,361**	**17,020,609**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Comparative figures are for the full year ended 30 June 2020.

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	Notes	Consolidated Jun-21 $	Consolidated Jun-20 $
Cash Flows From Operating Activities			
Receipts from customers (inclusive of GST)		37,957,934	10,129,859
Payments to suppliers and employees (inclusive of GST)		(51,525,697)	(20,005,321)
Receipt from R&D tax concession		1,331,479	1,188,204
Interest received		38,573	101,394
Interest and other costs of finance paid		(346,241)	(94,684)
Net cash inflow/(outflow) from operating activities	7	**(12,543,952)**	**(8,680,548)**
Cash Flows From Investing Activities			
Payment for acquisition of subsidiary	24	(43,494,093)	–
Payments for property, plant and equipment	12	(392,112)	(100,666)
Payments for intangibles	14	–	(223,545)
Net cash inflow/(outflow) from investing activities		**(43,886,205)**	**(324,211)**
Cash Flows From Financing Activities			
Proceeds from new share issue	20	47,528,469	17,100,000
Capital raising costs (net of GST)	20	(2,444,173)	(467,903)
Proceeds from debt raising	16	6,777,262	–
Transaction costs related to debt raising	16	(212,992)	–
Receipts from non-controlling entities	25	525,464	554,890
Repayment of lease liabilities	18	(930,045)	(237,784)
Net cash inflow/(outflow) from financing activities		**51,243,985**	**16,949,203**
Net increase/(decrease) in cash held		**(5,186,172)**	**7,944,444**
Cash and cash equivalents at the beginning of the year		12,345,164	4,400,720
FX movement opening balance		(8,127)	–
Cash and cash equivalents at the end of the year	9	**7,150,865**	**12,345,164**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Comparative figures are for the full year ended 30 June 2020.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

1. Statement of significant accounting policies

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MedAdvisor Limited. MedAdvisor Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on the 22 September 2021 by the Directors of the Company.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies are consistent with those of the previous financial year.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASB), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities.

The financial statements have been prepared on a going concern basis.

Accounting policies

(a) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Financial information about the parent entity, MedAdvisor Limited, is disclosed in Note 26.

(b) Principles of consolidation

The consolidated financial statements incorporate all assets, liabilities and results of the parent MedAdvisor Limited and all of its subsidiaries (together, the **Group**). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of controlled entities is contained in Note 23 of the Financial Statements.

The assets, liabilities and results of all subsidiaries are consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Notes to the Consolidated Financial Statements

Continued

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss through the Income Statement.

(c) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CDM) that are used for making strategic decisions. The CDM has been identified as the Chief Executive Officer. The CDM is responsible for the allocation of resources to operating segments and assessing their performance.

(d) Foreign currency translation

The financial statements are presented in Australian dollars, which is MedAdvisor Limited's functional and presentation currency.

Foreign currency transactions:

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised through the Income Statement.

Foreign operations:

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised through the Income Statement when the foreign operation or net investment is disposed of.

(e) Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Licence fees

Licence fees are charged for the use of the MedAdvisor platform and the revenue recognised at the point at which the customer has agreed to the terms and conditions of use of the platform and installs the interface on their computer equipment and is able to benefit from and be rewarded for the use of the platform.

Rendering of services

Rendering of services revenue from health programs is recognised by reference to the stage of completion of the contracts. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(f) Income tax

The income tax expense (income) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Notes to the Consolidated Financial Statements

Continued

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance to measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(j) Work in progress

Work in progress on services contracts in progress comprises the cost of labour directly related to the performance of the contract plus any other direct costs incurred in delivering the contract services.

(k) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised through the Income Statement.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

(l) Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either through the Income Statement or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 (o) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses through the Income Statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is calculated on a straight-line basis over their estimated useful lives, as follows:

- Computer and office equipment – 3 years;
- Office furniture – 5 years; and
- Leasehold improvements – 5 years or unexpired lease period if shorter.

(m) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over expected lease period. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Notes to the Consolidated Financial Statements

Continued

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(n) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised through the Income Statement arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Brands

Acquired brands represent the value of brands in acquired subsidiaries and businesses that are separately fair valued at the date of acquisition from the remaining goodwill. Brands are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Relationships

Acquired customer and partner relationships represent the value attributed in acquired subsidiaries and businesses that are separately fair valued at the date of acquisition. Relationship assets are amortised on a straight-line basis over the period of their expected benefit. Relationships acquired by the Group have a finite life of 10 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5-10 years.

(o) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately through the Income Statement, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset.

(r) Borrowings and finance costs

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. All other finance costs are expensed in the period in which they are incurred.

(s) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(t) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Consolidated Financial Statements

Continued

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised through the Income Statement for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised through the Income Statement. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(u) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

There are no assets and liabilities held at fair value on a recurring or non-recurring basis.

(v) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised through the Income Statement.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised through the Income Statement. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly through the Income Statement by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(x) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of MedAdvisor Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements

Continued

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(z) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

(aa) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

COVID-19 pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at, or subsequent to, the reporting date.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units ('CGUs') have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 3 year projection period approved by management and extrapolated for a further 2 years using a steady rate, together with a terminal value. Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

Key assumptions

The following key assumptions were used in the discounted cash flow model for both CGUs:

			Pre-tax discount rate		Per annum projected revenue growth rate		Per annum increase in operating costs and overheads	
CGU	Valuation method	Years of cash flow projection	2021	2020	2021	2020	2021	2020
Australia	Value in use	5	24.43%	21.64%	5%-32%	5%-10%	3%-5%	3%-5%
USA	Value in use	5	15.38%	n/a	5%-15%	n/a	3%-5%	n/a

The pre-tax discount rates reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements.

Management believes the projected revenue growth rates is prudent and justified based on current and expected growth in the business. Similarly, management believes that the projected increase in operating costs and overheads is prudent and justified based on the cost structure and control environment in the business.

Based on the above an impairment charge has not been applied as the carrying amount of goodwill does not exceed its recoverable amount for the business.

Sensitivity

The Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

(a) With all other assumptions remaining constant:

- Revenue would need to decrease by more than 22.82% in the USA CGU before goodwill would need to be impaired; or
- Gross margin would need to decrease by more than 1.65% in the Australia CGU before goodwill would need to be impaired.

(b) With all other assumptions remaining constant:

- the discount rate would be required to increase by more than 12.63% in the USA CGU before goodwill would need to be impaired; or
- the discount rate would be required to increase by more than 4.5% in the Australia CGU before goodwill would need to be impaired.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the goodwill.

Notes to the Consolidated Financial Statements

Continued

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of $14,371,990 and had net cash outflows from operating activities of $12,543,952 for the year ended 30 June 2021. As at that date the consolidated entity had net current liabilities of $1,947,136.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Directors have a cost reduction plan which will be executed from 1 October 2021 and it is estimated the plan will reduce staff and overhead costs by $4.8 million per annum.
- Subsequent to the end of the financial year, the Australian business has signed up Pharmacy Alliance Group adding additional annual recurring revenue.
- Subsequent to the end of the financial year, the consolidated entity has entered into a supply chain financing arrangement with JP Morgan in relation to revenue with a key US customer. This arrangement will reduce the days outstanding on the collection of trade debtors.
- The Directors have prepared cash flow forecasts for the next 12 months from the date of this report, incorporating all of the above plans and events, which expects the consolidated entity to have a positive cash position.
- As disclosed in Note 16 Borrowings, the consolidated entity has a facility for $5,325,600 ($USD 4 million) of which $299,762 was drawn at 30 June 2021. The ability to utilise the facility is dependent on a calculation based the level of cash, trade debtors, unbilled debtors available to consolidated entity at the time of drawdown.
- Should the Directors determine a capital raising is required, the Directors are confident this will be successful based on the proven ability and track record for the consolidated entity to access funding as required.

3. Earnings per share

	Consolidated Jun-21 $	Consolidated Jun-20 $
Earning per share for loss from continuing operations of MedAdvisor Limited		
Loss for the year	(14,371,990)	(9,779,590)
Basic loss per share (cents)	**(4.54)**	**(4.22)**
Diluted loss per share (cents)	**(4.54)**	**(4.22)**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	316,511,399	231,932,954
Adjustment for calculation of diluted earnings per share		
Options over ordinary shares	17,481,320	7,239,208
Performance rights vested but not exercised	2,014,283	2,071,426
Performance rights not vested	–	–
	336,007,002	**241,243,588**

4. Operating segments

The Board has determined that the Company has five reporting segments. The first being the business activities of the MedAdvisor medication management and adherence platform, followed by activities associated with operations in the USA, UK and Asia, and lastly the corporate function associated with being an ASX listed company. The Board monitors the Company based on actual versus budgeted revenue and expenditure incurred. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing activities.

2021	AU Operations $	USA Operations $	UK Operations $	Asia Operations $	Corporate $	Total $
Segment revenues	**11,287,341**	**28,950,108**	**21,321**	**21,358**	**–**	**40,280,128**
Segment operating loss	**(4,861,902)**	**(3,915,008)**	**(2,210,276)**	**(845,082)**	**(2,539,722)**	**(14,371,990)**
Segment assets	11,886,522	67,797,446	132,570	910,256	191,544	80,918,338
Segment liabilities	6,906,364	20,966,514	123,277	26,682	4,050,351	32,073,188
Segment net assets	**4,980,158**	**46,830,932**	**9,293**	**883,574**	**(3,858,807)**	**48,845,150**

2020	AU Operations $	USA Operations $	UK Operations $	Asia Operations $	Corporate $	Total $
Segment revenues	**10,664,778**	**378,935**	**25,335**	**1,696**	**–**	**11,070,744**
Segment operating loss	**(3,709,392)**	**(2,700,783)**	**(1,326,057)**	**(389,191)**	**(1,654,168)**	**(9,779,590)**
Segment assets	9,838,965	529,136	95,476	769,991	37,907	21,271,475
Segment liabilities	4,104,511	91,934	22,533	19,794	12,095	4,250,867
Segment net assets	**15,734,454**	**437,202**	**72,943**	**750,197**	**25,812**	**17,020,608**

Notes to the Consolidated Financial Statements

Continued

5. Revenue

	Consolidated	
	Jun-21 $	Jun-20 $
Disaggregation of revenue		
(a) From continuing operations		
Major service lines:		
SaaS Revenue	6,312,367	5,913,620
Transaction and Development fees	2,256,076	2,462,002
Health Programs	30,204,133	1,227,024
	38,772,576	**9,602,646**
Timing of revenue recognition:		
Goods transferred at a point in time	6,312,367	5,913,620
Services transferred over time	32,460,209	3,689,026
	38,772,576	**9,602,646**
(b) Other revenue		
Interest received	38,573	109,213
Sundry Income – Government Grants	137,500	170,681
Sundry Income – R&D Tax Concession	1,331,479	1,188,204
	1,507,552	**1,468,098**

During the year ended 30 June 2021, approximately $18.7m of the consolidated entity's external revenue was derived from sales to a global pharmaceutical company providing adherence programs.

Revenue by geographical region has been disclosed in note 4.

6. Expenses

	Consolidated Jun-21 $	Consolidated Jun-20 $
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
(a) Direct costs		
Direct transaction costs	15,823,109	98,730
Direct costs of SMS services	525,948	461,313
Managed services costs for the MedAdvisor Platform	1,117,572	661,184
	17,466,629	**1,221,227**
(b) Employee benefits expenses:		
Development	9,909,916	5,329,673
Administration	6,745,903	1,588,127
Marketing	5,519,073	3,236,364
People and culture	696,792	399,224
Share-based employee remuneration	1,279,979	947,774
	24,151,663	11,501,162
Governance – Directors' fees	282,069	217,892
	24,433,732	**11,719,054**
(c) Depreciation and amortisation		
Depreciation		
Right-of-use assets	854,044	238,493
Office furniture and equipment	631,948	74,802
Leasehold improvements	59,856	31,081
Motor vehicles	5,724	6,903
Total depreciation	1,551,572	351,279
Amortisation		
Software	1,209,105	148,165
Relationships	437,979	–
Intellectual property	12,780	12,780
Total amortisation	1,659,864	160,945
	3,211,436	**512,224**
(d) Finance costs		
Interest and finance charges paid/payable	407,797	94,684
Other bank charges	14,291	20,416
	422,088	**115,100**
(e) Superannuation expense		
Defined contribution superannuation expense	1,168,705	805,146

Notes to the Consolidated Financial Statements

Continued

7. Reconciliation of profit/(loss) after tax to net cash flow from operations

	Consolidated	
	Jun-21 $	Jun-20 $
(a) Reconciliation of cash to the statement of cash flows:		
Cash at bank – note 9	7,150,865	12,345,164
(b) Reconciliation of profit from ordinary activities to net cash used in operating activities		
Loss after income tax expense for the year	(14,371,990)	(9,779,590)
Add: Non-cash items		
Depreciation & amortisation	3,211,436	512,224
Other acquisition costs	3,256,760	–
Loss on sale of assets	19,310	–
Non-cash share based payments	1,279,979	947,774
Doubtful debts	–	42,572
Other non-cash movements	(310,972)	270,000
Unwinding of discounts	12,481	–
Foreign exchange differences	33,127	51,824
	7,502,121	**1,824,394**
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(1,704,555)	(752,204)
(Increase)/decrease in other assets	183,695	31,538
Increase/(decrease) in payables	(1,536,881)	(50,940)
Increase/(decrease) in income in advance	221,620	46,254
(Increase)/decrease in deferred taxes	(2,837,962)	–
	(5,674,083)	**(725,352)**
Net cash flows used in operating activities	**(12,543,952)**	**(8,680,548)**

8. Income tax expense

	Consolidated	
	Jun-21 $	Jun-20 $
(a) Tax expense/(income) comprises:		
Current tax	–	–
Deferred tax	(2,855,245)	–
	(2,855,245)	**–**
(b) The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:		
Profit/(loss) from continuing operations	(14,371,990)	(9,779,590)
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 26.0% (2020: 27.5%)	(3,736,717)	(2,689,387)
Less:		
Tax effect of:		
– part of foreign exchange rate differences	(37,825)	–
– deferred tax assets not brought to account	919,297	2,689,387
Income tax expense/(benefit) attributable to entity	**(2,855,245)**	**–**
The applicable weighted average tax rates are as follows:	19.9%	0%
The value of tax losses which have not been recognised in the statement of financial position	**7,708,178**	**6,788,881**

Summary of recognised deferred tax

	Jun-21 $
MedAdvisor US net operating losses	2,168,140
Intangibles – amortisable	(2,070,690)
Intangibles – indefinite lived	(1,430,357)
Accruals	600,907
	(732,000)

9. Cash and cash equivalents

	Consolidated	
	Jun-21 $	Jun-20 $
Cash on hand	–	–
Cash at bank	7,150,865	12,345,164
	7,150,865	**12,345,164**

Notes to the Consolidated Financial Statements

Continued

10. Trade and Other Receivables

	Consolidated	
	Jun-21 $	Jun-20 $
Trade debtors	11,062,583	1,525,428
Other debtors	1,401,676	313,956
	12,464,259	**1,839,384**

The consolidated entity has recognised an accumulated loss of $64,977 in the income statement in respect to the expected credit losses for the year ended 30 June 2021 (30 June 2020: $50,611).

The ageing of these receivables and allowances for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Expected credit losses allowance	
	Jun-21 %	Jun-20 %	Jun-21 $	Jun-20 $	Jun-21 $	Jun-20 $
Not overdue	**0.2%**	**0.5%**	9,435,236	1,307,769	22,614	6,494
0 to 3 months overdue	**0.5%**	**4%**	1,484,700	211,532	6,754	9,411
3 to 6 months overdue	**4.5%**	**45%**	12,865	14,675	575	6,578
Over 6 months overdue	**18%**	**67%**	194,780	42,063	35,054	28,128
			11,127,581	**1,576,039**	**64,997**	**50,611**

Movements in the allowance for expected credit losses are as follows:

	Jun-21 $	Jun-20 $
Opening balance	50,611	35,000
Provision acquired through acquisition of Adheris	57,207	–
Movement in loss allowance recognised during the year	5,119	58,183
Receivables written off during the year as uncollectable	(47,940)	(42,572)
Closing balance	**64,997**	**50,611**

11. Other assets

	Consolidated	
	Jun-21 $	Jun-20 $
Current		
Prepayments	1,575,974	248,464
Security deposits	126,276	127,268
	1,702,250	**375,732**
Non-Current		
Prepayments	357,875	–
Security deposits	123,820	–
	481,695	**–**

12. Property, Plant and Equipment

	Consolidated	
	Jun-21 $	Jun-20 $
Office Furniture and Equipment		
Cost	4,291,315	422,308
Accumulated depreciation	(2,284,305)	(201,692)
Net book value	**2,007,010**	**220,616**
Leasehold Improvements		
Cost	509,261	217,539
Accumulated depreciation	(301,723)	(68,996)
Net book value	**207,538**	**148,543**
Motor Vehicles		
Cost	28,462	31,149
Accumulated depreciation	(11,858)	(6,748)
Net book value	**16,604**	**24,401**
Total property, plant and equipment	**2,231,152**	**393,560**

Reconciliation of written down values at the beginning and end of the current and previous financial year:

	Office Furniture and Equipment $	Leasehold Improvements $	Motor Vehicles $	Total $
Opening balance – 1 July 2019	194,752	179,624	30,919	405,295
Additions	100,666	–	–	100,666
Depreciation	(74,802)	(31,081)	(6,903)	(112,786)
Exchange differences	–	–	385	385
Closing balance – 30 June 2020	**220,616**	**148,543**	**24,401**	**393,560**
Opening balance – 1 July 2020	220,616	148,543	24,401	393,560
Additions	392,112	–	–	392,112
Assets acquired through business combinations	2,052,275	123,437	–	2,175,712
Depreciation	(631,948)	(59,856)	(5,724)	(697,528)
Disposals	–	–	–	–
Exchange differences	(26,045)	(4,586)	(2,073)	(32,704)
Closing balance – 30 June 2021	**2,007,010**	**207,538**	**16,604**	**2,231,152**

Notes to the Consolidated Financial Statements

Continued

13. Right-of-use assets

	Consolidated Jun-21 $	Consolidated Jun-20 $
Building – Right-of-use Asset		
Cost	5,238,395	1,669,452
Accumulated depreciation	(2,897,067)	(596,233)
Net Book Value	**2,341,328**	**1,073,219**

	Building – Right-of-use Asset $
Opening balance – 1 July 2019	1,311,712
Additions	–
Depreciation	(238,493)
Exchange differences	–
Closing balance – 30 June 2020	**1,073,219**
Opening balance – 1 July 2020	1,073,219
Additions	–
Assets acquired through business combinations	2,296,157
Depreciation	(854,044)
Lease modification	–
Lease termination	–
Exchange differences	(174,004)
Closing balance – 30 June 2021	**2,341,328**

14. Intangible assets

	Consolidated Jun-21 $	Consolidated Jun-20 $
Goodwill		
Cost	34,619,363	4,013,868
Net book value	**34,619,363**	**4,013,868**
Software		
Cost	10,062,688	1,705,201
Accumulated amortisation	(2,268,259)	(535,313)
Net book value	**7,794,429**	**1,169,888**
Relationships		
Cost	7,008,490	–
Accumulated amortisation	(438,031)	–
Net book value	**6,570,459**	**–**
Brands		
Cost	5,514,659	–
Net book value	**5,514,659**	**–**
Intellectual Property*		
Cost	131,219	131,219
Accumulated amortisation	(83,340)	(70,560)
Net book value	**47,879**	**60,659**
Total intangible assets	**54,546,789**	**5,244,415**

Reconciliation of written down values at the beginning and end of the current and previous financial year:

	Goodwill $	Software $	Relationships $	Brands $	Intellectual property* $	Total $
Opening balance – 1 July 2019	4,013,868	1,094,508	–	–	73,439	5,181,815
Additions	–	223,545	–	–	–	223,545
Amortisation	–	(148,165)	–	–	(12,780)	(160,945)
Closing balance – 30 June 2020	**4,013,868**	**1,169,888**	**–**	**–**	**60,659**	**5,244,415**
Opening balance – 1 July 2020	4,013,868	1,169,888	–	–	60,660	5,244,415
Additions – PPA accounting (note 24)	31,539,779	8,105,019	7,250,844	5,705,356	–	52,600,999
Amortisation	–	(1,209,105)	(437,979)	–	(12,780)	(1,659,864)
Disposals	–	–	–	–	–	–
Exchange differences	(934,284)	(271,373)	(242,406)	(190,698)	–	(1,638,761)
Closing balance – 30 June 2021	**34,619,363**	**7,794,429**	**6,570,459**	**5,514,659**	**47,879**	**54,546,789**

* Intellectual property acquired includes copyright and trademarks.

Notes to the Consolidated Financial Statements

Continued

15. Trade and Other Payables

	Consolidated	
	Jun-21 $	Jun-20 $
Current		
Trade payables	3,789,702	715,026
Accrued abatements	3,561,521	–
Other payables	3,353,504	474,684
	10,704,727	**1,189,710**
Non-Current		
Other payables	357,875	–
	357,875	**–**

16. Borrowings

	Consolidated	
	Jun-21 $	Jun-20 $
Current	299,762	–
Non-Current	6,093,539	–
	6,393,301	**–**

At 30 June 2021, MedAdvisor had a 3-year loan facility comprising of:

- Tranche A: USD 5,000,000 (AUD 6,657,000) term loan used to repay the USD 5,000,000 in outstanding convertible notes on issue to Syneos Health US, Inc issued as part of the Adheris acquisition and continue the investment in growth following payment of the CY20 Earn Out.
- Tranche B: USD 4,000,000 (AUD 5,325,000) revolving line of credit in which AUD 299,762 has been drawn down at reporting date.

The loan facilities have an interest rate of 10.25% paid monthly on amounts borrowed. Principal is due at maturity. Other fees included an upfront 1.65% establishment fee and a back-end fee of USD 338,000 payable at maturity. Our financer has been granted first-ranking interest over all assets of MedAdvisor and its subsidiaries. MedAdvisor has complied with all debt covenants throughout the reporting period.

Facility	Commitment (AUD)	Drawn at close (AUD)	Maturity Date
Tranche A	6,657,000	6,657,000	28-May-24
Tranche B	5,325,600	299,762	28-May-24
Total	**11,982,600**	**6,956,762**	

17. Other liabilities

	Consolidated	
	Jun-21 $	Jun-20 $
Current		
Income in advance		
Gross pharmacy subscriptions in advance	137,275	412,521
Patient engagement program (PEP) fees in advance	5,029,962	108,710
Deferred consideration	4,031,699	–
	9,198,936	**521,231**

Included in the purchase price for Adheris were performance-based payments:

- USD 4,000,000 payable 6 months after acquisition, paid in May 2021; and
- USD 3,000,000 payable 18 months after acquisition, payable in May 2022. On the basis that the criteria for the first payment was met and it is the Company's expectation that the criteria will be met for the second payment, the liability has been recognised in full as a current deferred consideration.

18. Lease liabilities

	Consolidated	
	Jun-21 $	Jun-20 $
Current		
Lease liability	1,265,476	263,856
	1,265,476	**263,856**
Non-Current		
Lease liability	1,502,525	1,156,919
	1,502,525	**1,156,919**

Notes to the Consolidated Financial Statements

Continued

	Building – Lease Liability
Opening Balance – 1 July 2019	1,658,559
Lease payments	(332,468)
Interest charge	94,684
Closing balance – 30 June 2020	**1,420,775**
Opening Balance – 1 July 2020	1,420,775
Additions	–
Liabilities acquired through business combinations	2,386,744
Lease payments	(1,091,651)
Interest charge	143,643
Lease modification	–
Lease termination	–
Exchange differences	(91,510)
Closing balance – 30 June 2021	**2,768,001**

19. Employee benefits

	Consolidated	
	Jun-21 $	Jun-20 $
Current		
Provision for employee leave	1,795,609	1,036,199
	1,795,609	**1,036,199**
Non-Current		
Provision for employee leave	122,739	82,950
	122,739	**82,950**

20. Issued capital

(a) Fully paid ordinary shares

	Jun-21 Shares	Jun-20 Shares	Jun-21 $	Jun-20 $
Ordinary shares fully paid:	377,370,639	246,718,025	90,992,487	45,369,890

Movements in ordinary share capital:

	# of shares	Issue price	$
Balance at 1 July 2019	**1,371,912,422**		**28,136,013**
EIP Options Exercised	4,156,666	$0.04	151,870
New Share Issue	342,500,000	$0.05	17,099,999
Options on issue 21 November 2019	1,718,569,088		45,387,882
Share Consolidation Adjustment (1:7)	(1,473,059,917)		
Shares on issue post share consolidation (1:7)	245,509,171		45,387,882
EIP Options Exercised	1,168,854	$0.32	369,911
Lapsed Share Based Payments	–		60,000
New Share Issue (as Consideration)	40,000	$0.50	20,000
Share issue transaction costs, net of tax for the year			(467,903)
Balance at 30 June 2020	**246,718,025**		**45,369,890**
Balance at 1 July 2020	**246,718,025**		**45,369,890**
EIP Options Exercised	166,666	$0.28	46,666
EIP Options & Rights Exercised	1,290,490	$0.28	356,798
New Share Issue	92,163,007	$0.38	35,021,943
New Share Issue	8,480,966	$0.38	3,222,767
New Share Issue	10,430,949	$0.38	3,963,761
EIP Options Exercised	42,853	$0.27	11,756
New Share Issue	184,210	$0.38	70,000
EIP Options Exercised	72,847	$0.26	18,680
EIP Options Exercised	189,682	$0.35	65,440
EIP Options Exercised	19,046	$0.28	5,257
New Share Issue	17,500,001	$0.30	5,250,000
EIP Options Exercised	77,615	$0.31	23,795
EIP Options Exercised	34,282	$0.29	9,908
Share issue transaction costs, net of tax for the year			(2,444,173)
Balance at 30 June 2021	**377,370,639**		**90,992,487**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There is no current on-market share buy-back.

Notes to the Consolidated Financial Statements

Continued

(b) Employee incentive options

Employee incentive plan options are unquoted and will vest in accordance with the rules of the plan. Unvested employee incentive options lapse on termination of employment, or failure to meet performance based vesting conditions in accordance with the conditions under which the options have been granted.

Issue Date	Expiry Date	Issued #	Lapsed #	Exercised #	Balance #	Vested Not Exercised #	Unvested #
14-Apr-16	14-Apr-31	319,040	1	164,282	154,757	154,757	–
15-Dec-16	14-Dec-31	480,941	–	348,091	132,850	132,850	–
27-Oct-17	27-Oct-32	630,913	52,857	208,082	369,974	369,974	–
19-Dec-17	19-Nov-32	38,569	–	–	38,569	38,569	–
12-Apr-18	12-Apr-33	31,426	–	–	31,426	31,426	–
24-Sep-18	24-Sep-33	541,396	15,713	304,752	220,931	152,363	68,568
10-Jan-19	10-Jan-34	14,284	–	–	14,284	9,522	4,762
25-Aug-19	25-Aug-34	51,426	20,000	5,713	25,713	11,428	14,285
23-Dec-19	8-Dec-34	4,974,275	951,783	422,023	3,600,469	1,968,093	1,632,376
28-Apr-20	26-Apr-35	149,272	8,570	2,856	137,846	50,707	87,139
27-Jul-20	13-Jul-35	80,655	–	–	80,655	80,655	–
27-Jul-20	22-Apr-35	23,570	8,570	–	15,000	5,000	10,000
27-Jul-20	31-May-35	8,570	8,570	–	–	–	–
19-Oct-20	13-Oct-35	48,000	–	48,000	–	–	–
17-Nov-20	17-Nov-35	14,285	–	–	14,285	9,523	4,762
18-Dec-20	8-Dec-30	27,940	–	–	27,940	27,940	–
21-Dec-20	30-Oct-23	750,000	–	–	750,000	750,000	–
21-Dec-20	30-Oct-24	750,000	–	–	750,000	750,000	–
21-Dec-20	30-Oct-29	4,500,000	–	–	4,500,000	–	4,500,000
7-Apr-21	24-Mar-31	241,349	–	189,682	51,667	–	51,667
7-Apr-21	24-Mar-36	2,992,731	–	–	2,992,731	150,000	2,842,731
28-May-21	28-May-28	3,527,223	–	–	3,527,223	3,527,223	–
15-Jun-21	25-May-36	45,000	–	–	45,000	–	45,000
		20,240,865	**1,066,064**	**1,693,481**	**17,481,320**	**8,220,030**	**9,261,290**

21. Reserves

	Consolidated	
	Jun-21 $	Jun-20 $
Share options reserve	2,710,595	1,570,838
Foreign currency translation reserve	(1,022,993)	3,234
	1,687,602	**1,574,072**

Movements in reserves

Movements in each class of reserves during the current and previous financial year are set out below:

	Share Options $	Foreign Currency $	Total $
Balance as at 1 July 2019	1,204,843	(50,908)	1,153,935
Share options issued	947,775	–	947,775
Share options exercised	(581,780)	–	(581,780)
Foreign currency translation	–	54,142	54,142
Closing balance – 30 June 2020	**1,570,838**	**3,234**	**1,574,072**
Opening balance – 1 July 2020	1,570,838	3,234	1,574,072
Share options issued	1,678,057	–	1,678,057
Share options exercised	(538,300)	–	(538,300)
Foreign currency translation	–	(1,026,227)	(1,026,227)
Closing balance – 30 June 2021	**2,710,595**	**(1,022,993)**	**1,687,602**

Notes to the Consolidated Financial Statements

Continued

22. Accumulated losses

	Consolidated	
	Jun-21 $	Jun-20 $
Accumulated losses at the beginning of the year	(30,281,714)	(20,645,126)
AASB 16 Retained Earnings Adjustment	–	(51,593)
Accumulated losses at the beginning of the year – restated	(30,281,714)	(20,696,719)
Total loss for the year attributable to owners of MedAdvisor	(13,949,449)	(9,584,995)
Accumulated losses at the end of the year	**(44,231,164)**	**(30,281,714)**

23. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

		Ownership Interest	
Name	Principal place of business/ Country of incorporation	2021 %	2020 %
MedAdvisor International Pty. Ltd.	Australia	100%	100%
Health Enterprises 2 Pty. Ltd.	Australia	100%	100%
MedAdvisor Welam UK Ltd.	UK	100%	100%
MedAdvisor Welam USA Inc.	USA	100%	100%
Adheris, LLC	USA	100%	–

Details regarding the acquisition of Adheris are set out in note 24.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 1:

		Parent ownership Interest		Non-controlling Interest	
Name	Principal place of business/ Country of incorporation	2021 %	2020 %	2021 %	2020 %
ZP MedAdvisor Pte. Ltd.	Singapore	50%	50%	50%	50%

24. Business combinations

On 17 November 2020, MedAdvisor Welam USA Inc, a wholly-owned subsidiary of MedAdvisor Limited, acquired 100% of the equity interests in Adheris, for the total consideration of AUD 45,197,476. Adheris provides tailored opt-out, direct-to-patient medication adherence programs in the USA and was acquired to accelerate MedAdvisor's penetration in the US market by leveraging Adheris' existing pharmacy integrations.

Details of the acquisition are as follows:

	17 Nov 2020 $
Fair Value of consideration at acquisition date	
Cash paid or payable to the vendor	28,668,170
Convertible note issued to the vendor	6,887,211
Deferred consideration for future performance	9,642,095
Total:	**45,197,476**
Recognised amounts of identifiable assets and liabilities	
Trade and other receivables	9,228,749
Prepayments and other current assets	2,078,681
Fixed assets	2,175,712
Right of use assets	2,296,157
Intangible assets	21,061,220
Deferred tax liability	(3,711,645)
Trade and other payables	(12,512,831)
Deferred revenue	(4,577,389)
Employee benefits	(118,278)
Lease liability	(2,386,744)
Net assets acquired:	**13,533,632**
Goodwill:	**31,663,844**
Cash used to acquire business:	
Acquisition date fair value of total consideration	45,197,476
Add: Net working capital adjustment to purchase price	2,203,115
Less: deferred consideration (note 17)	(4,031,699)
Acquisition costs paid	1,053,645
FX movement on timing of cash settlements	(928,444)
Net cash used	**43,494,093**

Notes to the Consolidated Financial Statements

Continued

Consideration transferred

The agreed acquisition purchase price for Adheris was USD 27,500,000 which included USD 5,000,000 of convertible notes issued to Syneos Health US, Inc on completion of the transaction. The purchase price was reduced by a net working capital adjustment of USD 1,687,389 reducing the net purchase price (including the convertible note) to USD 25,812,611, which equated to AUD 35,555,381.

The purchase agreement also included an additional consideration of USD 7,000,000 payable in 2 parts, 6 and 18 months after settlement, on the condition of revenue targets being met as per the Purchase and Sale Agreement. The first revenue earn-out of USD 4,000,000 was settled in May 2021. The second revenue earn-out of USD 3,000,000 is dependent on Adheris meeting certain revenue criteria. Management expect to pay the maximum pay-out in relation the second earn-out consideration, due in May 2022.

Goodwill on acquisition

Subsequent to the settlement of the Adheris transaction, the provisional goodwill was independently valued and allocated against identifiable intangible assets with the residual allocated to Goodwill. Adopting the Mid-Purchase Price Allocation (PPA) valuation the resultant identifiable intangible assets and goodwill acquired was as follows:

	USD $	AUD $
Total intangible assets	38,261,454	52,702,864
Brand	4,142,000	5,705,356
Customer Relationships	3,223,000	4,439,489
Partner Relationships	2,041,000	2,811,355
inPharmacy Software	4,458,000	6,140,628
inHome Software	1,410,000	1,942,190
Goodwill	**22,987,454**	**31,663,844**

Adheris' contribution to the Group results

Adheris generated revenue of AUD 28,889,653 and incurred a loss of AUD (2,865,495) from acquisition date to reporting date. Adheris' FY21 full financial year loss was AUD (6,641,156).

25. Non-controlling interest

	Consolidated	
	Jun-21 $	Jun-20 $
Issued capital	1,061,842	554,890
Reserves	(48,480)	(1,934)
Accumulated losses	(617,137)	(194,595)
	396,225	**358,361**

The non-controlling interest has a 50% (2020: 50%) equity holding in ZP MedAdvisor Pte. Ltd.

26. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
	Jun-21 $	Jun-20 $
Statement of Profit or Loss and Other Comprehensive Income		
Loss after income tax	(2,539,722)	(1,654,168)
Total comprehensive income	**(2,539,722)**	**(1,654,168)**
Statement of Financial Position		
Total current assets	191,544	37,907
Total assets	90,389,499	42,675,018
Total current liabilities	4,050,351	558,503
Total liabilities	4,050,351	558,503
Net assets	**86,339,148**	**42,116,515**
Equity		
Issued capital	90,992,487	45,369,890
Share options reserve	2,710,595	1,570,838
Accumulated losses	(7,363,934)	(4,824,213)
Total equity	**86,339,148**	**42,116,515**

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments – property, plant & equipment

The parent entity had no capital commitments for property, plant & equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity as disclosed in Note 1.

Notes to the Consolidated Financial Statements

Continued

27. Financial risk management

MedAdvisor's activities expose it to a variety of financial risks: interest rate risk, liquidity risk, credit risk and foreign currency risk.

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets whilst minimising potential adverse side effects on financial performance. Risk management policies are approved and reviewed by the Directors on a regular basis. These include credit risk policies and future cash flow requirements.

The Company's financial instruments consist mainly of deposits with banks, trade receivable and payables, and borrowings. Totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated	
	Jun-21 $	Jun-20 $
Financial Assets		
Cash and equivalents	7,150,865	12,345,164
Trade and other receivables	12,464,259	1,839,384
	19,615,254	**14,184,548**
Financial Liabilities		
Trade and other payables	11,062,602	1,189,710
Borrowings	6,393,301	–
Lease liabilities	2,768,001	1,420,776
Deferred consideration	4,031,699	–
	24,255,603	**2,610,485**

(a) Interest rate risk

Exposure to interest risk arises on financial instruments whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Group has minimal exposure to interest rate fluctuations as its loan facility, as outlined in note 16, is at a fixed interest rate of 10.25% (2020: n/a).

(b) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the preparation of forward-looking cash flow analysis in relation to its operational, investing and financing activities. Borrowing facilities are in place to enable the Group to borrow funds when necessary.

Financial liability and financial asset maturity analysis:

Consolidated – 2021	Within 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Total $
Financial Liabilities Due For Payment				
Trade and other payables	11,062,602	–	–	11,062,602
Deferred consideration	4,031,699	–	–	4,031,699
Interest Bearing – Fixed Rate				
Lease liabilities	1,265,476	959,579	542,946	2,768,001
Borrowings	299,762	–	6,093,539	6,393,301
Total financial liabilities	**16,659,539**	**959,579**	**6,636,485**	**24,255,603**
Financial Assets – Cash Flows Realisable				
Cash and equivalents	7,150,865	–	–	7,150,865
Trade and other receivables	12,464,259	–	–	12,464,259
	19,615,124	**–**	**–**	**19,615,124**
Net inflow/(outflow) on financial instruments	**2,955,585**	**(959,579)**	**(6,636,485)**	**(4,640,479)**

Consolidated – 2020	Within 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Total $
Financial Liabilities Due For Payment				
Trade and other payables	1,189,710	–	–	1,189,710
Interest Bearing – Fixed Rate				
Lease liabilities	263,856	275,900	881,019	1,420,776
Borrowings	–	–	–	–
Total financial liabilities	**1,453,566**	**275,900**	**881,019**	**2,610,485**
Financial Assets – Cash Flows Realisable				
Cash and equivalents	12,345,164	–	–	12,345,164
Trade and other receivables	1,839,384	–	–	1,839,384
	14,184,548	**–**	**–**	**14,184,548**
Net inflow/(outflow) on financial instruments	**12,730,982**	**(275,900)**	**(881,019)**	**11,574,063**

Notes to the Consolidated Financial Statements

Continued

(c) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties), ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 days from the invoice date. Customers who do not meet the Group's strict credit policies may only purchase in cash or only use recognised credit cards.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any allowance for Expected Credit Loss) as presented in the balance sheet. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in note 10.

(d) Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The consolidated entity the foreign exchange risk to be low and has not entered into any forward foreign exchange contracts.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2021 $	2020 $	2021 $	2020 $
Consolidated				
US dollars	1,079,185	1,274,725	182,478	111,728
British pounds	62,721	95,476	123,277	22,533
	1,141,906	**1,370,201**	**305,755**	**134,261**

The consolidated entity had net assets denominated in foreign currencies of $836,151 as at 30 June 2021 (2020: $1,235,940). Based on this exposure, had the Australian dollar weakened by 5% (2020: 5%) against these foreign currencies with all other variables held constant, the consolidated entity's loss before tax for the year would have been $41,808 lower (2020: $61,797 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The realised foreign exchange gain recognised through the Income Statement for the year ended 30 June 2021 was $27,705 (2020: $52,208 loss).

(e) Price risk

The consolidated entity is not exposed to any significant price risk.

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

Differences between fair values and carrying amounts on financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Company. Most of the instruments which are carried at amortised cost are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Company.

	2021		2020	
	Net Carrying Value $	Net Fair Value $	Net Carrying Value $	Net Fair Value $
Financial Assets				
Cash and equivalents	7,150,865	7,150,865	12,345,164	12,345,164
Trade and other receivables	12,464,259	12,464,259	1,839,384	1,839,384
	19,615,124	**19,615,124**	**14,184,548**	**14,184,548**
Financial Liabilities				
Trade and other payables	11,062,602	11,062,602	1,189,710	1,189,710
Borrowings	6,393,301	6,393,301	–	–
Lease liabilities	2,768,001	2,768,001	1,420,776	1,420,776
Deferred consideration	4,031,699	4,031,699	–	–
	24,255,603	**24,255,603**	**2,610,486**	**2,610,486**

28. Auditor's remuneration

	Consolidated	
	Jun-21 $	Jun-20 $
Audit and review of financial statements		
Group	145,094	76,618
Controlled entities	106,500	–
Taxation Services	50,000	44,000
Non-audit Services	11,961	673
	313,555	**121,291**

Notes to the Consolidated Financial Statements

Continued

29. Related party transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

NostraData Pty Ltd is an associated entity of the Company which has entered into the following related party transactions with the Company during the financial year:

	Consolidated	
	Jun-21 $	Jun-20 $
Total value of consulting, data and marketing services	141,173	143,157
Amounts due and payable to NostraData Pty Ltd at the end of the financial year included in trade and other payables	36,707	26,504
Zuellig Pharma Pte Ltd and MedAdvisor Limited have a joint venture agreement with 50% ownership interest in ZP MedAdvisor Pte Ltd each. The following contributions for equity were advanced to the Company during the financial year	506,951	554,890

30. Contingencies

Neither the Group nor the parent entity have any contingent liabilities or contingent assets as at 30 June 2021 or 30 June 2020.

31. Events subsequent to the reporting date

MedAdvisor and ZP Pharma Holdings Pte Ltd have agreed to cease their joint venture in ZP MedAdvisor Pte Limited and propose to wind-up operations in H1 FY22.

Apart from the above, no matters or circumstances have arisen since the end of financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

32. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	Jun-21 $	Jun-20 $
Short-term employee benefits	1,522,504	1,213,553
Share-based entitlements	864,724	448,639
Total compensation	**2,387,228**	**1,662,192**

Directors' Declaration

The Directors of the Company declare that:

(a) The consolidated financial statements and notes set out on pages 38 to 78 are in accordance with the *Corporations Act 2001* and:

  (i) comply with Accounting Standards, the *Corporations Regulations 2001*, and other mandatory professional reporting requirements.

  (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance of the financial year ended on that date.

(b) There are reasonable grounds to believe the Company will be able to pay its debts when they become due and payable.

The basis of preparation confirms that the consolidated financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Board of Directors.

Chris Ridd
Chairman

22 September 2021
Camberwell, VIC

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT
To the Members of MedAdvisor Limited

Opinion

We have audited the financial report of MedAdvisor Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

I. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

II. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Impairment of Intangible Assets Refer to Note 14 in the financial statements	
The Group has Intangible Assets of $54,546,789 as at 30 June 2021. We identified this area as a Key Audit Matter due to the size of the Intangible Assets balance, and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU") involves judgements about the future underlying cash flows of the business and the discount rate applied to them. For the year ended 30 June 2021, management have performed an impairment assessment over the Intangible Assets balance by: • Identifying the CGU's to which the intangible asset belongs; • Calculating the value in use of each CGU using a discounted cash flow model. These models used cash flows (revenues, expenses and capital expenditure) for the CGU for 5 years, with a terminal growth rate applied to the 5th year. These cash flows were then discounted to net present value using the CGU specific weighted average cost of capital ("WACC"); and • Comparing the resulting value in use of the CGU to their respective book values. Management also performed a sensitivity analysis over the value in use calculations by varying the assumptions used (growth rates, terminal growth rate and WACC) to assess the impact on the valuations.	Our audit procedures in relation to management's impairment assessment included: • Assessing management's determination of the CGUs to which the Intangible Assets is allocated; • Assessing the valuation methodology used; • Challenging the reasonableness of key assumptions, including the cash flow projections, revenue growth rates, discount rates, and sensitivities used; • Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence such as approved budgets, and considering the reasonableness of these budgets; and • Reviewing the accuracy of disclosures of critical estimates and assumptions in the financial statements in relation to the valuation methodologies.

Independent Auditor's Report

Continued

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Acquisition Accounting Refer to Note 24 in the financial statements	
On 17 November 2020 the Group completed the 100% acquisition of US company, Adheris LLC. Management determined the acquisition to be a business combination under AASB 3 *Business Combinations*. The terms of the share purchase agreement involved the transfer of cash consideration and included contingent consideration. The purchase price must be allocated between the acquired assets and liabilities, at their respective fair values, with any difference recognised as goodwill on consolidation. This acquisition was considered a Key Audit Matter as the accounting for the transaction is complex and involves significant judgements in applying the accounting standards. This includes the recognition and valuation of consideration paid, contingent consideration payable and the determination of the fair value of the assets and liabilities acquired.	Our audit procedures included, among others: • Obtaining the share purchase agreements and other associated documents to understand the key terms and conditions, and ensuring that the transaction has been accounted for in compliance with AASB 3; • Substantively testing the cash consideration transferred against bank statements; • Reviewing the reasonableness of the valuation of the contingent consideration payable; • Assessing the accuracy and completeness of the fair values of the identified assets and liabilities acquired; • Reviewing the work performed by management's experts on the valuation of the identified tangible and intangible assets and the reasonableness of underlying assumptions in their respective valuations; with reference to the requirements of ASA 500 *Audit Evidence*, which establishes mandatory requirements in relation to using the work of a management's expert; and • Assessing the adequacy of the disclosures in respect of the business acquisition to ensure it was in line with AASB 3.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 5 in the financial statements	
The Group receives revenue from three core income streams, and the accounting for each of these differs. While SaaS Revenue from subscriptions are not complex and do not involve significant management judgements, the recognition of revenue generated from Transaction and Development Fees and Health Programs involves management estimates around the timing of delivery of services. Revenue recognition was considered a Key Audit Matter due to the materiality and significance of the balance.	Our audit procedures in relation to the recognition of revenue included: • Assessing whether the Group's revenue recognition policies were in compliance with AASB 15 *Revenue from Contracts with Customers*; • Evaluating the operating effectiveness of management's controls related to revenue recognition; • Performing substantive analytical review procedures on the SaaS Revenue stream; • Performing detailed testing on a sample of contracts with customers and assessing the revenue recognised to various elements in the contracts; and • Reviewing revenue transactions before and after year-end to ensure that revenue is recognised in the correct period.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

Continued

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of MedAdvisor Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 22 September 2021
Melbourne, Victoria

Shareholder Information

The shareholder information set out below was applicable as at 7 September 2021.

A. Equity security holders

Twenty largest holders of quoted equity securities

	Ordinary shares	
	Number held	Percentage of total shares issued
NATIONAL NOMINEES LIMITED	58,898,879	15.61%
COTIVITI SERVICES LLC	43,999,999	11.66%
EBOS PH PTY LTD	26,459,627	7.01%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	23,252,284	6.16%
KOJENT PTY LTD <KOJENT A/C>	20,540,866	5.44%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	15,671,261	4.15%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,109,238	4.00%
WAVEY INDUSTRIES PTY LTD <JOSH SWINNERTON FAMILY A/C>	15,008,943	3.98%
ROMIDA ENTERPRISES PTY LTD <ROMIDA FAMILY A/C>	13,173,035	3.49%
BNP PARIBAS NOMS PTY LTD <DRP>	9,834,268	2.61%
PROVARE PTY LTD <PROVARE INVESTMENT A/C>	3,563,419	0.94%
PELOTON CAPITAL PTY LTD	3,249,216	0.86%
MISHRA ENTERPRISES PTY LTD <MISHRA FAMILY A/C>	2,894,737	0.77%
GREAD MANAGEMENT PTY LIMITED <THE A G & R R FAMILY A/C>	2,864,285	0.76%
DR CHRISTOPHER HAROLD BENTON	2,800,000	0.74%
ALLEN GROUP HOLDINGS PTY LTD	2,631,579	0.70%
CAPITAL CONCERNS PTY LIMITED <LOGUE FAMILY SUPER FUND A/C>	1,855,344	0.49%
ETHAN ALLEN INVESTMENTS PTY LTD <ETHAN ALLEN INVEST UNIT A/C>	1,773,794	0.47%
DAK FOUNDATION LIMITED <DAK FOUNDATION A/C>	1,700,000	0.45%
CANONBAR INVESTMENTS PTY LTD	1,568,964	0.42%
Total top 20 holders	**266,849,738**	**70.71%**
Total all other holders	110,557,563	29.29%
Total shares on issue	**377,407,301**	**100.00%**

Unquoted equity securities

Options and Performance Rights on issue	Number on issue	Number of holders[1]
Options over unissued ordinary shares	18,542,754	67
Performance Rights over unissued ordinary shares	2,014,285	1
Total Options and Performance Rights on issue	**20,557,039**	**67**

1. There is 1 common holder of performance rights and options.

Shareholder Information

Continued

B. Distribution of equitable securities

Analysis of number of holders of ordinary shares and options and performance rights by size of holding:

	Number of holders of quoted ordinary shares	Percentage of ordinary shares on issue	Unquoted performance rights and options
1 to 1,000	137	0.02%	0
1,001 to 5,000	1,397	1.05%	0
5,001 to 10,000	756	1.49%	22
10,001 to 100,000	1,356	10.35%	31
100,001 and over	215	87.09%	14
Total	**3,861**	**100.00%**	**67**

There were 414 holders of less than a marketable parcel of 1,588 ordinary shares.

C. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

All issued ordinary shares carry one vote per share.

Options

Options do not carry a right to vote.

Performance Rights

Performance Rights do not carry a right to vote.

D. Substantial shareholders

The substantial shareholders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Perennial Value Management Limited	56,297,258	14.92%
Cotiviti Services LLC	43,999,999	11.66%
EBOS PH Pty Ltd	26,459,627	7.01%
Kojent Pty Ltd <Kojent A/C>	20,540,866	5.44%
Jencay Capital Pty Limited	18,056,967	4.78%

Glossary

1H	First half-year
2H	Second half-year
AASB	Australian Accounting Standards Board
Adheris	Adheris, LLC
AGM	Annual General Meeting
APES	Accounting Professional and Ethical Standard
ARR	Annual Recurring Revenue
ASX	Australian Securities Exchange Limited
AUD	Australian dollar
B or **b**	Billion
BAU	Business as usual
CEO	Chief Executive Officer
Company or **MedAdvisor**	MedAdvisor Limited ABN 17 145 327 617
COVID-19	Coronavirus disease of 2019
CY	Calendar year
Date of this report	22 September 2021
Directors	The directors of MedAdvisor Limited
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EPS	Earnings Per Share
FY	Financial year e.g. FY21 is the financial year ended 30 June 2021
GP	General practitioner
Group	MedAdvisor Limited and its wholly owned subsidiary companies
GST	Goods and services tax
IASB	International Accounting Standards Boards
KMP	Key Management Personnel
LTI	Long-Term Incentive
M or **m**	Million
MDR	MedAdvisor Limited (ASX Code)
NHS	National Health Service (UK)
p.a.	Per annum

Glossary

Continued

PCP	Prior corresponding period
Q1, 2, 3 or **4**	Three-monthly periods beginning 1 July, 1 October, 1 January and 1 April respectively
Reporting period	Year to 30 June 2021
ROI	Return on investment
SaaS	Software-as-a-Service
STI	Short-Term Incentive
TAM	Total addressable market
TSR	Total Shareholder Return
UK	United Kingdom
US or **USA**	United States of America
USD	United States dollar
YoY	Year-on-year

Corporate Directory

Directors

Chris Ridd
Non-Executive Director & Chair

Robert Read
CEO & Managing Director

Joshua Swinnerton
Executive Director & Founder

Peter Bennetto
Non-Executive Director

Sandra Hook
Non-Executive Director

Lucas Merrow
Non-Executive Director

Jim Xenos
Non-Executive Director

Company secretary

Naomi Lawrie

ABN

17 145 327 617

Website

www.mymedadvisor.com

Stock exchange

MedAdvisor Limited is a public company listed with the Australian Securities Exchange.

ASX: MDR

Registered office

Level 2, 971 Burke Road
Camberwell VIC 3124

T: +613 9095 3036

Share register

Computershare Investor Services Pty Ltd
452 Johnston Street
Abbotsford VIC 3067

T: 1300 850 505 (within Australia)
+613 9415 4000 (outside Australia)

External auditor

RSM Australia Partners
Level 21, 55 Collins Street
Melbourne VIC 3000

Lawyers

HWL Ebsworth
Level 26, 530 Collins Street
Melbourne VIC 3000

Notice of annual general meeting

The Annual General Meeting of MedAdvisor Limited will be held on Wednesday the 17th of November 2021 at 9:00am. Further details will be announced separately.

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MedAdvisor

www.mymedadvisor.com