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**27 January 2021**

Australian Securities Exchange
20 Bridge Street,
Sydney NSW 2000

# Q2 FY2021 Business Update
# Breakthrough sales quarter with milestone contracts signed

**Melbourne, Australia –** Alcidion Group Limited (ASX: ALC) today released its Appendix 4C for the three-month period ended 31 December 2020 (Q2 FY2021) and this business update.

**Highlights:**

- $12.6M revenue added in Q2, 163% up on the prior quarter and 260% up on pcp (Q2 FY2020)
- Revenue of $21.7M able to be recognised in FY2021 as of Q2 FY2021 (i.e. 6 months remaining in the year), already 17% greater than FY2020 full year revenue of $18.6M
- Further $23.0M of sold revenue to be recognised out to FY2026
- Milestone $11.3M five-year deal with South Tees Hospitals NHS Foundation Trust for Alcidion's full suite of products and services including Miya Precision & Better's OPENeP
- Strong cash reserves of $12.5M as at 31 December 2020, strengthened by further receipt of $3.0M in early January 2021 relating to the South Tees contract
- Other significant contracts signed or announced in Q2 FY2021:
    - NextGate – expanded reseller partnership to include UK and Ireland
    - NT Health – program management services contract extension
    - ACT Health – contracts for further integration services
    - NSW Health – extension to Child Data Hub (CDH) technical services contract

Alcidion Managing Director Kate Quirke said, "Building on an already strong start to the financial year, I am delighted to present a significant quarter of sales that was one of Alcidion's best to-date. Our milestone contract and extension with South Tees NHS Trust is an important validation of our market-leading value proposition and full service approach in the UK, supporting the NHS' digital transformation.

"We have made further headway in the UK in Q2 with our Miya Precision products continuing to gain traction with existing and potential customers, along with our ability to resell NextGate solutions as part of our portfolio of reseller products in the UK and Ireland.

"We have entered the second half of FY2021 in an advantageous position and look forward to building on the sales momentum of the first half. While we are carefully monitoring the COVID-19 situation in all markets - particularly the UK - we remain confident that with hospital protocols now in place at NHS hospitals, health IT procurement will continue close to normal. Furthermore, the situation continues to present an opportunity for Alcidion to implement our smart health IT solutions and drive a new standard of better, more efficient and safer care."

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## Business update

During Q2 FY2021, Alcidion signed new contracts and renewals with a total contract value of $12.6M, a 260% increase vs the pcp (Q2 FY2020) and a 163% increase against the prior quarter (Q1 FY2021). A total of $6.9M of the $12.6M revenue added during Q2 should be recognised in FY2021.

At end Q2, total contracted revenue able to be recognised in FY2021 was $21.7M, with $14.0M being recurring and $7.7M non-recurring. This is already 17% above the $18.6M reported annual revenue for FY2020, with six months remaining in the FY2021 financial year.

The revenue split between products, product implementation and services is as follows:

| A$M | Products | Product Imp | Services | Total |
|---|---|---|---|---|
| Recurring | 13.9 | - | 0.1 | **14.0** |
| Non-recurring | - | 5.0 | 2.7 | **7.7** |
| **Total** | **13.9** | **5.0** | **2.8** | **21.7** |

Over the next five years from FY2022 to FY2026, there is a further $23.0M of sold revenue able to be recognised, with $22.4M of this being recurring.

Q2 FY2021 was one of Alcidion's strongest sales performances to-date. Material contracts included a milestone five year, $9.3M contract with South Tees Hospitals NHS Foundation Trust for Miya Precision and Better's OPENeP, representing the largest Miya Precision contract signed to-date. This was quickly followed by a $2.0M contract extension, covering Smartpage implementation, cloud hosting, managed services and business change management services.

Additional contracts signed or extended in Q2 included a contract extension with NT Health for program management services, further integration services contracts with ACT Health and an extension agreement signed with NSW Health for technical services relating to integrating its Child Data Hub (CDH).

Since its appointment to the NHS' £3 million Clinical Communications Procurement Framework for Smartpage in August 2020, Alcidion has seen further success with Smartpage. New sales of Smartpage included a five-year contract with Lancashire Teaching Hospital, the contract extension to include Smartpage at South Tees and early in January a contract with an existing customer, the Department of Health and Social Care for the Isle of Man, to add Smartpage to their existing implementation of Miya Observations and Assessments. This demonstrates the ongoing value of Alcidion's appointment to the NHS procurement framework as well as the opportunity for Alcidion to cross-sell additional capabilities to support existing customers.

In November, Alcidion announced the expansion of its reseller agreement with NextGate to include the United Kingdom and Ireland. NextGate is the global leader in healthcare enterprise identification, with software products that help healthcare providers overcome the clinical, operational and financial challenges resulting from duplicate records and inconsistent data. The expansion will contribute to Alcidion's UK growth strategy by broadening its competitive position as well as complementing its Miya Precision product suite.

## Cash flow highlights

Cash receipts from customers in Q2 were $4.4M, excluding a receipt of A$3.0M from South Tees that was received on the first business day in January 2021 instead of as expected in late December. Operating cash outflows were $6.5M, $1.1M less than the previous quarter. Overall, Alcidion's net operating cash outflow was $2.2M in Q2.

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At 31 December 2020, Alcidion's cash reserve was $12.5M. This cash reserve has subsequently been strengthened by the $3.0M receipt mentioned above.

As noted in Item 6 of the Company's Appendix 4C Cashflow Statement, payments made to related parties and their associates totalled $269K for the quarter. The payments relate to Directors' remuneration.

## Investor webcast

Alcidion Managing Director Kate Quirke will host an audio webcast with investors via Zoom this morning at 9:00am Australian Eastern Daylight Time (AEDT).

Investors are invited to register for the webcast at the following link:

https://us02web.zoom.us/webinar/register/WN_-cVgFnAnSh66hmSw1Pb2pQ

*Registered participants will receive a confirmation email containing the Zoom access link and alternative phone dial-in details.*

**ENDS**

For further information, please contact:

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**About Alcidion**

Alcidion (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

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

# Appendix 4C

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

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**Name of entity**

ALCIDION GROUP LIMITED

| **ABN** | **Quarter ended ("current quarter")** |
|---|---|
| 77 143 142 410 | 31 December 2020 |

| **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 | 4,374 | 10,800 |
| 1.2 | Payments for | | |
| | (a) research and development | - | - |
| | (b) product manufacturing and operating costs | (637) | (1,703) |
| | (c) advertising and marketing | (170) | (394) |
| | (d) leased assets | (31) | (58) |
| | (e) staff costs | (4,217) | (8,715) |
| | (f) administration and corporate costs | (829) | (1,922) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 1 | 3 |
| 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) | (635) | (1,284) |
| **1.9** | **Net cash from / (used in) operating activities** | **(2,145)** | **(3,274)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire or for: | - | - |
| | (a) entities | | |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | (59) | (151) |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |

| 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 (provide details if material) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **(59)** | **(151)** |

| **3.** | **Cash flows from financing activities** | | |
|---|---|---|---|
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | - | - |

| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
|---|---|---|---|
| 4.1 | Cash and cash equivalents at beginning of period | 14,733 | 15,949 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (2,145) | (3,274) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (59) | (151) |

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| 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) | - | - |
| 4.5 | Effect of movement in exchange rates on cash held | 12 | 17 |
| **4.6** | **Cash and cash equivalents at end of period** | **12,541** | **12,541** |

| 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 | 12,422 | 14,646 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | 119 | 87 |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **12,541** | **14,733** |

| 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 | (269) |
| 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.*

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| 7. | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the sources of finance available to the entity.* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 7.1 | Loan facilities | - | - |
| 7.2 | Credit standby arrangements | 10 | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | **Total financing facilities** | 10 | - |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | 10 |

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.

| 8. | **Estimated cash available for future operating activities** | **$A'000** |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (2,145) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 12,541 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | 10 |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 12,551 |
| 8.5 | **Estimated quarters of funding available (item 8.4 divided by item 8.1)** | 5.85 |

*Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.*

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

8.6.1 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: N/A

8.6.2 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: N/A

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

Answer: N/A

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

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## 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.

Date: 27 January 2021

Authorised by: The Board of Directors

**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.

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