

23 April 2019

Australian Securities Exchange
20 Bridge Street,
Sydney NSW 2000

Positive operating cash flow achieved, boosts cash position
Alcidion Appendix 4C – Quarter ending 31 March 2019 (Q3 FY2019)

Q3 FY2019 Highlights:

- **\$6.2 million cash receipts for Q3 FY2019, net operating cash surplus of \$1.3 million for the quarter**
- **Cash reserves boosted to \$2.9 million**
- **\$5.3 million Total Contract Value (TCV) added in Q3, bringing total revenue to be recognised in FY19 to \$15.9 million with a further \$30.8 million to 2024**
- **Material new contracts signed include first sale of complete product suite in the UK**
- **Integration program on track, to be completed in Q1 FY2020**

Adelaide, South Australia – Alcidion Group Limited (ASX:ALC) today released its Appendix 4C quarterly cash flow statement for the three month period ending 31 March 2019 (Q3 FY2019).

Net operating cash surplus was \$1.3 million in Q3 FY2019 off the back of \$6.2 million cash receipts compared to receipts of \$4.1 million in Q2 FY2019. Receipts were boosted by a \$880K payment in advance against a new UK contract, the related revenue to be recognised over the five year term of the contract. Adjusting for this, underlying operational cash flows still generated a surplus of \$450K for the quarter. Management expects a similarly positive operational cash flow in Q4.

Alcidion's available cash reserves as at 31 March 2019 were \$2.9 million, compared to \$1.5 million at the end of December 2018. Management expects Alcidion's cash position will continue to improve over Q4. The improving cash position has confirmed we will not need to consider a capital raising to restore working capital.

New Business Update (Q3 FY19)

During the quarter, the Alcidion group signed or renewed a total of 24 contracts for Alcidion's products (Miya, Patientrack and Smartpage) and specialist IT services, with a Total Contract Value (TCV) of \$5.3 million.

Material contract wins announced to the market during Q3 FY2019 were:

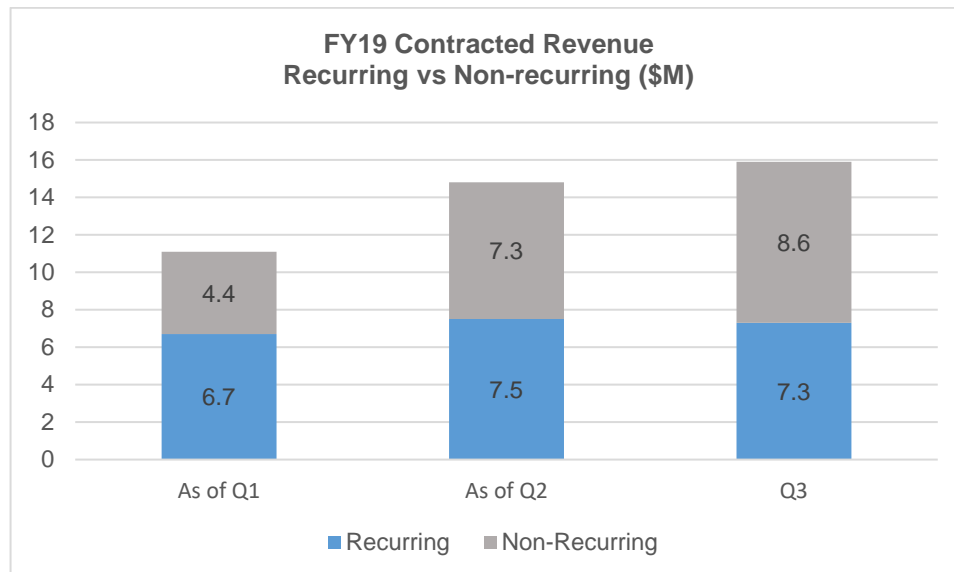
- **Dartford & Gravesham NHS Trust (UK)** – 5-year contract worth £1.16 million (~\$2.1 million) in respect of Alcidion's total product suite (Miya, Patientrack and Smartpage). This will represent the first integrated installation of Alcidion's core three products outside Australia
- **Brighton & Sussex University Hospital NHS Trust (UK)** – 5-year contract worth £574,000 (\$1.03 million) to implement Patientrack across four hospital sites
- **ACT Health** – 2.5 year contract extension for Patientrack with ACT Health to further extend the use of the technology across the ACT. Contract worth \$0.7 million

The Dartford and Gravesham NHS Trust contract in particular marked the achievement of a major strategic objective for FY2019. Winning this major procurement against established UK competitors provided a strong market endorsement of the value proposition of our combined product suite, as well as proof of UK market potential and the ability of our sales team to work effectively across products and territories.

Revenue Update (Q3FY19)

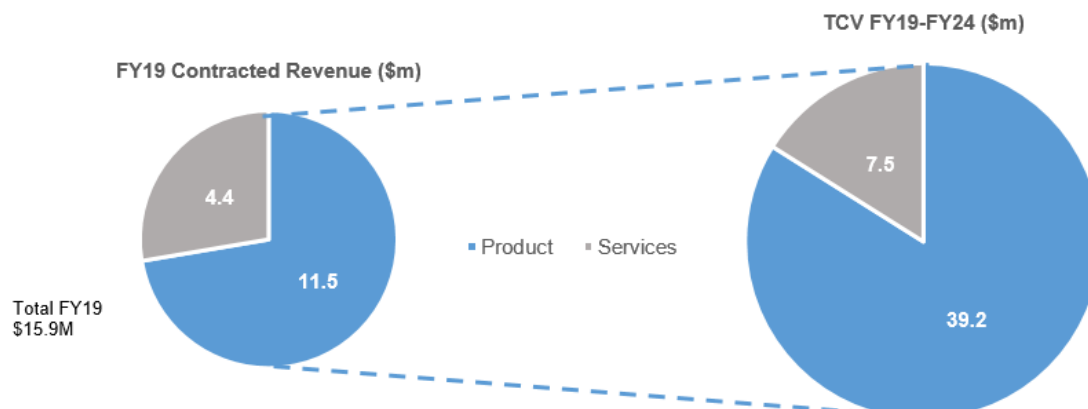
At the end of Q3 the contracted revenue to be recognised in FY19 had increased to \$15.9 million (up from \$14.8 million at the end of Q2). This contracted revenue includes service and product related fees, with \$7.3 million being recurring revenue and \$8.6 million non-recurring revenue.

Recurring revenue includes revenues derived from Alcidion's SaaS subscription revenue, product licence fees (payable annually), product support and maintenance fees (payable annually) and recurring multi-year service contracts. Non-recurring revenues include revenues from upfront product licence fees and non-recurring services such as product implementation and commissioning services as well as fixed term professional services projects.



A further \$30.8 million of contracted revenue will be recognised over the next five years from these contracts.

The graph below shows Contracted Revenue (as at 31 March 2019) expected to be recognised in FY19 as well as the Total Contract Value (TCV) of customer contracts through to 2024, broken down by product revenue and service revenue.



Transition Program Progress

The post-acquisition transition program is progressing well, and we aim to complete the final initiatives necessary for us to operate effectively as “one company” by the end of Q1 FY2020. The ongoing investment in this program is reducing quarter by quarter. The final phase of integration, to be conducted in Q1 of FY2020 primarily involves fine tuning the group's organisational structure to rationalise the number operating entities and is not expected to require a major investment.

Changes to Board and Management

During Q3 FY2019, Alcidion also announced some important changes to the Board and Management team. As part of these changes, Mr Ray Blight transitioned to the role of Non-Executive Chairman and Ms Kate Quirke was appointed to the role of Group Managing Director in January 2019. In addition, Mr Colin MacKinnon has assumed the combined role of COO & CFO of the Alcidion Group, upon the departure of Duncan Craig at the end of February.

Alcidion today also announces the resignation of Mr Geoffrey Rohrsheim, who will step down from his role as Non-Executive Director of the Company with effect from 30 June 2019.

Geoffrey was appointed to the Alcidion Board in August 2017. He has decided to reduce the number of Board positions he holds in order to concentrate on his own business ventures.

Chairman, Ray Blight said, "The Board and management of Alcidion acknowledge and thank Geoffrey for his significant contribution to the Company during a critical time in its development. We wish him well in all his future endeavours."

A search for a new Non-Executive Director has commenced and will be announced to ASX in due course.

Summary

Ms Kate Quirke, Alcidion Group Managing Director said "I am very pleased with the progress Alcidion has made this quarter, particularly delivering strategic contract wins in both the UK and ANZ. The contract wins during the quarter continue to demonstrate the progress our sales and marketing team is making in cross-selling the enlarged product portfolio of Miya, Patientrack and Smartpage across the larger international customer base."

"While we are still in the process of making the necessary investments to finalise the business and technology integration of the MKM Health and Patientrack businesses, and further expand our sales and marketing capability, we expect the integration program to be substantially complete by the end of Q1 FY2020. This will provide a solid platform for further growth in revenues and profitability next financial year."

"In the meantime, we remain firmly focused on rebuilding our cash reserves following completion of the acquisitions. We expect to do this from operating cash surpluses without needing to resort to a capital raising to boost working capital. We expect to continue to generate positive operating cash flows next quarter and beyond."

Investor conference call

Alcidion Managing Director Kate Quirke is hosting a conference call with investors this morning at 9:15am Australian Eastern Standard Time (AEST).

Call details:

Australia Toll Free	1 800 558 698
Alternate Australia Toll Free	1 800 809 971
Australia Local Number	+612 9007 3187
Hong Kong	800 966 806
Singapore	800 101 2785
United States	855 881 1339

Conference ID: 379155

ENDS



For further information, please contact:

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About Alcidion

Alcidion Group Limited (ASX:ALC) has a simple purpose: to make healthcare better with smart, intuitive solutions that meet the needs of hospital and allied healthcare, worldwide. The Group consists of three healthcare software companies; Alcidion Corporation, Patientrack and Smartpage, and MKM Health, an IT solutions and services provider. Each company brings a complementary set of products and skills 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. With over 25 years of combined healthcare experience, the Alcidion Group of companies 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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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ALCIDION GROUP LIMITED

ABN

77 143 142 410

Quarter ended ("current quarter")

31 MARCH 2019

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	6,182	15,377
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(54)	(309)
(d) leased assets	(32)	(82)
(e) staff costs	(3,293)	(9,276)
(f) administration and corporate costs	(1,169)	(3,193)
1.3 Dividends received	-	-
1.4 Interest received	1	14
1.5 Interest and other costs of finance paid	(0)	(0)
1.6 Income taxes paid	-	(92)
1.7 Government grants and tax incentives	-	-
1.8 Other – GST received/(paid)	(303)	(932)
1.9 Net cash from / (used in) operating activities	1,332	1,507
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(65)
(b) businesses (see item 10)	-	(1,495)
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	-	(1,560)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	61
3.6	Repayment of borrowings	(11)	(266)
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	(11)	(205)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,524	3,090
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,332	1,507
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(1,560)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	(205)

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	13	26
4.6	Cash and cash equivalents at end of quarter	2,858	2,858

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	2,658	1,286
5.2	Call deposits	-	38
5.3	Bank overdrafts	200	200
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,858	1,524

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter
\$A'000

(161)

-

Directors' wages, superannuation and reimbursements

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter
\$A'000

-

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	200	-
8.2 Credit standby arrangements	410	35
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facilities is an overdraft of \$200,000 provided by CBA at 9.31% secured over assets.

Credit standby arrangements:

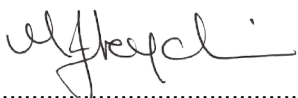
- Corporate MasterCard credit cards of \$10,000 provided by CBA at 14.55% secured over assets
- Pre-approved Equipment loan facility of \$250,000 provided by CBA, interest rate is determined at time of each Equipment loan, secured over assets.
 - o \$60,662 has been utilised to purchase Laptop equipment of an 18-month period 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%

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(200)
9.4 Leased assets	(35)
9.5 Staff costs	(3,100)
9.6 Administration and corporate costs	(1,100)
9.7 Other – GST received/(paid)	(300)
9.8 Total estimated cash outflows	(4,735)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	MKM Health Pty Ltd	-
10.2 Place of incorporation or registration	New South Wales, Australia	-
10.3 Consideration for acquisition or disposal	11,543	-
10.4 Total net assets	(822)	-
10.5 Nature of business	Medical IT Products and Services	-

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.

Sign here: 
(Company secretary)

Date: 23 April 2019

Print name: Melanie Leydin

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.