

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): November 10, 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)

4720 East Cotton Gin Loop, Suite 220,
Phoenix, Arizona
85040
(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
Common Stock, par value \$0.001 per share

Trading Symbol
MDVL

Name of each exchange on which registered
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 November 10th, 2022, MedAvail Holdings, Inc. ("MedAvail" or the "Company") issued a press release regarding its financial and operational results for the three months ended September 30th, 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 November 10th, 2022, MedAvail hosted a conference call and webcast to discuss the Company’s financial and operational results for the three months ended September 30th, 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 November 10th, 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 November 10, 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: November 10, 2022

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

MedAvail Reports Third Quarter 2022 Financial Results

PHOENIX, Ariz. – November 10, 2022 – MedAvail Holdings, Inc. (Nasdaq: MDVL) ("MedAvail") a technology-enabled pharmacy company, today reported financial results for the three months ended September 30, 2022.

"During the third quarter, we made significant progress on our key milestones – we achieved and exceeded our target of 100 dispensing MedCenters, delivered gross margin expansion for the second consecutive quarter, and reached savings of 26% on our cash burn rate over the fourth quarter of 2021. We are also pleased with our third quarter performance; despite some headwinds, we continued to meaningfully broaden our retail pharmacy footprint and continued to expand our technology pipeline," said Mark Doerr, chief executive officer of MedAvail. Looking ahead to the remainder of 2022 and beyond, we are confident that we are well positioned with a clear pathway to deliver long-term profitable growth, as we continue our focus and strong execution across our strategic priorities."

Recent Operational Highlights

- Ended third quarter of 2022 with 104 MedCenter total net cumulative deployments, a 28% increase year to date
- Ended third quarter of 2022 with 103 MedCenter total net dispensing deployments, a 52% increase year to date
- Expanded partnership with Cano Health to open nine additional SpotRx locations in South Florida
- Entered into a new scalable agreement with Aegis to open one initial SpotRx in Orlando
- Announced that PharmCo Rx Pharmacy plans to implement five MedCenters in Florida under a technology agreement with MedAvail
- Ended third quarter with 11.3% gross margins, an improvement from 8.2% during the second quarter, continuing consecutive quarter over quarter margin expansion
- Achieved in the third quarter savings of 26% over the cash burn rate in the fourth quarter of 2021
- Achieved pharmacy operating costs savings of 10%, excluding increased non-cash accelerated amortization expense, as compared to the same prior year period

Third Quarter 2022 and Recent Financial Highlights

All comparisons, unless otherwise noted, are to the three months ended September 30, 2021.

- Total revenue increased 98% to \$11.5 million
- Total revenue by segment
 - Retail Pharmacy Services revenue increased 105% to \$11.2 million
 - Pharmacy Technology revenue remained unchanged at \$0.3 million
- Net operating loss was \$11.8 million compared to \$11.3 million
- Adjusted EBITDA loss of \$9.4 million compared to \$10.1 million
- Cash and cash equivalents as of September 30, 2022, were \$27.2 million

Full Year 2022 Financial Outlook

MedAvail expects total revenue for full year 2022 to be at least \$42 million, representing growth of at least 90% over full year 2021 revenue.

The company is raising guidance of 30 to 35 net new dispensing deployments for full year 2022 to at least 40 net new dispensing deployments.

Conference Call

MedAvail will host a conference call at 1:30 p.m. PT / 4:30 p.m. ET on Thursday, November 10, 2022, to discuss its third quarter 2022 financial results. The conference call can be accessed by registering online for the live audio webcast on the "Investor Relations" section of MedAvail's website at: <https://investors.medavail.com>. The webcast will be archived and available for replay after the event.

Definition of Key Metrics

Net Dispensing Deployments

We define net dispensing deployments as sites that are live, meaning that such sites have payer network acceptance, pharmacy board approvals and trained clinical staff or clinical account managers.

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 company, 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 and cost savings projections and expectations for growth and profitability; customer demand and expansion plans; margin, utilization and cost reduction improvements; improvements in deployment efficiency and speed; 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 for the year ended December 31, 2021, filed with the Securities and Exchange Commission ("SEC") on March 29, 2022, MedAvail's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, filed with the SEC on November 10, 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, MedAvail's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, 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
Ji-Yon Yi
Gilmartin Group
ir@medavail.com

SOURCE MedAvail Holdings, Inc.

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

	Three Months Ended September 30,	
	2022	2021 ⁽¹⁾
Revenue:		
Pharmacy and hardware revenue	\$ 11,266	\$ 5,659
Service revenue	195	133
Total revenue	11,461	5,792
Cost of products sold and services:		
Pharmacy and hardware cost of products sold	10,113	5,539
Service costs	56	67
Total cost of products sold and services	10,169	5,606
Operating expense:		
Pharmacy operations	4,392	3,750
General and administrative	6,087	5,320
Selling and marketing	2,126	1,909
Research and development	178	232
Total operating expense	12,783	11,211
Operating loss	(11,491)	(11,025)
Other gain (loss), net	—	7
Interest income	—	7
Interest expense	(315)	(260)
Loss before income taxes	(11,806)	(11,271)
Income tax expense	—	(2)
Net loss and comprehensive loss	\$ (11,806)	\$ (11,273)
Net loss per share - basic and diluted	\$ (0.15)	\$ (0.34)
Weighted average shares outstanding - basic and diluted	80,045,995	32,750,831

⁽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 September 30, 2021				
	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
	\$	10,979	\$	10,979	\$ —

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

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 27,196	\$ 19,689
Restricted cash	676	400
Accounts receivable (net of allowance for doubtful accounts of \$186 thousand for September 30, 2022, \$66 thousand for December 31, 2021)	2,262	1,189
Inventories	6,401	3,916
Prepaid expenses and other current assets	2,863	2,191
Total current assets	39,398	27,385
Property, plant and equipment, net	6,370	5,692
Intangible assets, net	1,580	2,300
Right-of-use assets	2,270	2,538
Other assets	233	228
Total assets	\$ 49,851	\$ 38,143
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,006	\$ 2,477
Accrued liabilities	1,383	1,530
Accrued payroll and benefits	2,869	2,733
Deferred revenue	70	83
Current portion of lease obligations	728	682
Total current liabilities	7,056	7,505
Long-term debt, net	9,751	9,538
Long-term portion of lease obligations	1,738	2,027
Total liabilities	18,545	19,070
Commitments and contingencies		
Stockholders' equity:		
Common shares (\$0.001 par value, 300,000,000 shares authorized, 80,045,696 and 32,902,048 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively)	80	33
Warrants	11,148	1,373
Additional paid-in-capital	255,642	216,685
Accumulated other comprehensive loss	(6,928)	(6,928)
Accumulated deficit	(228,636)	(192,090)
Total stockholders' equity	31,306	19,073
Total liabilities and stockholders' equity	\$ 49,851	\$ 38,143

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

	Retail Pharmacy Services	Pharmacy Technology	Total
Three Months Ended September 30, 2022			
Revenue:			
Pharmacy and hardware revenue:			
Retail pharmacy revenue	\$ 11,162	\$ —	\$ 11,162
Hardware	—	—	—
Subscription	—	104	104
Total pharmacy and hardware revenue	11,162	104	11,266
Service revenue:			
Software	—	94	94
Maintenance and support	—	48	48
Installation	—	—	—
Professional services and other	—	53	53
Total service revenue	—	195	195
Total revenue	11,162	299	11,461
Cost of products sold and services	10,047	122	10,169
Segment gross profit	\$ 1,115	\$ 177	1,292

	Retail Pharmacy Services	Pharmacy Technology	Total
Three Months Ended September 30, 2021			
Revenue:			
Pharmacy and hardware revenue:			
Retail pharmacy revenue	\$ 5,445	\$ —	\$ 5,445
Hardware	—	106	106
Subscription	—	108	108
Total pharmacy and hardware revenue	5,445	214	5,659
Service revenue:			
Software	—	51	51
Maintenance and support	—	44	44
Installation	—	11	11
Professional services and other	—	27	27
Total service revenue	—	133	133
Total revenue	5,445	347	5,792
Cost of products sold and services	5,366	240	5,606
Segment gross profit	\$ 79	\$ 107	186

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 September 30,	
	2022	2021
Net loss	\$ (11,806)	\$ (11,273)
Adjustments to calculate EBITDA:		
Interest income	—	(7)
Interest expense	315	260
Income tax expense	—	2
Depreciation and amortization ⁽¹⁾	1,616	526
EBITDA	\$ (9,875)	\$ (10,492)
Adjustments as follows:		
Share-based compensation expense	565	365
Adjusted EBITDA	\$ (9,310)	\$ (10,127)

⁽¹⁾ Excludes \$164 thousand and \$213 thousand in operating lease amortization for the three months ended September 30, 2022, and 2021, respectively.

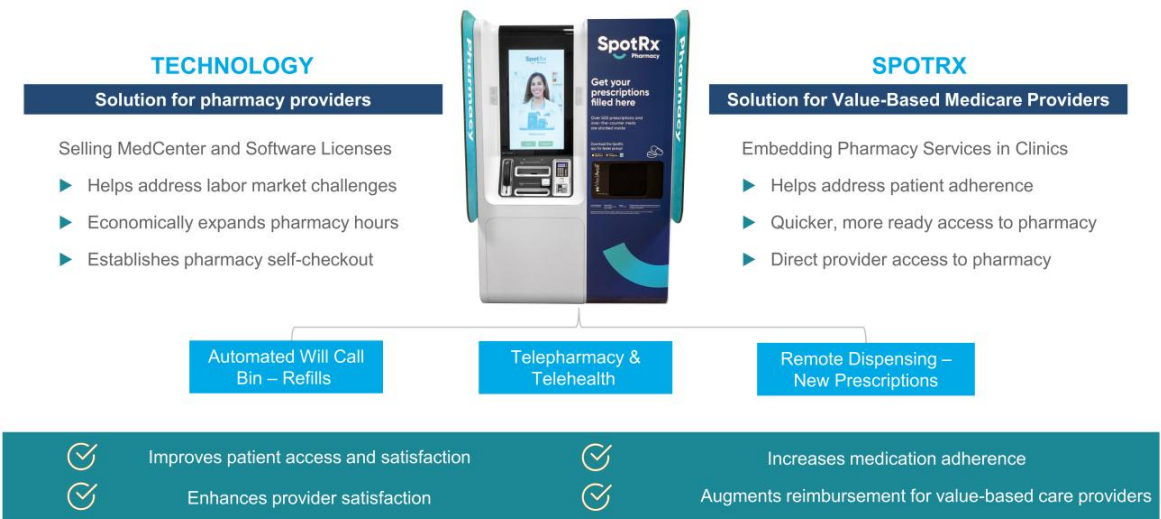
MedAvail®

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 our Quarterly Report Form 10-Q filed on November 10, 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 extent to which the impact of the COVID-19 pandemic, 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.



SpotRx: Rapid Scaling through Hub and Spoke Model



- ✓ Rapid in-clinic, embedded deployment through proprietary MedCenter technology
- ✓ Cost-effective for providers with a small physical footprint
- ✓ On-site SpotRx account support for patients and clinic staff
- ✓ Helps improve provider engagement and reduce burnout

Open Centralized Pharmacy Hubs in Each SpotRx Service Area



8 pharmacy hubs in 4 states

103 MedCenter net dispensing deployments¹

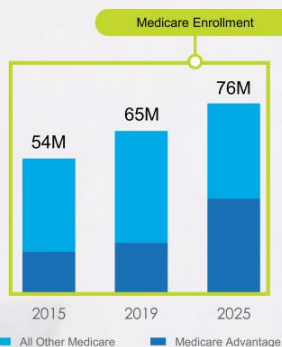
Unique embedded pharmacy model results in improved patient medication adherence and satisfaction

¹ MedAvail Third Quarter 2022 Financial Results released November 10, 2022

MedAvail

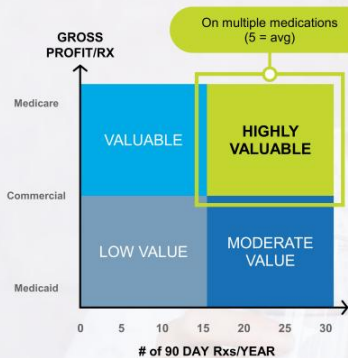
Meeting the Needs of Medicare Patients and Clinic Providers

Large, Growing MARKET

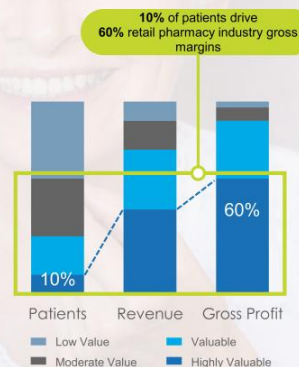


Source: Kaiser Family Foundation; LEK Insights

Significant VALUE

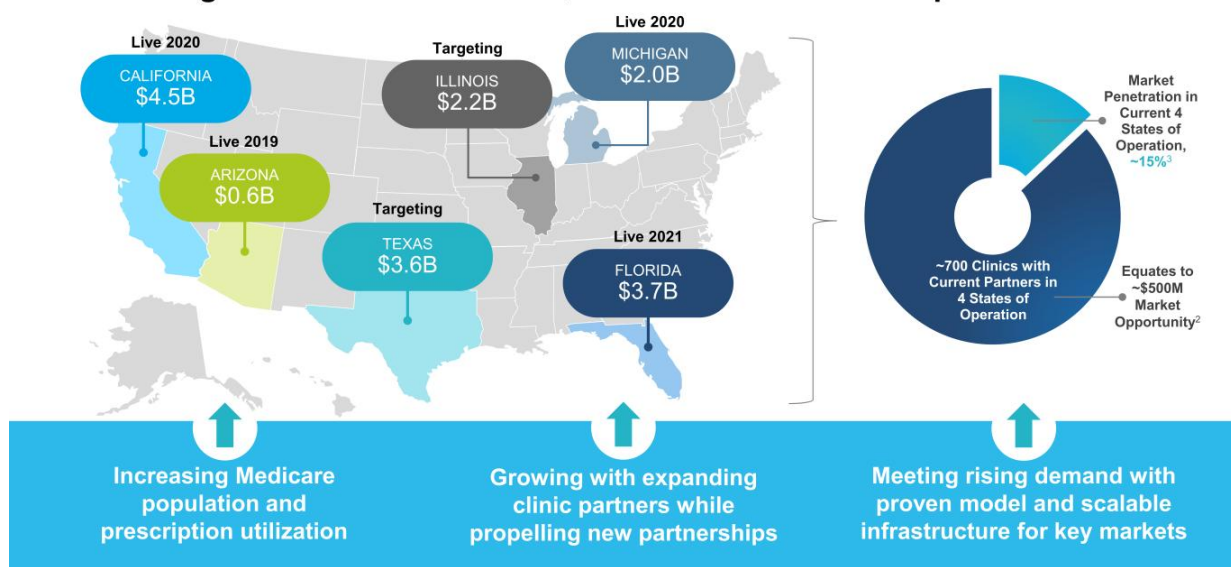


Concentrated VALUE



MedAvail

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

³ The ~15% is calculated as 103 dispensing MedCenters as of 9/30/22 divided by the ~700 clinics referenced

MedAvail

Medication Adherence Impact on Star Rating & Reimbursement

EMBEDDED PHARMACY OPPORTUNITY

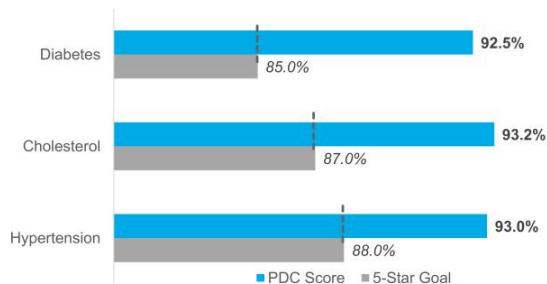
Potential for Improved Outcomes

- 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%

SpotRx PDC Scores⁴



*Based on EQUIPP July 2022 Reporting for SpotRx

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 CMS; direct includes medication adherence for cholesterol, hypertension, and diabetes medications

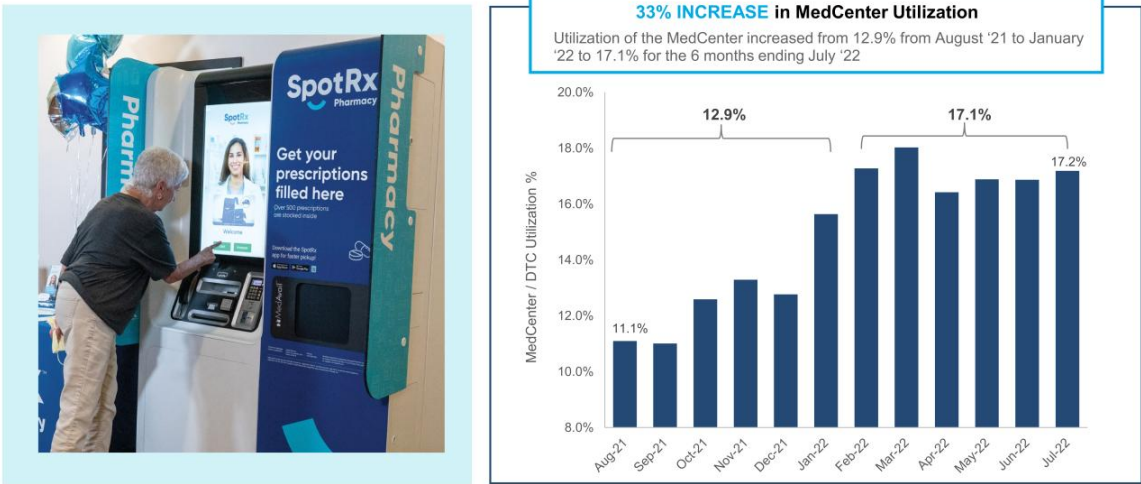
² Based on CVS Caremark study annual health care savings per member

³ Source: <https://www.ajmc.com/contributors/jason-rose/2019/08/medication-adherence-the-lever-to-improve-medicare-advantage-star-ratings>

⁴ PDC is calculated based on the number of days supply a drug is dispensed for, divided by the number of days the prescription is in the patient's possession. For example, a 90-day supply of a drug refilled after 100 days (90 ÷ 100) yields a PDC Score of 85% (Proportion of Days Covered)

MedAvail

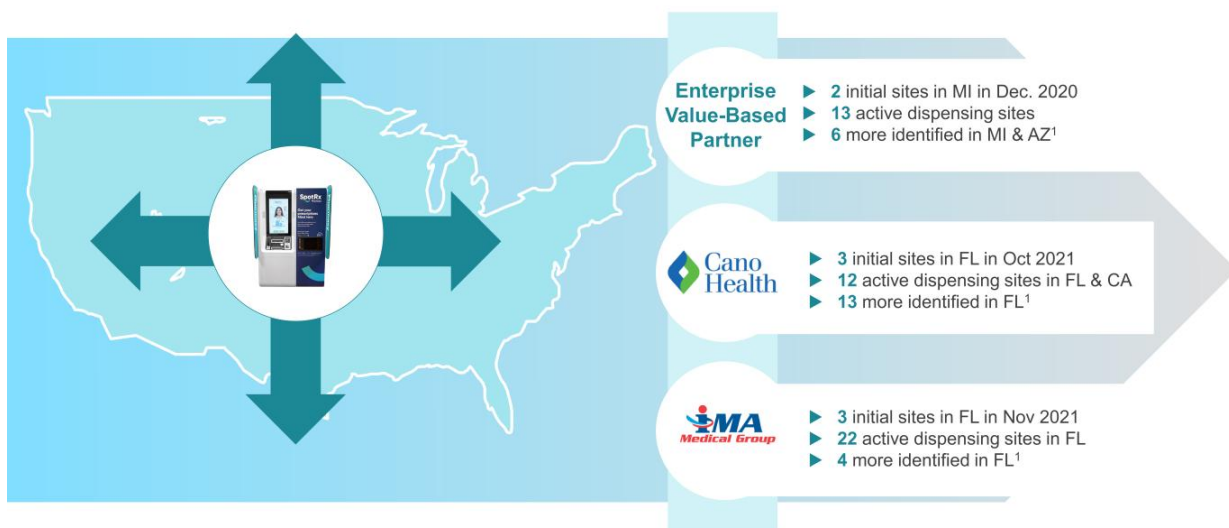
First Fills Facilitated by Increasing MedCenter Utilization



Broadening Footprint with Strong Partnerships



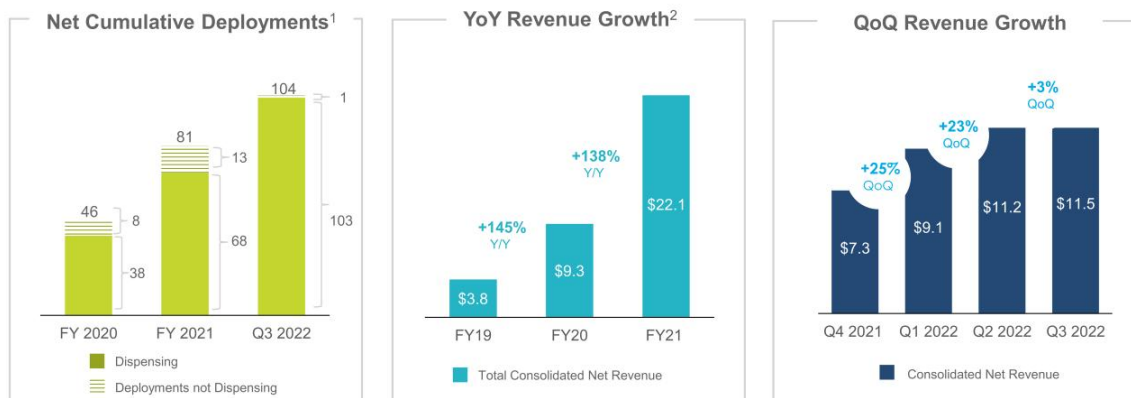
Expanding with Strategic Partners into New Clinics and Markets



¹ Identified signifies contracted or contracted plus deployed.

MedAvail

Deployment Momentum Drives Strong Revenue Growth



FY 2022 Outlook

- 2022 full year total revenue to be at least \$42M
- Net New Dispensing Units: At least 40³

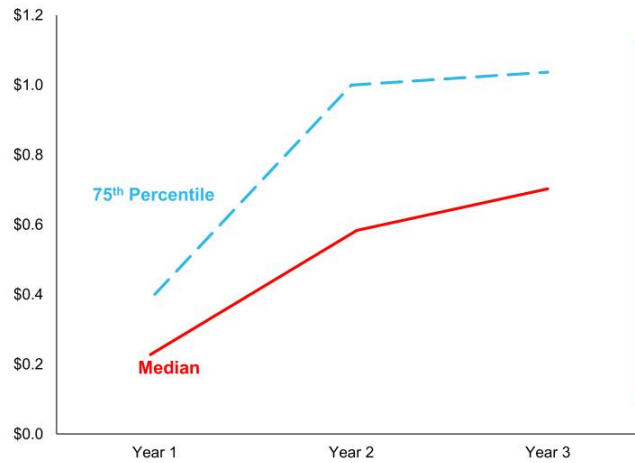
¹ Net cumulative deployments excludes decommissioned clinics, pilot and demo sites.

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

³ Net Dispensing Units are defined as sites that are live, meaning that such sites have payer network acceptance, pharmacy board approvals and trained clinical staff or clinical account managers.

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)

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 three years of actuals, used most recent two-month average straight-lined for remaining months.

Driving Targeted Key Milestones

Exceeded in Q3 2022

- **50%** Growth in dispensing MedCenters to over **100** in existing markets
- **20%** Reduction in quarterly cash burn
- **8-9%** Gross margin target by Q1 2023

Continued traction

- Planned **20%** reduction in quarterly cash burn by:
 - Gross margin expansion
 - 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
- Targeting **mid-teens**¹ long-term gross margin
- Technology business segment building a pipeline for 2023², leveraging EPIC integration

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

² Based on Second Quarter Earnings Call commentary on August 11, 2022

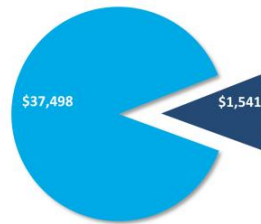
Complementary Deployment Models Drive Expansion

Pharmacy Revenue

- ✓ Full-service retail pharmacy platform where a centralized pharmacy supports and operates a network of MedCenters
- ✓ Revenue from prescription & OTC product dispensing out of MedCenter and delivered to patients' homes
- ✓ Segment focuses on the Medicare market (65+ year old) and at-risk providers



Segmented LTM Revenue¹
(USD in thousands)



Technology Revenue

- ✓ MedCenter kiosk and software & maintenance for customers that operate their own pharmacies
- ✓ Revenues comprise of initial lump sum payments upon integration and monthly payments for software & maintenance
- ✓ Customer branded and customized patient workflow utilizing integration with customer pharmacy management system



¹ For the twelve months ended September 30, 2022

MedAvail

Investment Highlights



Proprietary technology platform enables on-site pharmacy integral to medication adherence



Highly scalable hub & spoke model enables margin expansion & operating leverage



Large \$16B TAM in current states of operation with ~\$500M from ~700 clinics existing SpotRx partners



Near-term technology market expansion opportunities with pharmacy management integrations

Appendix

Supplemental Financial Information

Consolidated Statement of Operations (Unaudited)

(In thousands)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenue:							
Pharmacy and hardware revenue	\$ 3,781	\$ 4,725	\$ 5,659	\$ 6,954	\$ 9,014	\$ 10,930	\$ 11,266
Service revenue	246	305	133	326	100	254	195
Total revenue	4,027	5,030	5,792	7,280	9,114	11,184	11,461
Cost of products sold and services:							
Pharmacy and hardware cost of sales	3,526	4,679	5,539	7,562	8,563	10,151	10,113
Service cost of sales	181	178	67	80	50	115	56
Total cost of products sold and services	3,707	4,857	5,606	7,642	8,613	10,266	10,169
Operating Expense: (1)							
Pharmacy operations	2,593	3,085	3,750	4,068	3,929	3,648	4,392
General and administrative	5,676	5,737	5,320	5,544	6,535	6,100	6,087
Selling and marketing	1,534	1,613	1,909	2,148	2,313	2,307	2,126
Research and development	168	201	232	248	493	281	178
Merger expenses	-	-	-	-	-	-	-
Total operating expense	9,971	10,636	11,211	12,008	13,270	12,336	12,783
Operating loss	(9,651)	(10,463)	(11,025)	(12,370)	(12,769)	(11,418)	(11,491)
Other gain (loss), net	161	38	7	-	-	-	-
Interest income	40	27	7	5	1	-	-
Interest expense	(2)	(66)	(260)	(261)	(254)	(276)	(315)
Loss before income taxes	(9,452)	(10,464)	(11,271)	(12,626)	(13,022)	(11,694)	(11,806)
Income tax expense	-	-	(2)	-	-	(24)	-
Net loss	\$ (9,452)	\$ (10,464)	\$ (11,273)	\$ (12,626)	\$ (13,022)	\$ (11,718)	\$ (11,806)

(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)

(In thousands)	Q1 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
Research and development	168	168	-
	\$ 9,971	\$ 9,971	\$ -

(In thousands)	Q2 2021		
	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	\$ -

(In thousands)	Q3 2021		
	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			Q2 2022			Q3 2022		
	Retail Pharmacy Services	Pharmacy Technology	Total	Retail Pharmacy Services	Pharmacy Technology	Total	Retail Pharmacy Services	Pharmacy Technology	Total
<i>(In thousands)</i>									
Revenue:									
Pharmacy and hardware Revenue:									
Retail pharmacy revenue	\$ 8,849	\$ -	\$ 8,849	\$ 10,641	\$ -	\$ 10,641	\$ 11,162	\$ -	\$ 11,162
Hardware	-	56	56	-	180	180	-	-	-
Subscription	-	109	109	-	109	109	-	104	104
Total pharmacy and hardware revenue	8,849	165	9,014	10,641	289	10,930	11,162	104	11,266
Service revenue:									
Software integration	-	-	-	-	-	-	-	-	-
Software	-	48	48	-	86	86	-	94	94
Maintenance and support	-	32	32	-	47	47	-	48	48
Installation	-	6	6	-	71	71	-	-	-
Professional services and other	-	14	14	-	50	50	-	53	53
Total service revenue	-	100	100	-	254	254	-	195	195
Total revenue	8,849	265	9,114	10,641	543	11,184	11,162	299	11,461
Cost of products sold and services	8,482	131	8,613	9,930	336	10,266	10,047	122	10,169
Segment gross profit (loss)	\$ 367	\$ 134	\$ 501	\$ 711	\$ 207	\$ 918	\$ 1,115	\$ 177	\$ 1,292

Supplemental Financial Information

Adjusted EBITDA – Non-GAAP Reconciliation (Unaudited)

(In thousands)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net loss	\$ (9,452)	\$ (10,464)	\$ (11,273)	\$ (12,626)	\$ (13,022)	\$ (11,718)	\$ (11,806)
Adjustments to calculate EBITDA:							
Interest expense, net	(38)	39	253	256	253	276	315
Income tax expense	-	-	2	-	-	24	-
Depreciation and amortization	340	392	526	569	432	485	1,616
EBITDA	(9,150)	(10,033)	(10,492)	(11,801)	(12,337)	(10,933)	(9,875)
Adjustments as follows:							
Share-based compensation expense	260	323	365	257	564	612	565
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>	<u>\$ (10,321)</u>	<u>\$ (9,310)</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.

