

LETTER FROM THE CHAIR

ALCIDION ANNUAL REPORT 2019



Dear fellow shareholders,

I am pleased to present Alcidion's Annual Report for the financial year ended 30 June 2019.

FY2019 was a defining year for Alcidion: The acquisitions of Patientrack and MKM Health have been central to this shift, and it has been a year in which we have built the foundations for further growth. We indicated at the time that these acquisitions were transformative, and we are proud that we have been able to deliver on this promise.

In the first year operating as the combined Alcidion Group we have proven we have a commercially attractive technology platform, along with wider capabilities as a provider of health IT services. This, combined with our complementary suite of reseller solutions, has seen Alcidion selected to be a part of some of the most exciting digital transformation projects taking place in healthcare organisations in Australia, New Zealand and the UK. We have taken advantage of the cross-selling opportunities that the acquisitions created, delivering our first fully integrated Miya, Patientrack and Smartpage contracts with luminary customers in Australia and the UK. We also saw the first installation of Miya Precision go live in New Zealand.

We closed out the 2019 financial year delivering our first positive annual cash flow and with earnings approaching break-even point. We enter the new financial year in a strong position; with a solid book of contracted revenue that will be recognised in FY2020 and beyond, giving us a strong foundation on which to build.

I'd like to take this opportunity to expand further on some of the highlights of FY2019:

STRATEGIC CONTRACT WINS

Throughout the 2019 financial year, Alcidion's customer contracts increased significantly, contributing to a 33 percent increase on pro forma FY2018 revenue as a group, and a 300 percent revenue increase on FY2018 statutory reported revenue.

Milestone strategic contract wins included a \$4.75 million five-year contract with ACT Health in July 2018, the first contract implementing our full Miya, Patientrack, Smartpage product suite. In March 2019, Dartford and Gravesham NHS Trust signed a five-year contract worth £1.16 million (\$2.1 million) for the first UK implementation of the full product suite. These wins exemplify the value of the combined group, and we continue to pursue similar sales opportunities in these markets for the integrated product suite.

Revenue generated from services also contributed significantly to FY2019 results, making up \$9.3 million of the \$16.9 million total revenue. This services capability, along with our portfolio of solutions from resellers, puts us in a highly differentiated position as a trusted advisor and partner assisting healthcare organisations conceive and implement innovative digital health solutions. Significant services revenue is also generated from our product sales.

INTEGRATION OF BUSINESS AND CAPABILITIES

A core focus for Alcidion in FY2019 has been integrating the businesses and capabilities of the combined group. The acquisitions have provided Alcidion with an expanded range of products and services, and enabled us to take strongly differentiated product and services offerings to an extended customer-base in Australia, the UK, and New Zealand. As well as strong potential for cross-selling further components of our integrated product suite and health IT services to existing customers, we have been encouraged by the market's interest in our data analytics offerings and capabilities.

From a product perspective, Alcidion was pleased to launch its next-generation platform, Miya Precision. Miya Precision offers customers a consolidated platform to improve the patient journey, using smart dashboards that utilise real-time information enhanced by artificial intelligence and predictive algorithms. In February 2019, Miya Precision was launched in New Zealand, going live at MidCentral District Health Board and receiving resoundingly positive feedback from the customer. The Miya Precision platform has been optimised for use with Patientrack and Smartpage.

Post-acquisition, we invested in enhancing Patientrack to seamlessly integrate with Miya and Smartpage systems, to support our cross-selling focus and ensure the three products complement each other and deliver synergistic results to hospitals. This will continue to be a focus in FY2020 as we further build on the capabilities of the combined product set.

EVOLVING OUR LEADERSHIP TEAM

Alongside the changes within the business, Alcidion has pursued a succession planning strategy to ensure the Board is suitably structured to guide the company through the next phase of its growth.

After becoming CEO of the Alcidion Group in July 2018, Kate was promoted to Group Managing Director in January 2019. I would like to recognise Kate's leadership throughout this year which has resulted in the company achieving significant growth whilst maintaining operational focus on the necessary integration of the acquired businesses. She is supported by an exceptional executive team and a talented group of health IT specialists who have all contributed to the company's success.

In July 2019, Simon Chamberlain was appointed as Non-Executive Director. Simon is an accomplished business leader and strategist, bringing valuable international perspective, a proven leadership track record across a range of industries, and a global network. Simon will provide guidance and valuable experience to

Alcidion through its next few years of growth. Simon replaced Geoffrey Rohrsheim, who stood down from the Board effective 30 June 2019. I'd like to sincerely thank Geoff for his contribution as a Non-Executive Director, a role he held from August 2017.

In August 2019, subsequent to the financial year end, Alcidion co-founder and Non-Executive Chairman Ray Blight stepped down from his role as Chairman and remains on the Board as a Non-Executive Director.

I would like to acknowledge and thank Ray for his commitment and his vision in bringing Alcidion to where it is today. Not only has Ray, alongside his co-founder Malcom Pradhan, been instrumental in seeing the technology evolve from an inspiration to commercial reality, he has had the strategic foresight to execute on the acquisitive growth strategy that has expedited our commercial success to date.

Personally, I am honoured to take on the Chair role and to contribute to the next phase of Alcidion's growth and success.

OUTLOOK

We have recently completed a rebrand, consolidating the various identities of MKM Health, Patientrack and Oncall Systems into one unified Alcidion brand. For us it is much more than a logo change, it signals that the process of integration is nearly complete and that we are now poised for the next stage of growth as one Alcidion group.

The healthcare industry is now accepting the need to use IT to transform healthcare delivery in the face of rising demand and a disenfranchised workforce. The next phase of digitalisation of healthcare has arrived and the adoption of platforms like Miya Precision is gaining momentum. Alcidion has demonstrated that it is well positioned to seize upon this market opportunity and embark on our mission of Transforming Healthcare Together.

On behalf of the Board, I'd like to thank our shareholders for your support over the last financial year, and as we look forward to FY2020. You continue to play an important role in our growth and vision to be a leading provider of health IT solutions globally.

Yours faithfully,

Ms Rebecca Wilson
Chair, Alcidion Group Limited