

28 April 2020

Australian Securities Exchange
20 Bridge Street,
Sydney NSW 2000

Q3 FY2020 Business Update

Solid result with a strong pipeline despite COVID-19

Melbourne, Victoria – Alcidion Group Limited (ASX: ALC) today released its Appendix 4C and business update for the three-month period ended 31 March 2020 (Q3 FY2020) and to date.

Highlights:

- Solid performance amidst COVID-19 pandemic, highlighting importance of Alcidion’s platform; sales pipeline remains strong across all markets;
- At the end of Q3, \$17.2M in sold revenue to be recognised in FY2020, exceeding FY2019 full year revenue of \$16.9M;
- Solid start to H2 with \$4.2M revenue from new contracts added in Q3, of which \$2.4M should be recognised in FY2020;
- Total contracted revenue of \$41.6M out to FY2025 (including FY2020 \$17.2M) and a strong balance sheet with cash reserves of \$15.9M; and
- Significant new contracts signed since 1 January 2020 include:
 - Townsville Hospital and Health Service contract to implement Smartpage;
 - An extension and renewal agreement with NHS Fife for a further five years;
 - The implementation of a data warehouse across all Calvary Health Care sites;
 - Systems integration contract for national Digital Pregnancy Health Record pilot; and
 - Murrumbidgee LHD to expand and extend use of Miya Precision and Miya MEMRe.

Alcidion Managing Director Kate Quirke said, “Amidst an unprecedented global healthcare and economic crisis, the Alcidion business has delivered a solid performance over the quarter with a number of new or expanded contracts being signed globally.

“While the COVID-19 pandemic is putting significant pressure on healthcare organisations, we are well positioned to weather the challenging business environment in Q4. We have evidence that our platform is successfully supporting our customers in managing clinical risk and resources and improving efficiency, with new sales opportunities being generated to offset other opportunities which have been deferred. Importantly, the current crisis has also enabled us to demonstrate the value of our technology in managing and monitoring patients outside of the hospital setting.

“We were particularly pleased to see in Q3 that Murrumbidgee LHD has committed to continue using Miya Precision and MEMRe for an initial 12 month period, with the intention of extending its use across the LHD as well as deploying it as a platform for monitoring patients in the home who have tested positive for COVID19.

“From a product and customer support perspective, we have responded quickly to the global pandemic, incorporating the ability to identify and monitor patients at risk of contracting COVID-19 into Miya Precision and Patienttrack. We recently provided Patienttrack at no cost to the new NHS

emergency hospital in Manchester, one of the temporary NHS Nightingale hospitals that have been set up across the UK to cope with peak demand on hospitals. This allows us to demonstrate the value of our technology in response to a health crisis.

“While we remain mindful of the business risks posed by COVID-19, we are fortunate to have a strong balance sheet and our customer base are largely public sector customers with long term contracts in place.

“As a result of the COVID-19 pandemic we have scaled back some of the planned spend for the next 12 months and we will continue to monitor the impacts of the virus on revenue growth. Should the crisis be protracted and begin to impact our business performance, we are confident that our current cash reserves and our ability to further reduce expenditure, leaves us well positioned to respond.”

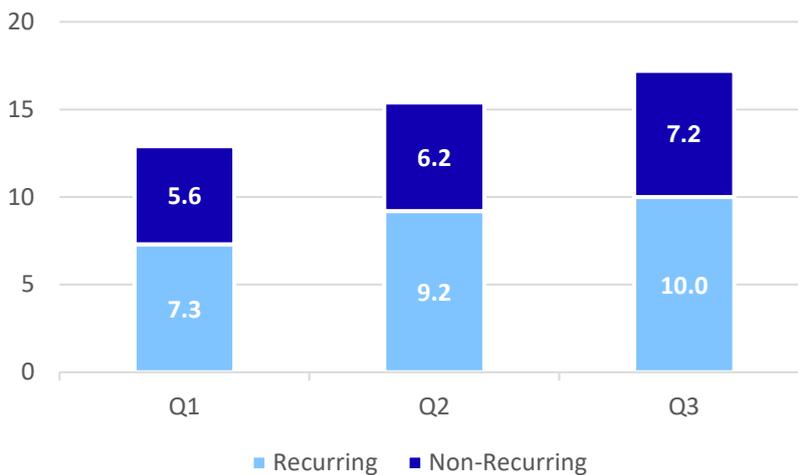
Business update – Q3 FY2020

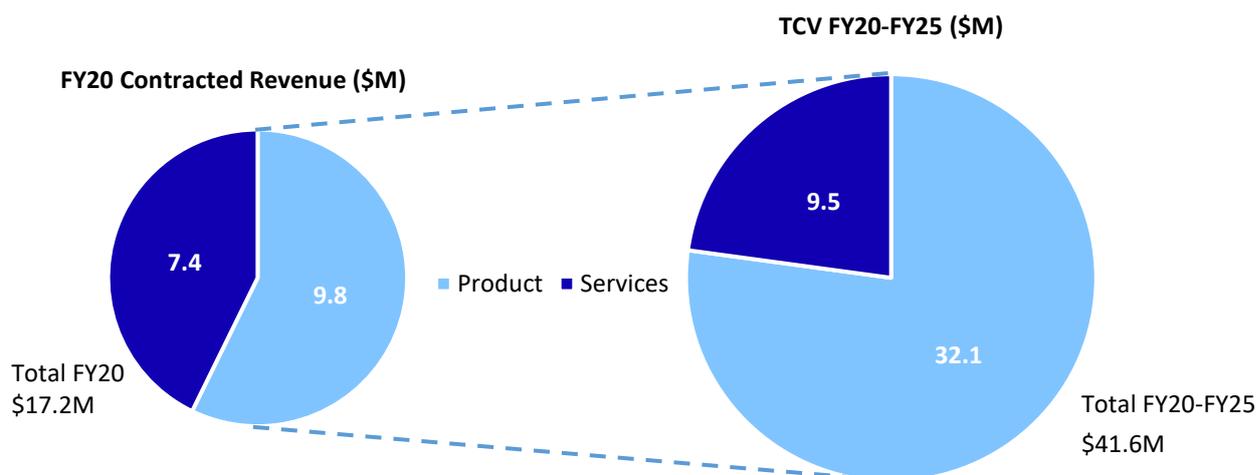
Total contracted revenue to be recognised in FY2020 as at 31 March 2020 was \$17.2M, now exceeding the total revenue recognised for the full year of FY2019. Of the contracted revenue expected to be recognised in FY2020, \$10.0M is recurring revenue (representing a 37% increase on Q3 FY2019) and \$7.2M is non-recurring revenue.

There was an additional \$4.2M in contracted revenue sold in Q3, with \$2.4M of that likely to be recognised in FY2020. Building on the \$15.4M sold FY2020 revenue at the end of Q2, this would normally have increased sold FY2020 to \$17.8M. However, a reduction of \$0.6M has resulted from the implementation of certain projects slowing as a result of customers being focused on planning for and responding to the COVID-19 pandemic. While these projects are continuing, some revenue recognition milestones will now be achieved in FY2021.

Contracted (sold) revenue out to FY2025 stands at \$41.6M, including the \$17.2M sold FY2020 revenue. Of this, \$32.1M is for products and \$9.5M is for services.

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





Significant contracts signed in Q3 FY20 included a new contract signed in January 2020 with Calvary Health Care to implement a data warehouse across all Calvary Health Care sites.

During the quarter we also signed a contract with Townsville Hospital and Health Service for the implementation of Smartpage. This was won through a competitive tender process and is the first contract for Smartpage in Queensland.

Just after the end of the quarter, in early April we contracted with eHealth NSW to be the systems integrator for their development of what will be a pilot for the national Digital Pregnancy Health Record. This built on our successful partnership with NSW Health on the Child Health Record project.

Murrumbidgee Local Health District (LHD), has elected to continue using the Miya platform for at least a further 12 months, following an initial pilot at Wagga Wagga Base Hospital as part of eHealth NSW's Proof of Concept challenge. It has initially committed to pay at least \$488k for use of the software and some related services through to the end of this calendar year.

Murrumbidgee LHD will roll out Miya MEMRe – Alcidion's mobile electronic medical record (EMR) - to an additional 300 clinicians and implement a COVID-19 monitoring dashboard for Miya Precision, to enable the monitoring of COVID-19 patients, both in-hospital and remotely.

The findings of the eHealth NSW Proof of Concept Innovation project have not yet been released by eHealth NSW, as its focus is expected to remain on COVID-19 in the short term.

On 1 April, Alcidion announced an extension and renewal agreement with NHS Fife for an additional five-year term for Patienttrack, totalling \$1.47M over five years.

Cash flow highlights

Q3 saw an overall net cash outflow of \$1.2M (\$1.8M in Q2). Receipts from customers in Q3 were \$4.0M, down 9% vs Q2.

Operating cash outflows were \$5.2M in Q3, down 16% on the prior quarter but still including some continued investment for growth in the UK and Australia. Appointments of new staff, including senior sales staff, contributed to an increase in staff costs consistent with plans to further scale-up sales and marketing capabilities.

As at 31 March 2020, Alcidion held \$15.9M in cash and cash equivalents including a \$7M term deposit maturing in the next 3 months, which was not previously included as available cash.

The related party payment of \$259k reported in Item 6.1 of the Appendix 4C relates to the payment of non-executive director fees and executive director remuneration in Q3.

COVID-19

While the COVID-19 crisis has not had a significantly negative impact to date, Alcidion will continue to monitor the potential risks to its business and the broader healthcare market. The business has been able to adapt to a remote working environment without interruption of services to clients, and there exists a strong sales pipeline across all markets.

From a product and customer support perspective, the Company has responded quickly to the global pandemic, incorporating the ability to identify and monitor patients at risk of contracting COVID-19 into Miya Precision and Patienttrack.

At this stage, with resilient revenue, a healthy sales pipeline and strong balance sheet, the Company believes it is well-placed to maintain current business operations for the duration of the COVID-19 pandemic, even if some growth plans such as expansion to new geographies need to be deferred in the short term.

Investor Conference Call

Alcidion Managing Director Kate Quirke is hosting a conference call with investors this morning at 9:00am Australian Eastern Standard Time (AEST).

Call details:

Sydney - 02 9007 4041

Melbourne - 03 9912 0327

New Zealand Toll Free - 0800 452 794

Hong Kong - 800 906 986

Singapore - 800 852 3140

Canada/United States - 1 855 336 4664

United Kingdom - 0808 168 3761

Conference ID: 10005915

ENDS

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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

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

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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 MARCH 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,977	13,182
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(415)	(1,317)
(c) advertising and marketing	(141)	(526)
(d) leased assets	(16)	(47)
(e) staff costs	(3,686)	(10,462)
(f) administration and corporate costs	(808)	(2,782)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	17
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)	(135)	(948)
1.9 Net cash from / (used in) operating activities	(1,224)	(2,883)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	(238)
(c) property, plant and equipment	(23)	(39)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	-
2.6	Net cash from / (used in) investing activities	6,977	(277)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(200)
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	-	15,695
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,161	3,372
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,224)	(2,883)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	6,977	(277)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	15,695

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	19	26
4.6	Cash and cash equivalents at end of period	15,933	15,933

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	15,844	10,073
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	89	88
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	15,933	10,161

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

(259)

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

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	405	20
7.3 Other (please specify)	-	-
7.4 Total financing facilities	405	20

7.5 **Unused financing facilities available at quarter end** 385

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%

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,234)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	15,933
8.3 Unused finance facilities available at quarter end (Item 7.5)	385
8.4 Total available funding (Item 8.2 + Item 8.3)	16,318
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	13.22

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: N/A

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

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

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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: 28 April 2020

Authorised by: By the Board

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.