

28 January 2020

Australian Securities Exchange
20 Bridge Street,
Sydney NSW 2000

Investing for growth in a favourable market - solid start to FY2020

Melbourne, Victoria – Alcidion Group Limited (ASX: ALC) today released its Appendix 4C for the three-month period ended 31 December 2019 (Q2 FY2020).

Highlights:

- \$16.2M institutional placement in November 2019 enables accelerated investment for growth of the business and strategic expansion, both geographically and via acquisitions;
- New sales and marketing appointments will capitalise on the advantageous market backdrop in all regions as healthcare providers globally look to technology to improve healthcare;
- In the important UK market, the opportunity for significant growth is improving post the election with policymakers signalling increased investment in technology solutions for the NHS;
- \$15.4M revenue already set to be recognised in FY2020, compared to \$16.9M of total revenue for FY2019 with total sold revenue of \$37.2M out to FY2025;
- Recurring revenue component of sold revenue in FY2020 increased by 22.7% against Q2 FY2019;
- New contracts sold in Q2 totalled \$3.5M; of which \$2.1M revenue will be recognised in FY2020.

Alcidion Managing Director Kate Quirke said, “We have seen a continued strong uptake of our technology and services in FY2020, and following the very well supported capital raising totalling \$16.2M in November 2019, we are now actively investing to accelerate growth and to further evolve the platform to ensure we capitalise on the rapid shift taking place in the industry, as global healthcare providers look to technology to improve the delivery of healthcare”.

“Our sales grew quarter on quarter, in a period where we focused on on-boarding new sales staff and invested in platform enhancements. Due to seasonality in healthcare procurement, and the more certain position around the general market in the UK, we anticipate stronger sales during the second half, for both the ANZ and UK regions.

“During the quarter, we launched Miya MEMRe which we are confident will see strong customer take up as a result of the increasing demand for mobile EMR technologies. We have recently concluded a trial of the product at Wagga Base Hospital and look forward to opportunities to roll this product out following the trial.

“So far this year, we have already signed several sizeable contracts of strategic importance in the UK, which represents our primary target market, providing important reference sites in the NHS. With a recently appointed GM of Sales and Business Development, there is a strong focus on delivering new contracts as well as capitalising on the increasingly favourable operating environment post the general election, as policy makers are signalling an era of significantly increased investment in technology for the NHS.”

Capital raising and growth strategy update

Alcidion successfully raised A\$16.2M via an institutional placement in November 2019, bringing on several new cornerstone institutional investors to its share register.

The placement provides funds to accelerate the Company's growth strategy through investment in sales, marketing and clinical support resources to drive market adoption in the UK, Australia and New Zealand, as well as explore additional opportunities in new markets. Execution of the accelerated growth strategy commenced in Q2 FY2020.

The Company increased investment in sales and marketing during the quarter, appointing Lynette Ousby as UK General Manager for Sales and Business Development. The Company has also appointed Sales Executive Rebecca Rodman in January 2020 to drive product and services sales across our southern region in ANZ. There are plans to further increase investment in sales and marketing in Q3 FY2020, with the appointments of three new salespeople. Additional staff appointments are also planned at Group level to support ongoing growth, including in the areas of people and culture, marketing and group IT infrastructure.

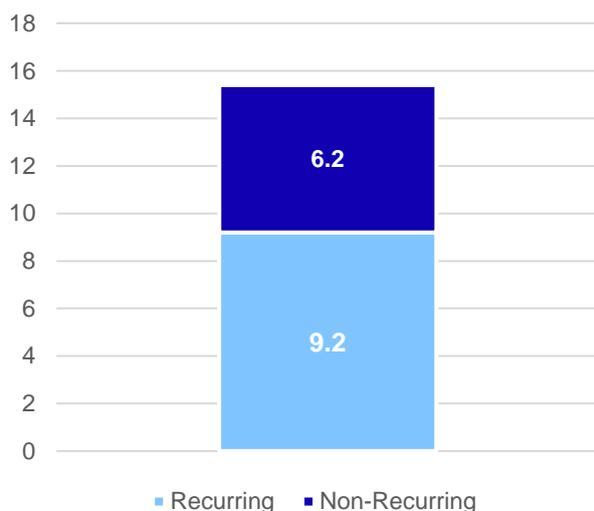
Business update – Q2 FY2020

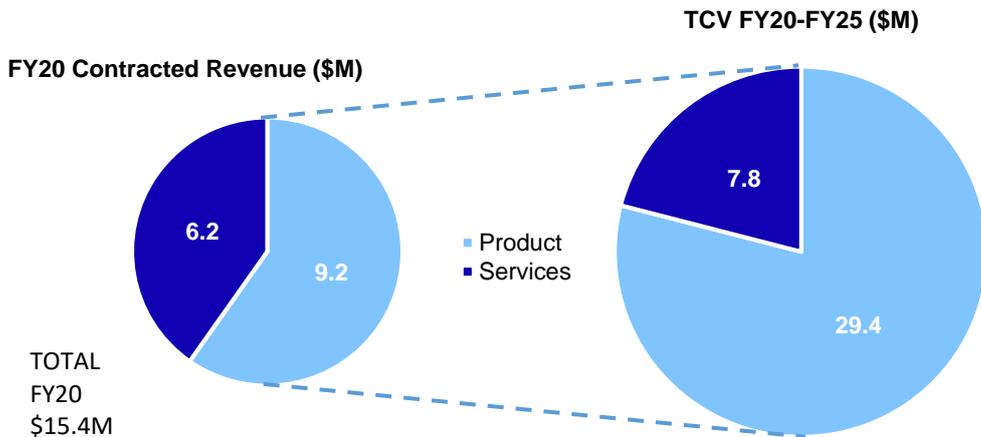
As at 31 December 2019, total sold revenue for FY2020 is \$15.4M, compared to \$16.9M of total revenue reported for the twelve months to June 2019. Of this, \$9.2M is recurring revenue, 22.7% up on Q2 FY2019. Non-recurring revenue so far sold for FY20 is \$6.2M.

In Q2 FY2020, Alcidion signed new and recurring contracts with a total contract value of \$3.5M including a number of significant UK contracts that were announced to the market before year end.

Total sold revenue out to FY2025 is \$37.2M with \$29.4M being product revenue and the remaining \$7.8M being for services. The sales pipeline remains strong in ANZ and has continued to significantly improve in the UK over the last six months.

**FY20 Contracted Revenue
Recurring vs Non-recurring (\$M)**





Miya Precision and Patientrack went live at two ACT Health campuses in Q2 FY202, as part of a five-year contract signed in Q1 FY2019 for Alcidion’s full product suite. The two products are successfully in-use across 600 beds at Canberra Hospital and the University of Canberra Hospital. Feedback from hospital staff has been positive. The Smartpage platform is also due to go live in FY2020.

In November 2019 the Company launched Miya MEMRe, a mobile Electronic Medical Record (EMR). The app is the first locally developed platform of its kind to offer full EMR mobile access. The platform is currently in use as part of a previously announced Proof of Concept (PoC) with eHealth NSW and was showcased in Q2 FY2020 at three healthcare industry conferences.

During the quarter, Alcidion signed several strategically significant contracts in the UK market providing important reference sites in the NHS. In December 2019 a three-year \$500K deal was signed with Taunton and Somerset NHS Foundation Trust for Patientrack. Taunton is Alcidion’s first Global Digital Exemplar (GDE) Trust, a trust formally recognised by the NHS as an early digital adopter and responsible for establishing blueprints for other NHS trusts to follow. The pilot wards at Taunton are already live and delivering positive results to staff and patients. This ability to rapidly deploy Patientrack is a key differentiator in the UK, a market that wants to see early results from adoption of new technology. This was evidenced by five Patientrack sites going live, in the UK, during the quarter. Alcidion also signed a ~\$1.9M contract with Dartford and Gravesham NHS Trust, an early adopter of best of breed solutions, to implement Better’s OPENeP solution. This is Alcidion’s first implementation of OPENeP since being appointed as a reseller of the solution in April 2019.

Other contracts include an extension to the existing Patientrack contract with University Hospitals of Derby and Burton NHS Trust, adding an additional hospital, valued at \$260K over 2.5 years and a five-year \$160K agreement with high-profile Queen Victoria Hospital for Alcidion’s Patientrack solution. Queen Victoria Hospital is a small specialist NHS hospital with an international reputation for pioneering burns and plastic surgery treatment techniques.

“The UK not only represents the largest potential market that we currently operate in; it is also an ‘early adopter’ of technology in healthcare with active encouragement from government. The outcome of the 2019 UK General Election has resulted in an improved operating environment, with policymakers promising significant increases in investment to support the entire NHS in achieving digital maturity. As a result, we are actively accelerating our growth strategy in this key market,” said Ms Quirke.

“The number of new contracts and renewals in the UK demonstrates Alcidion’s growing position in this territory. We continue to recognise new opportunities as well as the potential to upsell Miya to

For personal use only

existing sites and those that have invested in digitalisation of their healthcare data and are looking to capitalise on the value of that data to transform healthcare delivery.”

Cash flow highlights

In Q2 FY2020, Alcidion reported a net operating cash outflow of \$1.8M in line with the increased investment taking place across the business and payments of deferred costs from the prior quarter. In addition, \$238K was paid in Q2 FY2020 as the final contingent payment for the acquisition of Oncall Systems in February 2018.

Cash receipts from customers were \$4.4M and cash reserves were boosted by the \$16.2M placement in November 2019. As at 31 December 2019, cash reserves consisted of \$10.2M in cash and cash equivalents and \$7M in cash deposits (\$17.2M in total).

The Company expects Q3 cash outflows to increase as a result of planned investments focused on accelerating growth, including product development, sales and marketing, and Group infrastructure to support planned growth, and UK market development.

Investor Conference Call

Alcidion Managing Director Kate Quirke is hosting a conference call with investors this morning at 11:00am Australian Eastern Daylight Time (AEDT).

Call details:

Australia:	1800 558 698
Alternate Australia:	1800 809 971
Hong Kong	800 966 806
Singapore:	800 101 2785
United Kingdom:	0800 051 8245
United States:	1 855 881 1339

Conference ID: 10003548

ENDS

For further information, please contact:

Kyahn Williamson

WE Communications

Ph: +61 401 018 828

kwilliamson@we-worldwide.com

Justin Lewis

Henslow

Ph: +61 439 162369

jlewis@henslow.com

About Alcidion

Alcidion Limited (ASX:ALC) has a simple purpose: to transform healthcare with smart, intuitive technology solutions that meet the needs of hospital and allied healthcare, worldwide. It offers a complementary set of software products and services that create a unique offering in the global healthcare market; solutions that support interoperability, allow communication and task management,



and deliver clinical decision support at the point of care to improve patient outcomes. In 2017 Alcidion acquired Oncall System and its Smartpage clinical communication system. In 2018 it acquired the Patientrack bedside patient monitoring software and MKM Health, an IT solutions and services provider. These offerings now operate under the Alcidion brand. With over 25 years of combined healthcare experience, Alcidion brings together the very best in technology and market knowledge to deliver solutions that make healthcare better for everyone.

www.alcidion.com

© Alcidion Group Limited 2020. Alcidion, MKM Health, Miya, Patientrack and Smartpage are registered trademarks. All other brands and product names and trademarks are the registered property of their respective companies.

This announcement is authorised for release by the Board of Directors of Alcidion Limited.

For personal use only

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ALCIDION GROUP LIMITED

ABN

77 143 142 410

Quarter ended ("current quarter")

31 DECEMBER 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,408	9,206
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(565)	(902)
(c) advertising and marketing	(194)	(385)
(d) leased assets	(17)	(31)
(e) staff costs	(3,393)	(6,776)
(f) administration and corporate costs	(1,171)	(1,974)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - GST received/(paid)	(878)	(813)
1.9 Net cash from / (used in) operating activities	(1,794)	(1,658)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(238)	(238)
(c) property, plant and equipment	(17)	(17)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

For personal use only

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other – Term deposit	(7,000)	(7,000)
2.6 Net cash from / (used in) investing activities	(7,255)	(7,255)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	16,200	16,200
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	700
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(1,005)	(1,005)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(200)	(200)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	-	-
3.10 Net cash from / (used in) financing activities	14,995	15,695

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,212	3,372
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,794)	(1,658)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(7,255)	(7,255)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	14,995	15,695
4.5	Effect of movement in exchange rates on cash held	3	6
4.6	Cash and cash equivalents at end of period	10,161	10,161

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,073	3,923
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	200
5.4	Other	88	88
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,161	4,211

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(161)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

For personal use only

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	200
7.2 Credit standby arrangements	410	410
7.3 Other (please specify)	-	-
7.4 Total financing facilities	410	610

7.5 **Unused financing facilities available at quarter end** 406

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Credit standby arrangements:

- Corporate MasterCard credit cards of \$10,000 provided by CBA at 14.55% secured over assets
- Pre-approved Equipment loan facility of \$250,000 provided by CBA, interest rate is determined at time of each Equipment loan, secured over assets.
\$60,662 has been utilised to purchase Laptop equipment to be repaid over 18 months at 5.54% interest rate
- Corporate Amex credit cards of \$145,000 provided by American Express, interest rate 15%
- Corporate Visa credit card of NZD5,000 provided by ASB, interest rate 20.95%

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,794)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	10,161
8.3 Unused finance facilities available at quarter end (Item 7.5)	406
8.4 Total available funding (Item 8.2 + Item 8.3)	10,567
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	5.89

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: NA

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: NA

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: NA

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

28 January 2020

Date:

By the board

Authorised by:

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only