

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 12, 2022

MEDAVAIL HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-36533
(Commission File Number)

90-0772394
(I.R.S. Employer
Identification Number)

6665 Millcreek Dr. Unit 1,
Mississauga ON Canada
L5N 5M4
(Address of principal executive offices)

+1 (905) 812-0023
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	MDVL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On May 12th, 2022, MedAvail Holdings, Inc. ("MedAvail" or the "Company") issued a press release regarding its financial and operational results for the three months ended March 31st, 2022. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

This information is intended to be furnished under Items 2.02 and 9.01 of this Current Report on Form 8-K, including Exhibit 99.1, and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act"), except as shall be expressly set forth by specific reference in such a filing.

Item 7.01 Regulation FD Disclosure.

On May 12th, 2022, MedAvail hosted a conference call and webcast to discuss the Company's financial and operational results for the three months ended March 31st, 2022.

Additionally, attached as Exhibit 99.2 to this Current Report on Form 8-K is an investor presentation that MedAvail may use in presentations to investors beginning May 12th, 2022.

The presentation includes a discussion of Operating Results and Adjusted EBITDA, non-GAAP (generally accepted accounting principles) financial measures. The presentation also includes reconciliations of those measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

The investor presentation attached as Exhibit 99.2 to this Current Report on Form 8-K includes “safe harbor” language pursuant to the Private Securities Litigation Reform Act of 1995, as amended, indicating that certain statements contained in the slide presentation are “forward looking” rather than historical.

The information included in this Item 7.01 and in Exhibit 99.2 shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that Section or incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. The Company undertakes no duty or obligation to update or revise information included in this Report or in the Exhibit 99.2.

Item 9.01 Financial Statement and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	MedAvail Holdings, Inc. Press Release dated May 12, 2022
99.2	MedAvail Holdings, Inc. Investor Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MEDAVAIL HOLDINGS, INC.

Date: May 12, 2022

By: /s/ Ramona Seabaugh
Ramona Seabaugh
Chief Financial Officer

MedAvail Reports First Quarter 2022 Financial Results

MISSISSAUGA, Ontario and PHOENIX, Ariz. – May 12, 2022 – MedAvail Holdings, Inc. (Nasdaq: MDVL) ("MedAvail") a technology-enabled pharmacy company, today reported financial results for the three months ended March 31, 2022.

"I am proud of our team's strong start to the year. We delivered robust sales growth in the first quarter and achieved a milestone in our Pharmacy Technology business with the completion of our integration with Epic," said Mark Doerr, Chief Executive Officer of MedAvail. "There is clear momentum and demand for our differentiated pharmacy technology solutions, and we are deliberately investing in our teams and business to drive this growth. We are excited for our path forward and the significant opportunity ahead, as we focus on execution of our expansion strategy with new and existing clinic partners and driving initiatives to deliver sustainable and profitable growth."

Recent Operational Highlights

- Ended first quarter of 2022 with 92 MedCenter total net cumulative deployments, a 14% increase from the end of the fourth quarter of 2021
 - Ended first quarter of 2022 with 88 MedCenter total net dispensing deployments, a 29% increase from the end of the fourth quarter of 2021
- Achieved milestone with Epic integration and the availability of the MedCenter platform in the Epic App Orchard Gallery
- Completed rewrite of MedDispense software intended to enable greater flexibility and faster deployment of MedCenters
- Expanded partnership with IMA Medical Group to open SpotRx locations across the IMA network in Florida, including 17 additional and five de novo IMA medical centers
- Broadened partnership with Oak Street Health to add SpotRx locations in four de novo sites in Arizona
- Expanded partnership with Cano Health to open SpotRx locations in nine additional sites in Florida
- Important enhancement of leadership team with accomplished executives who bring directly relevant track records of success with the appointments of Steven Hess to Executive Vice President, General Manager of SpotRx; Bob McClune to Senior Vice President of Data and Analytics; and Matt Broome to Executive Vice President, Technology

First Quarter 2022 and Recent Financial Highlights

All comparisons, unless otherwise noted, are to the three months ended March 31, 2021.

- Total revenue increased 126% to \$9.1 million
- Total revenue by segment
 - Retail Pharmacy Services revenue increased 159% to \$8.8 million
 - Pharmacy Technology revenue decreased 56% to \$0.3 million
- Net operating loss was \$12.8 million compared to \$9.7 million
- Adjusted EBITDA loss of \$11.8 million compared to \$8.9 million

- The Company completed its first closing of a private placement for the sale of common stock, together with the issuance of warrants to purchase common stock. The first closing of this private placement was on April 4, 2022, that yielded gross proceeds of approximately \$40 million. The second closing is expected to subsequently follow on July 1, 2022, following the satisfaction or waiver of the conditions to closing, and yield approximately \$10 million in gross proceeds. If all warrants that are sold and issued following the completion of these closings are fully exercised, the Company would receive additional gross proceeds of approximately \$29 million.

Conference Call

MedAvail will host a conference call at 1:30 p.m. PT / 4:30 p.m. ET on Thursday, May 12, 2022, to discuss its first quarter 2022 financial results. A webcast of the conference call can be accessed at <https://investors.medavail.com>. The webcast will be archived and available for replay for at least 90 days after the event.

Definition of Key Metrics

Dispensing Deployments

We define dispensing deployments as sites that are live, that is, have payer network acceptance, pharmacy board approvals and trained clinical staff or clinical account managers. Moreover, we work closely with the state boards of pharmacy and our clinic partners to reduce the time to progress from deployment to becoming dispensing deployments, which generally ranges from 4 to 12 weeks.

Net Cumulative Deployments

Net cumulative deployments includes dispensing deployments and installed not yet dispensing deployments, but excludes decommissioned clinics, pilots and demo sites.

About MedAvail

MedAvail Holdings, Inc. (NASDAQ: MDVL) is a technology-enabled pharmacy organization, providing turnkey in-clinic pharmacy services through its proprietary robotic dispensing platform, the MedAvail MedCenter, and home delivery operations, to Medicare clinics. MedAvail helps patients to optimize drug adherence, resulting in better health outcomes. Learn more at www.medavail.com.

Non-GAAP Financial Measures

MedAvail refers to certain financial measures that are not recognized under U.S. generally accepted accounting principles ("GAAP") in this press release, including adjusted EBITDA. See the schedules to this press release for additional information and reconciliations of such non-GAAP financial measures.

Forward Looking Statements

Certain statements included in this press release that are not historical facts are forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "should," "would," "plan," "predict," "potential," "seem," "seek," "future," "outlook," "project," and similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding MedAvail's business strategy and market opportunity; potential future revenue projections and expectations for growth and profitability; customer demand and expansion plans; margin improvement; improvements in deployment efficiency

and speed; anticipated proceeds from private offerings; and customer partnerships. These statements are based on various assumptions, whether or not identified in this press release, and on the current expectations of MedAvail's management and are not predictions of actual performance. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements, including but not limited to risks discussed under the heading "Risk Factors" in MedAvail's Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on March 29, 2022, and other filings MedAvail makes with the SEC in the future. Additional information is also set forth in MedAvail's Annual Report on Form 10-K for the year ended December 31, 2021, and other filings MedAvail makes with the SEC in the future. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. These forward-looking statements speak only as of the date hereof and MedAvail specifically disclaims any obligation to update these forward-looking statements.

Contacts:

Investor Relations

Caroline Paul

Gilmartin Group

ir@medavail.com

SOURCE MedAvail Holdings, Inc.

MEDAVAIL HOLDINGS, INC.
Consolidated Condensed Statements of Operations
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended March 31,	
	2022	2021 ⁽¹⁾
Revenue:		
Pharmacy and hardware revenue	\$ 9,014	\$ 3,781
Service revenue	100	246
Total revenue	9,114	4,027
Cost of products sold and services:		
Pharmacy and hardware cost of products sold	8,563	3,526
Service costs	50	181
Total cost of products sold and services	8,613	3,707
Operating expenses:		
Pharmacy operations	3,929	2,593
General and administrative	6,535	5,676
Selling and marketing	2,313	1,534
Research and development	493	168
Merger expenses	—	—
Total operating expense	13,270	9,971
Operating loss	(12,769)	(9,651)
Other gain (loss), net	—	161
Interest income	1	40
Interest expense	(254)	(2)
Loss before income taxes	(13,022)	(9,452)
Income tax expense	—	—
Net loss and comprehensive loss	\$ (13,022)	\$ (9,452)

⁽¹⁾ Certain activity was reclassified to be consistent with the current presentation, see comparative tables that follow.

MEDAVAIL HOLDINGS, INC.
Operating Expense Reclassifications
(in thousands)
(Unaudited)

	Three Months Ended March 31, 2021				
	Current presentation		As previously reported		Change
Pharmacy operations	\$	2,593	\$	1,911	\$ 682
General and administrative		5,676		6,515	(839)
Selling and marketing		1,534		1,377	157
	\$	9,803	\$	9,803	\$ —

MEDAVAIL HOLDINGS, INC.
Consolidated Condensed Balance Sheets
(in thousands, except share and per share amounts)

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,274	\$ 19,689
Restricted cash	676	400
Accounts receivable (net of allowance for doubtful accounts of \$96 thousand for March 31, 2022, \$66 thousand for December 31, 2021)	1,748	1,189
Inventories	5,088	3,916
Prepaid expenses and other current assets	3,105	2,191
Total current assets	15,891	27,385
Property, plant and equipment, net	6,175	5,692
Intangible assets, net	2,765	2,300
Right-of-use assets	2,628	2,538
Other assets	233	228
Total assets	<u>\$ 27,692</u>	<u>\$ 38,143</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,527	\$ 6,740
Deferred revenue	107	83
Current portion of lease obligations	733	682
Total current liabilities	9,367	7,505
Long-term debt, net	9,608	9,538
Long-term portion of lease obligations	2,102	2,027
Total liabilities	21,077	19,070
Commitments and contingencies		
Stockholders' deficit:		
Common shares (\$0.001 par value, 100,000,000 shares authorized, 32,908,922 and 32,902,048 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively)	33	33
Warrants	1,373	1,373
Additional paid-in-capital	217,249	216,685
Accumulated other comprehensive loss	(6,928)	(6,928)
Accumulated deficit	(205,112)	(192,090)
Total stockholders' equity	6,615	19,073
Total liabilities and stockholders' equity	<u>\$ 27,692</u>	<u>\$ 38,143</u>

MEDAVAIL HOLDINGS, INC.
Supplemental Financial Information - Segments
(in thousands)
(Unaudited)

	Retail Pharmacy Services	Pharmacy Technology	Total
Three Months Ended March 31, 2022			
Revenue:			
Pharmacy and hardware revenue:			
Retail pharmacy revenue	\$ 8,849	\$ —	\$ 8,849
Hardware	—	56	56
Subscription	—	109	109
Total pharmacy and hardware revenue	8,849	165	9,014
Service revenue:			
Software integration	—	—	—
Software	—	48	48
Maintenance and support	—	32	32
Installation	—	6	6
Professional services and other	—	14	14
Total service revenue	—	100	100
Total revenue	8,849	265	9,114
Cost of products sold and services	8,482	131	8,613
Segment gross profit	\$ 367	\$ 134	\$ 501

	Retail Pharmacy Services	Pharmacy Technology	Total
Three Months Ended March 31, 2021			
Revenue:			
Pharmacy and hardware revenue:			
Retail pharmacy revenue	\$ 3,418	\$ —	\$ 3,418
Hardware	—	241	241
Subscription	—	122	122
Total pharmacy and hardware revenue	3,418	363	3,781
Service revenue:			
Software integration	—	—	—
Software	—	33	33
Maintenance and support	—	31	31
Installation	—	16	16
Professional services and other	—	166	166
Total service revenue	—	246	246
Total revenue	3,418	609	4,027
Cost of products sold and services	3,329	378	3,707
Segment gross profit	\$ 89	\$ 231	\$ 320

Non-GAAP Financial Measures

To supplement our consolidated condensed financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: EBITDA, and adjusted EBITDA. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We define Adjusted EBITDA for a particular period as net (loss) income before interest, taxes, depreciation and amortization, and as further adjusted for non-recurring revenue from stock-based compensation expense.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our recurring core business operating results, like one-time transaction costs related to the reverse merger. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to our historical performance and liquidity as well as comparisons to our competitors' operating results. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business.

There are a number of limitations related to the use of non-GAAP financial measures. We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from these non-GAAP financial measures and evaluating these non-GAAP financial measures together with their relevant financial measures in accordance with GAAP.

MEDAVAIL HOLDINGS, INC.
Unaudited Reconciliation of GAAP to Non-GAAP Measures
(in thousands)

	Three Months Ended March 31,	
	2022	2021
Net loss	\$ (13,022)	\$ (9,452)
Adjustments to calculate EBITDA:		
Interest income	(1)	(40)
Interest expense	254	2
Income tax expense	—	—
Depreciation and amortization ⁽¹⁾	432	340
EBITDA	\$ (12,337)	\$ (9,150)
Adjustments as follows:		
Share-based compensation expense	564	260
Adjusted EBITDA	\$ (11,773)	\$ (8,890)

⁽¹⁾ Excludes \$166 thousand and \$162 thousand in operating lease amortization for the three months ended March 31, 2022, and 2021, respectively.

MedAvail®







Corporate Presentation



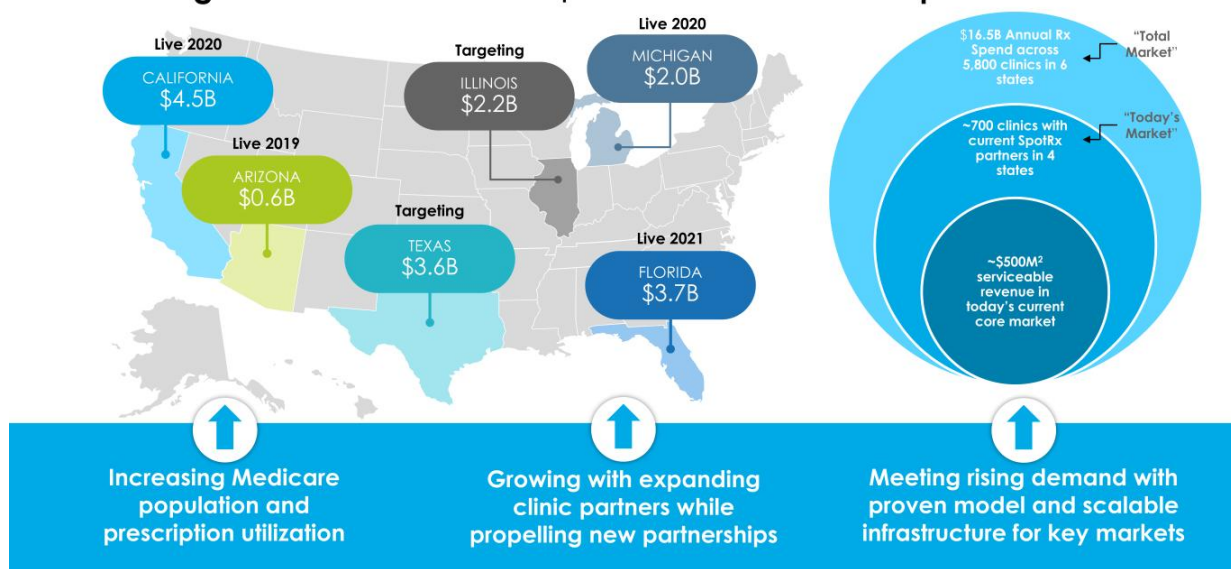
Safe Harbor Statements

MedAvail Holdings, Inc. ("MedAvail") cautions you that the statements in this presentation that are not a description of historical fact are forward-looking statements which may be identified by use of the words such as "anticipate," "believe," "expand," "expect," "grow," "intend," "opportunity," "plan," "potential," "project", "target" and "will" among others. These forward-looking statements are based on MedAvail's current expectations and involve assumptions that may never materialize or may prove to be incorrect. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of the ability to project future cash utilization and resources need for contingent future liabilities and business operations, the availability of sufficient resources for combined company operations and to conduct or continue planned product development activities, the ability to execute on commercial objectives, regulatory developments and the timing and ability of MedAvail to raise additional capital to fund operations, and other factors, including, but not limited to, those factors discussed in the section entitled "Risk Factors" of our Annual Report on Form 10-K filed on March 29, 2022 and on Form 10-Q filed on May 13, 2022. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. We undertake no obligation to update any of these forward-looking statements for any reason, even if new information becomes available in the future, except as may be required by law. The risks and uncertainties may be amplified by the COVID-19 pandemic, which has caused significant economic uncertainty. The extent to which the impact of COVID-19, the ongoing military action launched by Russian forces in Ukraine, or the impact of other global economic conditions, including any economic effects stemming from adverse geopolitical events, an economic downturn and changes to inflation or interest rates has on MedAvail's businesses, operations, and financial results, including the duration and magnitude of such effects, will depend on numerous factors, which are unpredictable and how quickly and to what extent normal economic and operating conditions are affected or impacted. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they were made. MedAvail undertakes no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they were made, except as may be required by law.

Investment Highlights

-  \$16B TAM - Medicare Part D revenues across 7,000 clinics in six initial states
-  Proprietary technology platform enables on-site pharmacy at the point-of-care
-  Highly scalable hub & spoke model; low capital cost
-  Improves economics for at-risk Medicare providers
-  Embedded pharmacy model aligned with value-based care providers
-  Near-term market expansion opportunities with pharmacy management integrations

Initial Target Markets – Estimated \$16.5B¹ of Annual Prescription Revenue



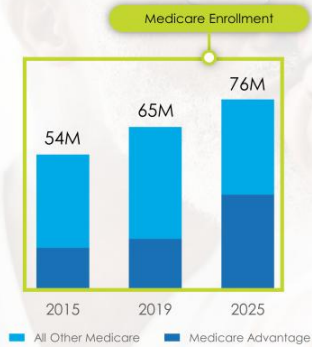
¹ Internal estimates based on 2017 CMS Medicare Provider Utilization and Payment Data: Part D Prescriber

² Internal estimates based on clinic qualification model and projected patient adoption rate

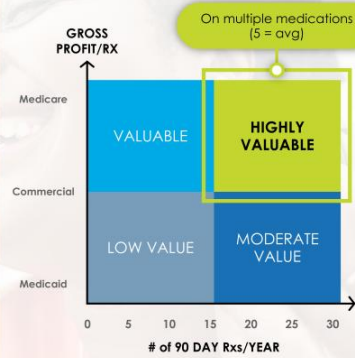
MedAvail

Meeting the Needs of Medicare Patients and Clinic Providers

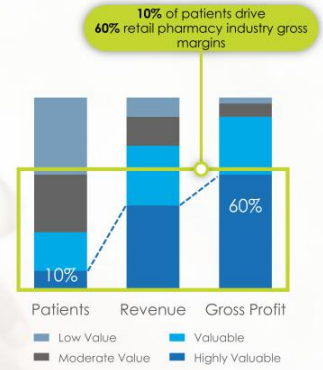
Large, Growing MARKET



Significant VALUE



Concentrated VALUE



Source: Kaiser Family Foundation; LEK Insights

MedAvail





Platform solution enables cost-effective pharmacy integration at the point of care to improve patient access and outcomes as well as improve provider satisfaction & reimbursement in a value/risk-based care model

Solution for pharmacy providers



Turn-key, full-service pharmacy optimized to deliver tele-pharmacy care leveraging onsite MedCenters combined with convenient home delivery for healthcare organizations requiring pharmacy capabilities

Solution for at-risk Medicare providers

Our Proprietary Platform: The MedCenter

Cost-effective prescription dispensing at the point of prescribing

ACCURACY

Barcode technology: Sophisticated robotic system reduces errors versus traditional systems

SAFETY

All regulated acts are performed under the supervision of licensed health professionals



TAILORED FORMULARY

Each MedCenter can support a different medication formulary tailored to clinical, demographic or business needs

DATA, SECURITY AND PRIVACY

Adheres to strict regulations required to permit remote dispensing, while ensuring patient safety and loss prevention

RELIABILITY

FLEXIBILITY

CONVENIENCE

MedAvail

SpotRx: Rapid Scaling through Hub and Spoke Model



- ✓ Rapid in-clinic, embedded deployment through proprietary MedCenter technology
- ✓ Localized inventory replenishment, including specialty medications
- ✓ Access to first fill and refills through onsite SpotRx MedCenter kiosk or home delivery
- ✓ On-site SpotRx clinic account manager for patients and clinic staff
- ✓ Opportunities for providers to drive patient adherence and satisfaction
- ✓ Delivering 90% Net Promotor Score¹

Open **CENTRALIZED PHARMACY HUBS** in Each SpotRx Service Area



Unique Embedded Pharmacy Model Results in Improved Medication Adherence and Satisfaction

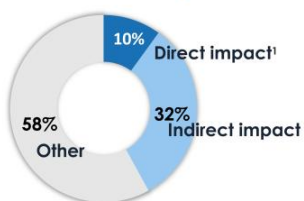
¹ NPS measured from January 2020 to December 2020, N=6962

Medication Adherence Impact on Star Rating & Reimbursement

Star Ratings / Financial Impact

Clinics benefit from **reduced cost-of-care & improved Star Ratings** as a result of adherence, which results in Medicare Advantage bonuses.

Adherence impacts 42% of Star Ratings¹



Net annual healthcare savings of \$1K-\$8K per member as a result of adherence²

- ~\$8K for heart failure
- ~\$4K for hypertension
- ~\$4K for diabetes
- ~\$1K for cholesterol

EMBEDDED PHARMACY OPPORTUNITY

Potential for Improved Outcomes

- 3.4x better adherence at employer-sponsored sites with Embedded Pharmacy (Aguilar et al, 2015)
- Higher medication adherence resulted in cost savings of \$58 per member per month (Wright & Gorman 2016)

Improved Reimbursement/ Less Risk for Providers and Plans³

- Medicare directly ties physician reimbursement to medication adherence: 4- & 5-star MA plans receive pay for performance bonuses of ~\$500/member/year
- Improving from a 3- to a 4-Star Rating can increase annual health plan revenues by 13.4 % to 17.6%

Large, vertically-integrated players embracing embedded pharmacy



Embedded physical pharmacies



Retail pharmacies in medical office buildings



Acquires genOa
Behavioral health retail pharmacy



Acquires SHIELDS
Health systems integrating pharmacies

Source: L.E.K. interviews and analysis.

¹ Based on CVS, direct includes medication adherence for cholesterol, hypertension, and diabetes medications.

² Based on CVS Caremark study annual health care savings per member.

³ Source: <https://www.gjmc.com/contributor/jason-rose/2019/06/medication-adherence-the-lever-to-improve-medicare-advantage-star-ratings>

MedAvail



**Initial pilot → expanded to 4 initial sites → 21 sites today in FL**

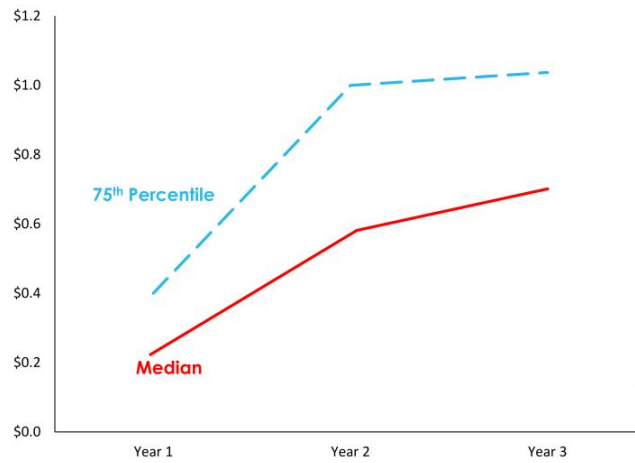
"After experiencing firsthand, the impactful difference our patients had with SpotRx embedded pharmacies in our clinics, we knew right away that SpotRx needed to be an integral part of our medical centers," said Dr. Mark Leenay, Chief Executive Officer of IMA Medical Group. "We are thrilled to be able to offer this differentiated solution in all of our clinics and further our efforts in providing our patients with the highest standard of care."

**4 initial sites in FL → 4 additional sites recently contracted in CA**

"Our partnership with SpotRx will enable us to provide a high touch pharmacy experience to our patients while also providing convenient on-site access to over-the-counter and prescription medications," said Dr. Richard Aguilar, Chief Clinical Officer of Cano Health. "We want to ensure that our patients receive high quality, affordable care and medication adherence plays an important role in population health management."

Historical Site Revenue Ramp

(\$ in millions)



KEY DRIVERS IMPACTING REVENUE RAMP

Timing

- New or existing clinic
- New or existing market

Volume Drivers

- Clinic staffing
- Patient penetration rates

Average Sales Price Drivers

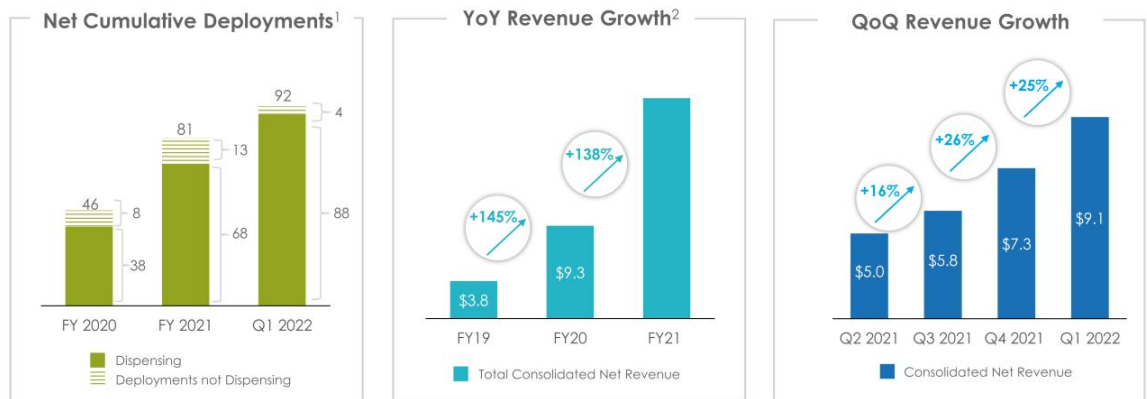
- Payer mix
- Prescription type (days supply, brand, generic, specialty)

~25 – 30 net new dispensing units in FY 2022

Notes

1. Sites included have been dispensing for continuous 18 months or longer, total sites as of 12/31/21 is 13.
2. Revenue ramp rates based on historical actuals for at least 18 months. Sites with less than 3 years of actuals, used most recent 2 month average straight-lined for remaining months.
3. Sites ramping during COVID

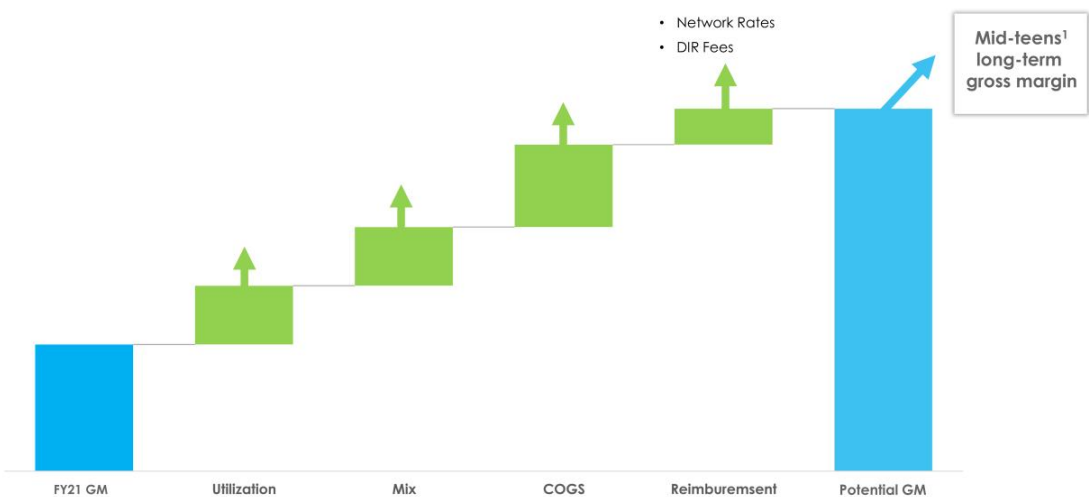
Deployment Momentum Drives Strong Revenue Growth



¹ Net cumulative deployments excludes decommissioned clinics, pilot and demo sites.

² Net revenue in 2020 excludes a non-recurring benefit recognized in conjunction with a commercial agreement from 2018.

MedAvail has Multiple Avenues to Drive Potential Gross Margin Improvement

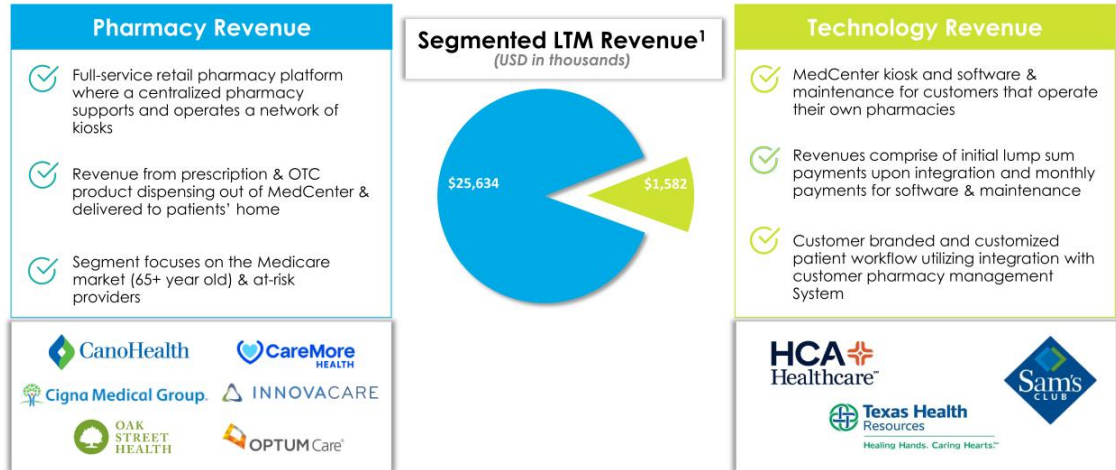


¹ Target based on industry average (Drug Channels Institute, Adam Fine, 2021)

Key Targeted Milestones

- **Planned 50% growth in dispensing MedCenters to over 100 in existing markets**
- **Planned 20% reduction in quarterly cash burn by:**
 - Gross margin improvement
 - Greater hub pharmacy utilization as clinics onboard and mature
 - Optimization of clinic and pharmacy labor
 - G&A leverage - existing team able to support increase in scale
- **Technology business segment expansion with new partners leveraging the EPIC integration**

Complementary Deployment Models Drive Expansion



¹ For the twelve months ended March 31, 2022.

MedAvail

MedAvail Takeaways

Executing and growing traction with technology enabled embedded pharmacy platform

- ✓ New leadership with pharmacy experience focused on profitable growth
- ✓ Refined partner & clinic qualification model and improved go live playbook
- ✓ Well Established hub pharmacy infrastructure to support substantial and efficient growth in current markets
- ✓ Partnerships with leading Medicare providers with aggressive expansion goals that include SpotRx
- ✓ Technology sales setting up for growth with EPIC integration

Appendix

Supplemental Financial Information

Consolidated Statement of Operations (Unaudited)

(In thousands)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Revenue:					
Pharmacy and hardware revenue	\$ 3,781	\$ 4,725	\$ 5,659	\$ 6,954	\$ 9,014
Service revenue	246	305	133	326	100
Total revenue	4,027	5,030	5,792	7,280	9,114
Cost of products sold and services:					
Pharmacy and hardware cost of sales	3,526	4,679	5,539	7,562	8,563
Service cost of sales	181	178	67	80	50
Total cost of products sold and services	3,707	4,857	5,606	7,642	8,613
Operating Expense: (1)					
Pharmacy operations	2,593	3,085	3,750	4,068	3,929
General and administrative	5,676	5,737	5,320	5,544	6,535
Selling and marketing	1,534	1,613	1,909	2,148	2,313
Research and development	168	201	232	248	493
Merger expenses	-	-	-	-	-
Total operating expense	9,971	10,636	11,211	12,008	13,270
Operating loss	(9,651)	(10,463)	(11,025)	(12,370)	(12,769)
Other gain (loss), net	161	38	7	-	-
Interest income	40	27	7	5	1
Interest expense	(2)	(66)	(260)	(261)	(254)
Loss before income taxes	(9,452)	(10,464)	(11,271)	(12,626)	(13,022)
Income tax expense	-	-	(2)	-	-
Net loss	\$ (9,452)	\$ (10,464)	\$ (11,273)	\$ (12,626)	\$ (13,022)

(1) Certain operating expense activity was reclassified to be consistent with the presentation in Q4 2021. See comparative table that follows.

Supplemental Financial Information

Operating Expense Reclassifications (Unaudited)

Q1 2021				
(In thousands)	Current Presentation	As Previously Reported	Change	
Pharmacy operations	\$ 2,593	\$ 1,911	\$	682
General and administrative	5,676	6,515		(839)
Selling and marketing	1,534	1,377		157
Research and development	168	168		-
	\$ 9,971	\$ 9,971	\$	-

Q2 2021				
(In thousands)	Current Presentation	As Previously Reported	Change	
Pharmacy operations	\$ 3,085	\$ 2,292	\$	793
General and administrative	5,737	6,646		(909)
Selling and marketing	1,613	1,497		116
Research and development	201	201		-
	\$ 10,636	\$ 10,636	\$	-

Q3 2021				
(In thousands)	Current Presentation	As Previously Reported	Change	
Pharmacy operations	\$ 3,750	\$ 2,395	\$	1,355
General and administrative	5,320	6,805		(1,485)
Selling and marketing	1,909	1,779		130
Research and development	232	232		-
	\$ 11,211	\$ 11,211	\$	-

Supplemental Financial Information

Revenue and Cost of Products Sold and Services (Unaudited)

	Q1 2021			Q2 2021			Q3 2021			Q4 2021		
	Retail Pharmacy Services	Pharmacy Technology	Total	Retail Pharmacy Services	Pharmacy Technology	Total	Retail Pharmacy Services	Pharmacy Technology	Total	Retail Pharmacy Services	Pharmacy Technology	Total
(In thousands)												
Revenue:												
Pharmacy and hardware revenue:												
Retail pharmacy revenue	\$ 3,418	\$ -	\$ 3,418	\$ 4,494	\$ -	\$ 4,494	\$ 5,445	\$ -	\$ 5,445	\$ 6,846	\$ -	\$ 6,846
Hardware (1)	-	241	241	-	123	123	-	106	106	-	-	-
Subscription	-	122	122	-	108	108	-	108	108	-	108	108
Total pharmacy and hardware revenue	3,418	363	3,781	4,494	231	4,725	5,445	214	5,659	6,846	108	6,954
Service revenue:												
Software integration (1)	-	-	-	-	-	-	-	-	-	-	-	-
Software	-	33	33	-	41	41	-	51	51	-	134	134
Maintenance and support	-	31	31	-	40	40	-	44	44	-	47	47
Installation	-	16	16	-	12	12	-	11	11	-	-	-
Professional services and other	-	166	166	-	212	212	-	27	27	-	145	145
Total service revenue	-	246	246	-	305	305	-	133	133	-	326	326
Total revenue	3,418	609	4,027	4,494	536	5,030	5,445	347	5,792	6,846	434	7,280
Cost of products sold and services	3,329	378	3,707	4,435	422	4,857	5,366	240	5,606	6,901	741	7,642
Segment gross profit (loss)	\$ 89	\$ 231	\$ 320	\$ 59	\$ 114	\$ 173	\$ 79	\$ 107	\$ 186	\$ (55)	\$ (307)	\$ (362)

Supplemental Financial Information

Revenue and Cost of Products Sold and Services (Unaudited)

	Q1 2022		
	Retail Pharmacy Services	Pharmacy Technology	Total
<i>(In thousands)</i>			
Revenue:			
Pharmacy and hardware Revenue:			
Retail pharmacy revenue	\$ 8,849	\$ -	\$ 8,849
Hardware	-	56	56
Subscription	-	109	109
Total pharmacy and hardware revenue	8,849	165	9,014
Service revenue:			
Software integration	-	-	-
Software	-	48	48
Maintenance and support	-	32	32
Installation	-	6	6
Professional services and other	-	14	14
Total service revenue	-	100	100
Total revenue	8,849	265	9,114
Cost of products sold and services	8,482	131	8,613
Segment gross profit (loss)	\$ 367	\$ 134	\$ 501

Supplemental Financial Information

Adjusted EBITDA – Non-GAAP Reconciliation (Unaudited)

<i>(In thousands)</i>	<u>Q1 2021</u>	<u>Q2 2021</u>	<u>Q3 2021</u>	<u>Q4 2021</u>	<u>Q1 2022</u>
Net loss	\$ (9,452)	\$ (10,464)	\$ (11,273)	\$ (12,626)	\$ (13,022)
Adjustments to calculate EBITDA:					
Interest expense, net	(38)	39	253	256	253
Income tax expense	-	-	2	-	-
Depreciation and amortization	340	392	526	569	432
EBITDA	(9,150)	(10,033)	(10,492)	(11,801)	(12,337)
Adjustments as follows:					
Share-based compensation expense	260	323	365	257	564
Inventory adjustment	-	-	-	626	-
Adjusted EBITDA	<u>\$ (8,890)</u>	<u>\$ (9,710)</u>	<u>\$ (10,127)</u>	<u>\$ (10,918)</u>	<u>\$ (11,773)</u>

Supplemental Financial Information

Non-GAAP Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: EBITDA, and Adjusted EBITDA. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We define Adjusted EBITDA for a particular period as net (loss) income before interest, taxes, depreciation and amortization, share-based compensation expense, and non-recurring inventory impairment charges.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance by excluding certain items that may not be indicative of our recurring core business operating results, like one-time transaction costs related to the reverse merger. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to our historical performance and liquidity as well as comparisons to our competitors' operating results. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business.

There are a number of limitations related to the use of non-GAAP financial measures. We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from these non-GAAP financial measures and evaluating these non-GAAP financial measures together with their relevant financial measures in accordance with GAAP.

