

31 January 2024

Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Q2 FY24 Quarterly Activities Report

Melbourne, Australia – Alcidion Group Limited ('Alcidion' or the 'Company') today releases its Appendix 4C for the quarter ended 31 December 2023 (Q2 FY24).

Highlights:

- Q2 new TCV sales of \$21.8M; \$0.7M expected to be recognised in FY24
- Signed \$23.3M South Tees contract extension for an additional 8 years (to 2033 with 2 years remaining on current contract) for Miya Precision Electronic Patient Record (EPR)
 - Further options to extend out to 2038 and add further Alcidion modules which if taken would result in a total TCV of up to \$54M over the next 15 years
- FY24 contracted revenue at end of Q2 of \$35.5M, up 4% on pcp
- Sold & renewal revenue over the next 5 years (excluding FY24) of \$126M
- Q2 cash receipts of \$8.7M; up 28% on pcp, resulting in an operating cash outflow of \$3.4M
 - Debtor balance at end of Q2 of \$7.3M (PCP: \$5.6M) which included \$3.9M from a major customer which was collected in the first week of January 2024
- During Q2, raised \$5.4M via Placement and SPP to ensure maximum flexibility and maintain a strong balance sheet to execute on market opportunities and drive revenue growth
- Cash balance of \$7.9M and no debt at 31 December 2023, strengthened further following receipt of \$3.9m in early January 2024

Alcidion Group Managing Director Kate Quirke said, "During the quarter we were pleased to extend our relationship with South Tees Hospital NHS Foundation Trust for an additional eight years for use of the Miya Precision Electronic Patient Record (EPR). Alcidion is proud of the impact, both from a clinical and administrative perspective, it has made at South Tees with this contract extension tangibly demonstrating the attractiveness and value of our modular solution to healthcare customers. I had the opportunity this month to visit on site with the South Tees Senior Executive and see Miya Precision in action and I was impressed with the engagement and satisfaction of the clinical teams using our solution."

"Cash receipts for Q2 were \$8.7M, with an additional \$3.9M received in the first week of January 2024, and a further \$3.4M in debtors due in January.

"Our contracted revenue for FY24 is currently \$35.5M, up 4% on the same period last year with the expectation to build upon that figure over the last two quarters of FY24 as we have done in prior years. The company's forward contracted revenue is strong with more than \$126M of sold and renewal revenue already committed over the next five years."

"We have material tenders in progress in the UK and despite ongoing frustration caused by lengthened procurement timelines, we remain well placed with demonstrably beneficial solutions and a growing reputation for customer outcomes. Having recently returned from the UK, where I met with several large customers and NHS England, I am confident of the NHS commitment to the frontline digitisation program

but acknowledge the dates have been moved out and this will impact the timing of all digital health procurements across England.”

“In ANZ we are starting to see increased activity in both Patient Flow and Virtual Care opportunities as we enter 2024, with several health agencies indicating a move to procure this year.”

“During the quarter, the UK Managing Director Lynette Ousby resigned for personal reasons, completing her four-year tenure in January. We acknowledge Lynette’s contribution to building the Alcidion profile in the UK. We have a strong, capable and experienced UK senior management team who will take on day-to-day leadership of the UK business, reporting directly to me. I am very much looking forward to more direct involvement in progressing the many opportunities for Alcidion in the UK.”

“The long term contracted customer revenue for Alcidion is strong with sold and renewal revenue beyond this financial year standing at \$126M for the following five years with negligible customer churn. In addition to the renewal revenue several existing contracts contain options to procure additional modules without further tenders, not included in the \$126M.”

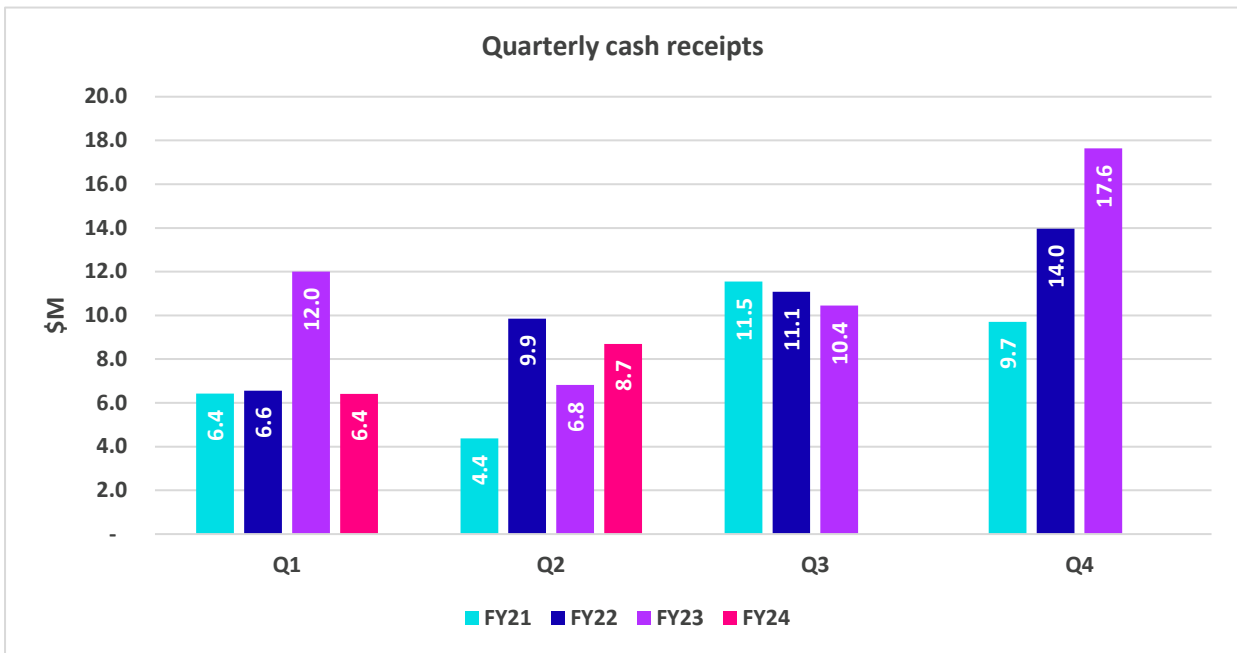
“However, with the delays we have experienced in the anticipated UK tenders and a slower start to ANZ procurements we are cognisant of aligning the cost base to the revenue growth from a timing perspective to ensure a strong financial position for Alcidion. We have tightened the cost base during the first half, with active redundancies made and deciding against replacing several staff who have departed the business. We will continue to review and manage the cost base to ensure we meet expectations.”

“We expect a vastly improved second half after a slower than expected first half driven by reduced market activity. There has been a significant increase in tender activity as we start the second half of the year, albeit our expectations on full year EBITDA and cash flow depend on the timing of tender awards and the speed in which we can move to contract execution and revenue recognition. The business is in a strong position with significant contracted revenue and an increasingly positive customer reference base as we head into the second half of FY24.”

Financial Update

Alcidion generated Q2 new sales of \$21.8M, with approximately \$0.7M expected to be recognised as revenue in FY24. New sales comprised 99% recurring product revenue with 1% non-recurring services (including product implementation) revenue.

Cash receipts from customers in Q2 were \$8.7M, up 28% on pcp. The Company ended Q2 with a debtor balance of \$7.3M.



The Company incurred an operating cash outflow in Q2 of \$3.4M.

The Company's cash balance was \$7.9M and no debt as at 31 December 2023, which was strengthened by receipt of \$3.9M in early January 2024.

As noted in item 6 of the Company's 4C, payments made to related parties and their associates totalled \$0.3M for the quarter. The payments relate to Directors remuneration and payments to WE Communications.

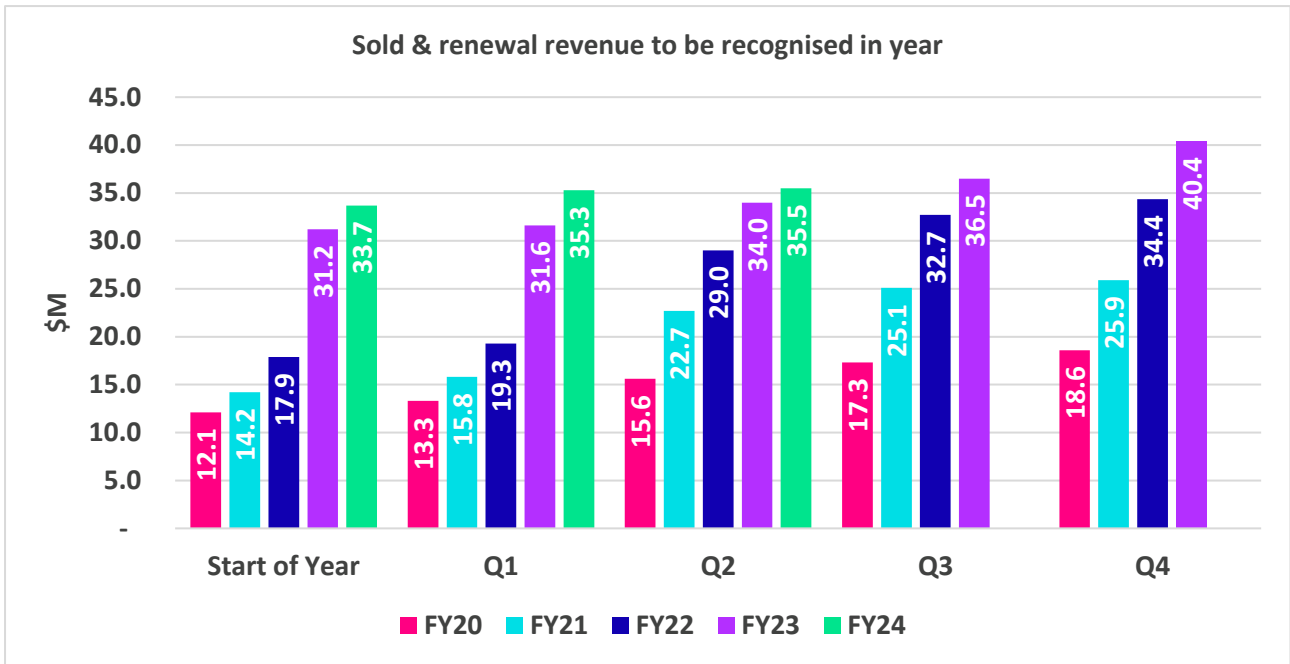
Outlook

At the end of Q2, Alcidion had \$35.5M of contracted and scheduled renewal revenue to be recognised over the course of FY24, approximately 4% up on pcp.

In recognition of delays to anticipated procurements the company tightened the cost base throughout H1 FY24 undertaking some redundancies and choosing not to replace several staff who have left the business, instead reallocating existing resources to these roles. This will result in annualised cost savings of \$2.4M, which will have a \$1.2M positive impact in the second half.

Q3 and Q4 are historically Alcidion's largest periods for customer receipts aligning with historical billing cycles and as a result the Company would expect a material uplift in H2 customer receipts.

Whilst procurement delays continue to impact in the short-term, which may impact full year EBITDA and cash flow results, the company expects a vastly better second half as activity in the healthcare market increases. Over the longer term, Alcidion has sold and renewal revenue over the next 5 years (excluding FY24) of \$126M, demonstrating significant underlying value and the benefit of critical long-term customer contracts.



Investor Webcast

Alcidion Group Managing Director Kate Quirke will host a webcast with investors via Zoom Wednesday, 31 January 2024 at 11:00am Australian Eastern Daylight Time (AEDT).

To register for the webcast, please follow this link:

https://us06web.zoom.us/webinar/register/WN_V9w282PITjGN8rXgVBleIQ Registered participants will receive an email containing the Zoom access link and phone dial-in details.

ENDS

Authorised for ASX release by the Board of Directors of Alcidion Group Limited

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About Alcidion

Alcidion Group Limited (Alcidion) has a simple purpose, that is, to transform healthcare with proactive, smart, intuitive technology solutions that improve the efficiency and quality of patient care in healthcare organisations, worldwide.

Alcidion offers a complementary set of software products and technical services that create a unique offering in the global healthcare market. Based on the flagship product, Miya Precision, the solutions aggregate meaningful information to centralised dashboards, support interoperability, facilitate communication and task management in clinical and operational settings and deliver Clinical Decision Support at the point of care; all in support of Alcidion’s mission to improve patient outcomes.



Since listing on the ASX in 2011, Alcidion has acquired multiple healthcare IT companies and expanded its foothold in the UK, Australia, and New Zealand to now service over 400 hospitals and 87 healthcare organisations, with further geographical expansion planned.

With over 20 years of healthcare experience, Alcidion brings together the very best in technology and market knowledge to deliver solutions that make healthcare better for everyone.

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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 December 2023

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	8,692	15,105
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,745)	(2,896)
(c) advertising and marketing	(300)	(649)
(d) leased assets	-	-
(e) staff costs	(7,860)	(16,354)
(f) administration and corporate costs	(1,820)	(4,008)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	30
1.5 Interest and other costs of finance paid	(21)	(45)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – GST received/(paid)	(327)	(2,605)
1.9 Net cash from / (used in) operating activities	(3,373)	(11,422)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(12)	(45)
(j) investments	-	-
(k) intellectual property	-	-
(l) 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	(12)	(45)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,403	5,403
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	(391)	(391)
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 (Payment for principal portion of lease liabilities)	(166)	(328)
3.10	Net cash from / (used in) financing activities	4,846	4,684

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,485	14,641
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,373)	(11,422)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(12)	(45)

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)	4,846	4,684
4.5	Effect of movement in exchange rates on cash held	(32)	56
4.6	Cash and cash equivalents at end of period	7,914	7,914

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	7,338	5,910
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	576	575
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,914	6,485

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	305
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	150	51
7.4 Total financing facilities	150	51
7.5 Unused financing facilities available at quarter end		99
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.		
WBC corporate credit card facility secured against cash on deposit, interest charged at 14.25% on overdue accounts		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,373)
8.2 Cash and cash equivalents at quarter end (item 4.6)	7,914
8.3 Unused finance facilities available at quarter end (item 7.5)	99
8.4 Total available funding (item 8.2 + item 8.3)	8,013
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.4
<i>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.</i>	
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	
<i>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.</i>	

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: 31 January 2024

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.