24 April 2018

Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Alcidion announces acquisition of MKM Health and Patientrack to create international specialist health informatics company

Highlights

- Transformative acquisition creating a market leading, international specialist health informatics company focused on decision intelligence and analytics technology for improved health care
- The combined Alcidion Group will have:
    - Specialised IT capabilities and a diversified product platform with lead products including: Miya and Smartpage products (Alcidion) and Patientrack (MKM Health)
    - Extensive capabilities in IT implementation, integration and data management in healthcare, supporting the product platforms
    - Proven sales and go-to market capabilities
    - Large diversified customer base including 20 UK National Health Service (NHS) hospitals, over 50 Australian public and private hospitals, and Health Departments and 11 District Health Boards covering more than 30 New Zealand hospitals
    - Combined revenue of approximately A$13 million in FY17 (on a pro forma basis)
- Patientrack is highly complementary with Alcidion's existing products and has an established customer base in the United Kingdom, New Zealand and Australia
- UK market represents a new international market for Alcidion, with immediate cross selling opportunities
- Initial Acquisition consideration of A$12 million with A$10 million to be satisfied by the issue of 198 million Alcidion shares[1] and A$2 million payable in cash, subject to completion adjustments, and funded from existing cash reserves. A further contingent consideration of up to A$4 million payable in 12 months in Alcidion shares, subject to the revenue and EBITDA performance of MKM Health and Patientrack in that 12 month period
- Highly experienced Board and management team to be led by Ray Blight as Executive Chairman, with Ms Kate Quirke – currently CEO of MKM Health – to be appointed as CEO of the enlarged Alcidion Group
- Investor conference call scheduled for Tuesday 24th April, 11.00am AEST (registration and dial in details provided at the bottom of this announcement).

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[1] A$10 million scrip issue to MKM Health sellers (at a deemed issued price 5.05c per ALC share) as part of the Acquistion consideration

The Acquisition

Alcidion Group Limited ("Alcidion" ASX:ALC), a health informatics software business, today announces it has entered into Agreements to acquire MKM Health Pty Ltd and its NZ subsidiary ("MKM Health") as well as its affiliate, Patientrack Holdings Limited and its subsidiaries in the UK and Australia ("Patientrack") from the current MKM Health and Patientrack shareholders, ("the Acquisition"). MKM Health is a leading provider of IT solutions to healthcare providers across Australia and New Zealand, and UK-based Patientrack is a world leading supplier of healthcare software targeted at improving patient safety in hospitals.

This transformative Acquisition creates a new and leading specialist health IT solution provider focused on "next generation" decision intelligence and analytics technology designed for hospital and allied healthcare customers globally. Patientrack and Alcidion's existing Miya and Smartpage products will provide the expanded group with a strong foundation of complementary technologies.

As well as leading edge technology solutions, the enlarged Alcidion group will have leading healthcare system integration, implementation and software support services that have enabled the companies to build enduring partnerships with many large healthcare providers across Australia, NZ and the UK. These services are built on a unique blend of deep technical skills and health informatics domain expertise. MKM Health and Patientrack will also bring specialist sales and marketing capabilities across three key geographic markets.

The Acquisition expands Alcidion's international and domestic footprint substantially with a diversified customer base including 20 National Health Service (NHS) hospitals in the UK – including the largest NHS trust - more than 50 Australian public and private hospitals, and Health Departments, and 11 District Health Boards covering more than 30 New Zealand hospitals.

Alcidion's Chairman, Mr Ray Blight said: "We are very pleased to have entered into Acquisition agreements to acquire the shares of MKM Health and Patientrack, both leading technology players in the healthcare sector. We are expanding our technology capabilities and our product offering, and the combined group will also have the specialist health IT sales, advisory and service delivery capabilities that are required to sell and deliver complex healthcare IT platforms. We believe the Acquisition creates valuable synergistic opportunities for both companies and is expected to increase Alcidion's earnings, on a per share basis, in the first full year of ownership."

The initial consideration for the Acquisition is A$12 million, subject to completion adjustments, to be satisfied by the issue of approximately 198 million Alcidion ordinary shares (being A$10 million at a deemed issue price of 5.05c per Alcidion share) and the payment of A$2 million in cash which will be funded from existing cash reserves. A further contingent consideration of up to A$4 million, to be satisfied by the issue of Alcidion shares at a deemed issue price of 5.05c per share, is payable in 12 months subject to the revenue and EBITDA performance of MKM Health and Patientrack in that 12 month period.

Overview of MKM Health and Patientrack

MKM Health was founded in 2003 as a Health IT consultancy firm by three senior ex-Deloitte health IT consultants. Today, it has diversified revenue streams generated from a range of services and software products within the digital healthcare sector.

MKM Health generates service revenues in the specialist areas of healthcare IT implementation, integration and data management. The company has a strong team of health IT specialists with proven technical expertise and experience working with a range of healthcare providers and all major health IT software platforms.

MKM Health has been Patientrack's IT service provider since collaborating to develop the initial Patientrack product. MKM Health managed the initial clinical trial of the Patientrack software in the UK before merging its UK business with Patientrack in 2011. MKM Health is Patientrack's sole distributor in Australia and NZ. Over the last three years it has sold Patientrack to five district health boards in NZ and two large public health services in Australia, giving it first-mover advantage and a dominant share of the emerging Australian and NZ markets. Patientrack is a clinically proven bedside mobile nursing system that manages patient care, improves patient safety and increases efficiency of care.

As well as Patientrack and its own health IT solutions, MKM Health is increasingly being approached to resell, implement and support other specialist health software solutions on behalf of overseas suppliers who recognise MKM Health's strong positioning in the Australian and NZ healthcare markets.

MKM Health and Patientrack have more than 80 customers including NHS Acute Trusts in the UK, and public and private hospitals and healthcare groups in Australia and NZ. The combined MKM Health and Patientrack group currently employs 45 full time employees in Australia and NZ and nine full time employees in the UK, all of whom will be transitioned across to the combined Alcidion group.

In the 12 months to 30 June 2017, MKM Health and Patientrack generated combined revenues of A$9.5 million and NPAT of A$0.7 million.

The combined revenue of Alcidion, MKM Health and Patientrack is expected to be approximately A$13 million in FY17 (on a pro forma basis)..

Board & Management team

As part of the transaction CEO of MKM Health, Ms Kate Quirke, will be appointed to the role of Chief Executive of the enlarged Alcidion Group and will join the Alcidion Board as an Executive Director. Kate is a highly experienced executive with deep expertise in the healthcare IT sector. Ray Blight, Alcidion's Chairman and CEO, will move to the role of Executive Chairman and continue to have an active role in driving the future growth of the combined group.

Kate has been CEO of MKM Health for the past two years, and prior to this role was the Head of Sales and Marketing at MKM Health. Since initially joining MKM Health as Sales Director in

FY2012, Kate has increased MKM Health revenues by over 2.5 times, achieving a compound average annual growth rate of 29%.

The existing MKM Health and Patientrack management teams across Australia, NZ and the UK will also transition across to senior management roles within the Alcidion Group, along with all MKM Health and Patientrack employees.

Kate Quirke, MKM Health CEO said: "Entering into Acquisition agreements with Alcidion represents an exciting opportunity for our company and employees. There are many market opportunities for an integrated Miya Patient Flow and Patientrack product, and together our products represent a differentiated platform which we think will rapidly accelerate our market presence. We also see the transition to being part of a publicly listed group as essential to maximise the growth potential of our great products and proven business model. Additionally our combined healthcare IT system integration and implementation ability will be market leading in this rapidly evolving market."

Strategic rationale

The Acquisition is consistent with Alcidion's planned international expansion strategy, particularly in the attractive and fast growing UK market, where it will now have a significant number of NHS Trusts as key customers. This represents a lower risk and lower cost market entry compared to organic expansion by Alcidion into this market.

The enlarged Alcidion group will have leading healthcare system integration, implementation and software support capabilities, required by both individual healthcare providers and state health agencies to build integrated health informatics platforms, a necessary basis in order to deliver truly integrated healthcare.

Together, the combined group will have increased financial and operational scale, with an expanded specialist sales and marketing team across three key markets to cross-sell a suite of leading products, enabling more intelligent, accurate and faster decision making in a hospital and healthcare setting, contributing to better patient outcomes.

A key feature of both the Patientrack and Miya platform is that they have been built to integrate seamlessly with each other and with other technology platforms. Alcidion has already demonstrated this with Smartpage (acquired via the Oncall acquisition in February 2018) which effectively integrates with Miya Patient Flow and Miya Access (bed management) to enhance their existing product functionality.

Alcidion has demonstrated the combined value of incorporating Patientrack capabilities with the Miya platform to several key customers. The combination of these leading technologies is expected to allow Alcidion to expand its reach into the integrated, connected care setting and potentially into the home.

Mr Ray Blight added: "This merger is an important strategic decision for both parties and will drive improved innovation and efficiency for our customers. Our customers, and ultimately patients, remain at the heart of our business. As hospital and healthcare providers continue to face ever growing demands and limitations on resources, innovative healthcare IT solutions

that improve the efficiency and effectiveness of clinical and business activities will be crucial to the future of the industry. Operating together, Alcidion, MKM Health and Patienrack will be uniquely positioned to offer solutions that support high performance, integrated health care."

Timing

The transaction is subject to Alcidion shareholder approval for the issue of A$10 million of upfront consideration shares under Listing Rule 7.1. An Extraordinary General Meeting will be convened for the purpose of obtaining this approval, with that meeting expected to be held in early June 2018. Completion is expected to occur on 29 June 2018 (subject to shareholder approval and other conditions precedent, including receiving all necessary third party approvals and no material adverse change taking place in relation to MKM Health or Patientrack).

Information required under Listing Rule 3.10.3

In accordance with ASX Listing Rule 3.10.3, Alcidion announces that:

- The securities to be issued as consideration under the Acquisition will be ordinary shares.

- The maximum number of securities to be issued as consideration under the Acquisition is A$14 million of Alcidion ordinary shares (A$10 million as upfront consideration and up to A$4m million as contingent consideration), each with a deemed issue price of 5.05 cents per share. This equates to a maximum of 277,227,722 Alcidion ordinary shares.

- The purpose of the issue is to pay consideration for the Acquisition of MKM Health and Patientrack as described above.

- Alcidion will be seeking shareholder approval for the issue of the A$10 million shares to be issued as upfront consideration. Shareholder approval will not be sought at this time for the issue of up to A$4m million shares as contingent consideration, but the commitment to issue those shares is conditional on shareholder approval being received for the issue of the A$10 million shares to be issued as upfront consideration.

- Approximately 80% of the shares to be issued as upfront consideration will be voluntarily escrowed for a period of 12 months from the date of issue.

A small number of Patientrack shareholders are not resident in Australia, and Alcidion is entitled to deem such sellers as "ineligible sellers" if it is not possible to issue shares to those sellers under foreign securities laws. Alcidion can elect to pay such ineligible sellers 5.05 cents in cash for each share that they would otherwise have received, or alternatively can arrange for those shares to be sold on market and the proceeds remitted to the ineligible sellers (subject to complying with applicable regulatory requirements for such sale process). These ineligible seller mechanisms are expected to apply to between 1% to 5% of the shares to be issued under the Acquisition.

Investor Conference Call

A conference call, hosted by Ray Blight and Kate Quirke, will be held at 11:00am AEST on Tuesday 24th April.

Participants can register for the conference call at the following link: https://services.choruscall.com.au/diamondpass/alcidion-181643-invite.html

You will receive a calendar notification with dial-in details and a PIN for fast track access to the call.

Alternatively, participants may dial-in using the details below at the scheduled start time.

Conference ID: 181643

Participant Dial In Numbers

Australia Toll Free: 1800 558 698
Australia Local: 02 9007 3187
New Zealand Toll Free: 0800 453 055
Hong Kong: 800 966 806
Singapore: 800 101 2785
United Kingdom: 0800 051 8245
United States: (855) 881 1339

ENDS

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About Alcidion

Alcidion Group Limited (ASX: **ALC**) is a publicly listed, innovative health informatics company that specializes in clinical products that improve productivity, safety and efficiency. Alcidion's solutions target key problems for Emergency Rooms, Inpatient Services and Outpatient Departments and are built upon a next generation health informatics platform, which incorporates an intelligent EMR, Clinical Decision Support Engine, Data Integration Capability, Smartforms, Terminology Support and Standards Based Web Services.

Alcidion's focus is on delivering solutions that enable high performance healthcare and which assist clinicians by minimising key clinical risks, tracking patient progress through journeys and improving quality and safety of patient care.

www.alcidion.com