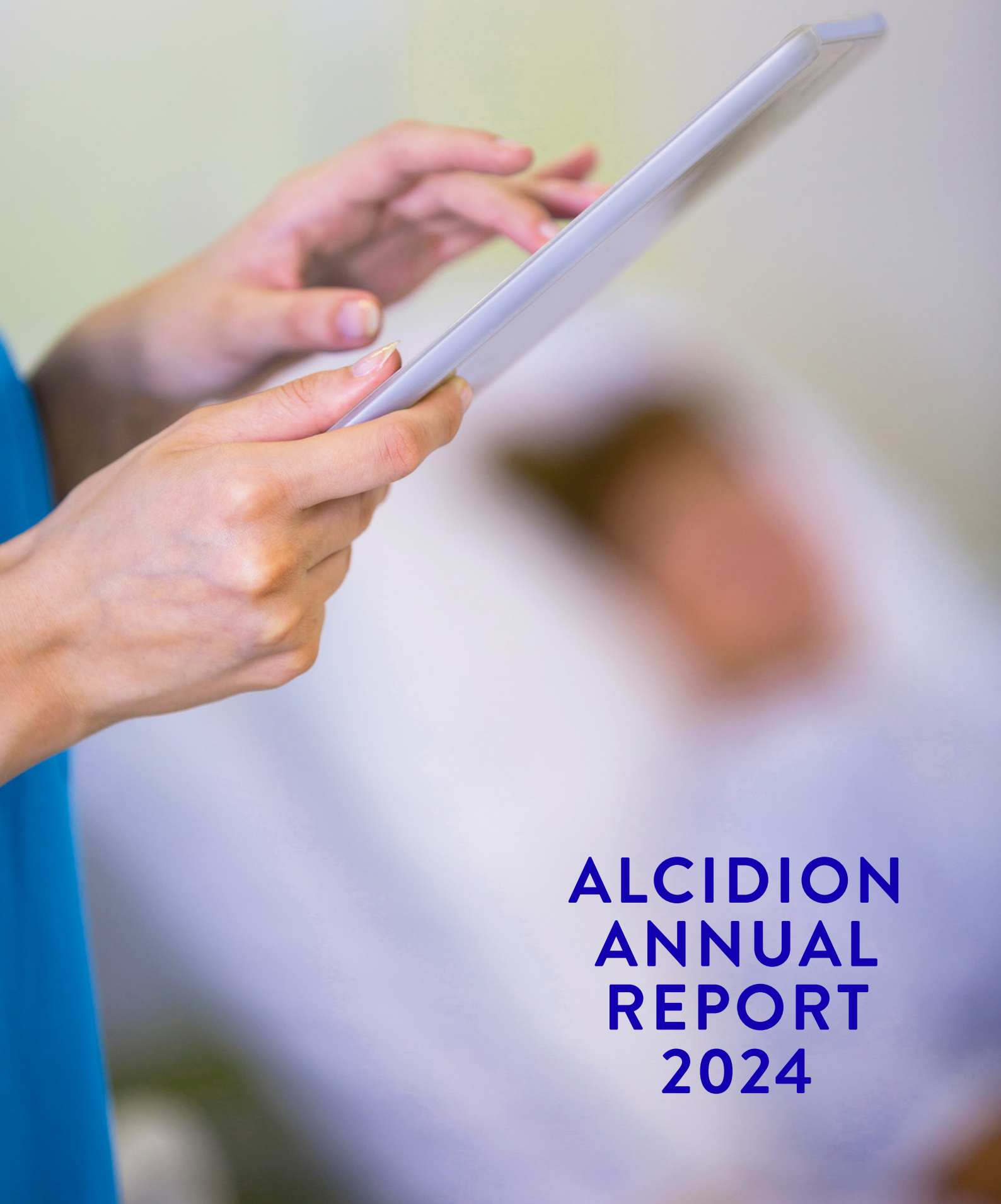




**ALCIDION**



**ALCIDION  
ANNUAL  
REPORT  
2024**





# ACKNOWLEDGEMENT OF COUNTRY

Alcidion acknowledges the Aboriginal and Torres Strait Islander peoples as the traditional custodians of the land on which we live and work. We recognise their enduring connection to the lands and waterways across Australia. We pay our respects to their Elders, past and present, and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

At Alcidion, we are committed to promoting reconciliation and fostering understanding between Aboriginal and Torres Strait Islander peoples and the wider community. We strive to contribute to an inclusive and prosperous Australia where all cultures are respected and celebrated.

“Connecting Care” artwork by Tara-Rose Gonebale

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# ABOUT ALCIDION

Alcidion Group Limited (ASX: ALC) was founded with one simple belief:

## SMART TECHNOLOGY CAN DRIVE MEANINGFUL CHANGE



Alcidion creates smart, integrated digital health environments that support more efficient and more interconnected care experiences.

Our technology integrates with existing systems, making it easier for clinicians to access and use patient data in the moments where it matters most.

We build these ecosystems on Alcidion's platform, Miya Precision, which supports seamless data interoperability using Fast Healthcare Interoperability Resources (FHIR), the globally recognised standard for health data exchange. This makes the data readily available to fuel a range of modules, crafted to address the precise clinical and operational challenges present in health systems today. These modules are then bundled into eight specialised solutions that help organisations customise their digital strategy based on priority areas, patient demographics, regional needs, and more to maximise results.

With Miya Precision, Alcidion offers a fully integrated digital patient care platform including Patient Flow Management, a Clinical Decision Support (CDS) system, Electronic Patient Record (EPR) and Patient Administration System (PAS).

The platform uses a combination of AI, clinical decision support, and natural language processing, to help clinical teams interpret information and make informed decisions at every level.

With our smarter solutions for clinicians, we seek to empower our healthcare providers with real-time data and actionable insights, giving them more time to spend on patient care.

# WHAT DRIVES US

Our brand pillars define who we are, what we do and how we work together to deliver meaningful change.



### Work Smarter

We help healthcare organisations make smart decisions faster. And we provide the insights needed to optimise patient care.



### Lead the Way

Our industry knowledge and expertise help drive sustainable innovation now and into the future. We don't just create change. We lead it.



### Do it with passion

It's our passion for people that drives and energises us. It connects us with our customers each and every day.



### Partner for a better outcome

Our relationships are built on trust, respect and transparency. Only by working together can we create meaningful change.

Strong values are important to us at Alcidion.  
Our values guide us in our day-to-day work.

### We are brave

We take on the difficult jobs. We try new things. We learn new skills so we can be bold. We push the boundaries.

### We are a team

We look out for each other and we have our team members' backs. Our customers and suppliers are part of our team. We give honest feedback to our team members.

### We are creative and innovative

We like to learn and try new ways of doing things. We believe technology will create a new healthcare capability.

### We celebrate our achievements

We acknowledge when we and others have done a good job. We celebrate what we achieve - new products, project completions and new sales. We like to have fun along the way.

### We amaze our customers

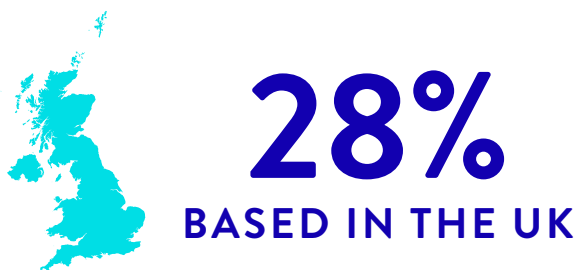
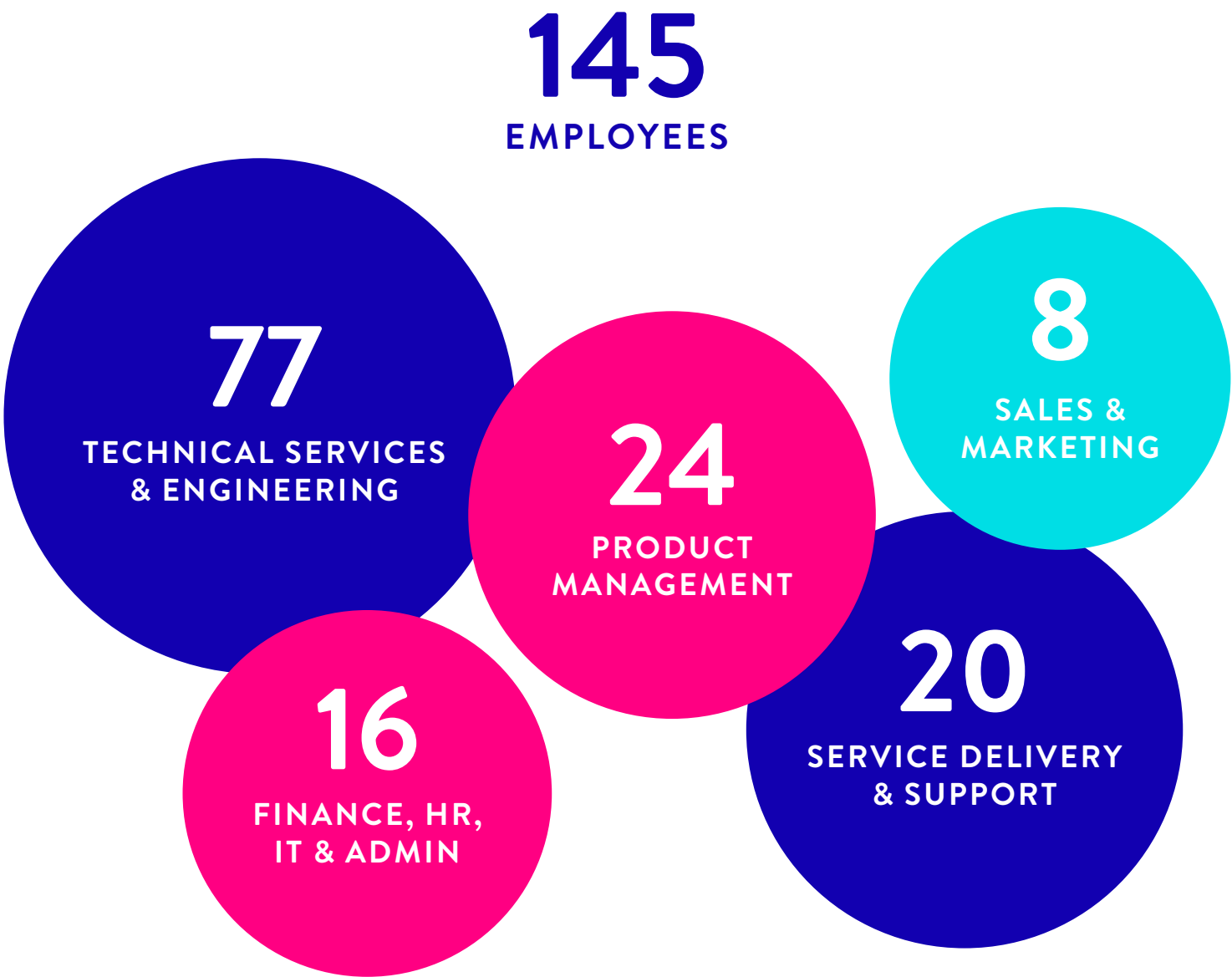
We value our relationships with customers enormously. We work with our customers to solve the big problems. We are tenacious - we never give up. We always deliver on our promise. We are honest with our customers.

### We are optimistic

We believe in ourselves and what we can achieve. We believe the healthcare industry can and will adopt technology that allows them to change. We know we can deliver on our promises. We believe healthcare will become safer using our technology.

COMPANY OVERVIEW

Our success is driven by the talent, dedication, and expertise of our team.



FY24 HIGHLIGHTS



## LETTER FROM OUR CHAIR

Dear shareholders,

The fundamentals of Alcidion's business remain strong and highly relevant in an environment of continued and growing pressures on healthcare systems worldwide. The core themes that led to the founding of Alcidion are more pertinent today than ever. An ageing population, ironically thanks to innovations in healthcare, has resulted in increasing demands on healthcare services, a shift toward healthcare intervention and prevention, and workforce capacity and funding constraints. A cornerstone of Alcidion's technology solutions is our ability to inform clinical decisions and provide information that minimises medical errors and medication mistakes, which today remains the third leading cause of death in the U.S. and many other countries.

With a growing customer base in the UK, Australia, and New Zealand, we are a trusted partner addressing the most pressing challenges for hospitals using Alcidion's unique, industry-leading modular platform, Miya Precision. The interoperability of our platform has allowed us to work alongside some of the biggest healthcare providers in the world, leading to truly integrated systems that aggregate data to provide meaningful information to clinicians and healthcare providers.

While the drivers for our solutions remain strong, this year has been more challenging in terms of the speed at which purchasing decisions are made. Macroeconomic and geopolitical influences in the UK have had an industry-wide impact on contract awards, resulting in Alcidion needing to navigate this environment by balancing our future opportunities and aspirations for growth with the short-term realities of business profitability and financial capacity.

Throughout the year, Alcidion has successfully executed its strategy to enable reference sites

and expand opportunities with existing customers. South Tees Hospitals NHS Foundation Trust has continued to expand its partnership with Alcidion and is now considered an important global reference site for us. Other significant reference sites include Alfred Health in Melbourne, Australia, and Hampshire Hospitals NHS Foundation Trust in the UK, which recently went live with Alcidion's emergency department module—the first rollout of this new solution.

In addition, we have secured new important customers throughout the year. Notably, North Cumbria Integrated Care NHS Foundation Trust notified us of our success in being named the preferred partner for their new EPR system. This is a significant validation of our EPR capability, and North Cumbria will join South Tees as our second EPR customer.

As we reflect on the full year, it is important to acknowledge that delays in the procurement cycle, as referenced earlier, have resulted in a year that fell below our expectations.

Consequently, we made the decision to adjust the company's cost base, focussing on areas where there was a natural shift in resource necessity following completion of several large technology deployments over the past few years.

It is also important to acknowledge that within this lower sales growth year, our market valuation has been impacted. We understand that the erosion of shareholder wealth is a source of frustration and disappointment.

With the changes made this year and our recent new customer wins, we enter the new financial year with confidence in our ability to support a rebuild of shareholder value. We remain committed to considering short-term opportunities to achieve

this within the larger, more important context of the opportunities ahead for Alcidion that will build our business to its full potential in the future.

I would like to take this opportunity to thank the Alcidion team for maintaining their focus on our aspirations, continuing to build trust through the excellence of our execution with our customers and remaining both motivated and accountable in delivering opportunities for Alcidion.

I would also like to thank our CEO Kate Quirke, and my fellow Board members and extend my gratitude to our shareholders for committing to this journey with us. It is one that is far from linear, but we retain our absolute focus on the ability of our technology solutions and our team to address the most challenging issues facing healthcare today. If we can achieve this, the future state of healthcare and of our shareholders will be equally better off.

Yours sincerely

Rebecca Wilson





## EVOLVING WITH PRECISION

Today's healthcare organisations are faced with complex decisions when it comes to selecting the right applications for their digital strategy. There is a broad spectrum of solution architectures ranging from a single monolithic product to best-of-breed product approaches. Each approach has advantages and disadvantages, and it can be a challenge for health executives to understand what will work best for their organisation.

The single monolithic product suite offers a range of capabilities; however, it is a relatively inflexible approach, lacking adaptability both in terms of customisation and alignment with clinical workflows – which is crucial in a dynamic industry like healthcare. Contrary, best-of-breed solutions only address a limited set of needs and create data interoperability challenges between systems and teams. Too often, healthcare executives are trying to make the choice between the breadth (monolithic) of digital benefits or depth (best-of-breed).

It is tempting to rip and replace imperfect systems. However, a significantly less costly and time-consuming strategy is to take a modular approach, identifying what works well and filling in the gaps that don't.

Whether an organisation is at the start of their digital transformation journey or well on the road to the realisation of digital goals, there is a demand for new capabilities that can work with an organisation's current data and application assets. These capabilities should complement what exists and allow the organisation to innovate and evolve in sync with the digital health industry.

Alcidion's Miya Precision has been built to address this challenge by offering a platform approach aimed at maximising the value of existing assets whilst unlocking pathways to innovative modular solutions. Our objective is to assist in liberating data from current assets with minimal disruption to clinical

teams. In parallel, our customers have access to the capabilities of a monolithic EPR in a modular form, allowing them to pick and choose what they want to deploy and when.

At the foundation of our offerings is our FHIR-events platform, Miya Precision. This platform integrates in real-time with existing health systems, transforming data into FHIR, the industry standard for data exchange, to remove any data interoperability challenges. The data ingested into the platform is used to fuel a range of capabilities, which can be conveniently bundled into solutions, strategically aligned with critical challenges faced by healthcare organisations.

Or, if preferred, organisations can construct a custom solution with exactly the tools needed to achieve their particular objectives. Rather than providing a one-size-fits-all solution, the modular architecture of Miya Precision is designed to adapt to the nuances of the healthcare sector and individual hospital sites, offering a tailored response to specific challenges. This approach allows healthcare organisations to choose specific components based on immediate requirements and priorities, while the scalable platform design anticipates future growth and technological advancements. 

# THE RIPPLE EFFECT OF PATIENT FLOW IN HEALTHCARE

↓ **67%** Reduction in time  
to allocate a bed

↓ **17.7%** fewer patients  
admitted to the wrong  
ward (outliers)

**100%** Patient record  
alignment

↑ **100%** of Estimated Discharge  
Dates captured,  
up from 61%

↓ **12.1%** Reduction in  
length of stay

**30 → 9** Reduction in different  
ways of working

## Q&A WITH KATE QUIRKE, CEO

**“We’re redefining healthcare delivery with bold innovations that will set new benchmarks in patient care and operational efficiency.”**

### **FY24 has been a challenging year for the health industry, how has Alcidion remained focused and navigated this environment?**

FY24 has presented significant challenges worldwide with healthcare systems buckling under the weight of demand alongside budget constraints and political changes impacting decision making.

While healthcare systems around the world have unique funding and operational structures, what is consistent are challenges such as ongoing resource constraints, workforce shortages, funding challenges and subsequent delays to digitisation initiatives.

This presents opportunity for our technology solutions which are well placed to be part of the solution to these challenges and frustrations.

The importance of an evidence-based approach to product innovation and implementation cannot be underestimated. An exciting development in FY24 was the publication of an independent study on the benefits achieved from implementing Alcidion’s patient flow solution at Alfred Health. The study identified significant improvements, including:

- 67% reduction in the call duration to allocate a bed
- 17.7% reduction in outliers (patients not able to get a bed in the right ward) at admission
- 12.1% reduction in length of stay over the 18-month period covering the deployment
- 100% alignment of patient information between source systems and Miya Flow

We remain focused on demonstrating the value our solutions bring and we continued to increase our presence at major healthcare conferences. As the year progressed, there was a significant increase in tender activity driven in part by the work Alcidion has been doing to promote the

benefits and value of our technology. This leads to an increased pipeline of opportunities and we have started to see some of these come to fruition with announcements such as our preferred provider status for North Cumbria Integrated Care System Electronic Patient Record and the contract to provide Miya Precision as a data integration platform to support better patient flow across the Hume Regional Health Alliance in Victoria.

### **It’s been almost 3 years since the Department of Defence contract was awarded, how has the rollout been?**

In 2021, we signed our largest ever contract with Leidos to deliver part of the Health Knowledge Management System for the Australian Defence Force. Alcidion provides the FHIR enabled longitudinal health record via Miya Precision, for all serving defence personnel, combining the data from all the ecosystem partners collecting health information from primary care, dentistry, allied health and where needed critical care. This large-scale initiative demonstrates the scale and capability of our platforms and the role we can fill in combining vast amounts of health data into a single record. We are pleased with the progress of the project which is entering its final phase of delivery.

### **How has the product suite and its application evolved over the past few years, including the emergence of AI?**

We have seen tremendous impact from the release of Miya Noting, a digital noting system that saves clinicians time, and just recently our latest module, Miya Emergency, was successfully deployed at Hampshire Hospitals NHS Foundation Trust in the UK. In the first 18 days, the team at Hampshire created over 90,000 documents, highlighting the positive environmental impact of Miya Noting, not to mention

the digital enablement from having the information captured in Miya.

We are committed to incorporating the value of emerging technologies into our solutions to expand the possibilities of what we can achieve in supporting better healthcare delivery. The proliferation of AI can be difficult for customers and shareholders to navigate what’s meaningful from hype. We remain highly focused on what can be applied in the short to medium term to improve both user experience and value whilst evolving alongside the security, privacy and ethical priorities. Today, we are delivering meaningful benefits using AI in the areas of patient deterioration identification, predictive analytics and discharge planning.

### **How do you view the change in UK government as it relates to the NHS digitisation program and the urgency for NHS improvement?**

It has been a time of uncertainty in the lead up to the UK election and we look forward to the opportunity to understand the priorities of the new government as it seeks to support an NHS which is under considerable pressure. This has had an impact on the speed at which the digitisation program has been executed. However, we have seen continued support for the need to modernise the NHS via digital investment and we expect that to be a feature of the new government agenda.

During the year South Tees Hospitals NHS Foundation Trust extended our Miya Precision Electronic Patient Record (EPR) System contract by eight years, ensuring alignment with the NHSE EPR program timelines. This extension, which includes our Miya Noting module, highlights the trust’s commitment to building a strong digital infrastructure that can support the trust’s operations today and years into the future.

### **Looking ahead to FY25 and beyond, where are the areas of focus for Alcidion?**

This year is shaping up to be incredibly exciting as we onboard new customers, deploy new modules, and embrace the technology evolution driven by clinical decision support, generative AI and predictive analytics.



The combination of these technologies opens new frontiers for healthcare.

One notable milestone already achieved early into this new financial year is the launch of our Miya Emergency solution at Hampshire Hospitals NHS Foundation Trust. Tailored specifically for the Emergency Department (ED) workflow, this specialty dashboard displays key indicators that support the clinical and flow perspectives of patient care in this specialised care setting. The implementation of this module is expected to transform how patients first enter a hospital, providing greater visibility of information to better manage risk, care delivery and patient throughput.

Beyond our technology, Alcidion remains committed to making a positive impact on the communities we serve. As part of our corporate responsibility and commitment to reconciliation, we are eager to see the initiatives outlined in our Reflect Reconciliation Action Plan (RAP) come to life. These actions reflect our dedication to fostering stronger relationships with Indigenous communities.

I am proud of the way the Alcidion team has responded to the challenges of FY24 and look forward to that response having a profound influence on the year ahead. 🌟

# AN INDEPENDENT STUDY AT ALFRED HEALTH

An independent study of the implementation of Alcidion's Miya Precision at Alfred Health has identified a wide range of benefits attributed to the adoption of electronic patient journey boards to facilitate inpatient clinical workflows. The study was conducted by Monash University in partnership with the Digital Health CRC.

In 2022, Alfred Health selected Miya Precision as a solution to address the challenges presented by outdated patient tracking systems, allowing them to streamline communication and real-time access to patient information across multiple wards.

The solution takes advantage of FHIR based real-time bidirectional integration to aggregate data from Alfred's EMR, PAS and numerous other systems to provide a single view of the patient's information.

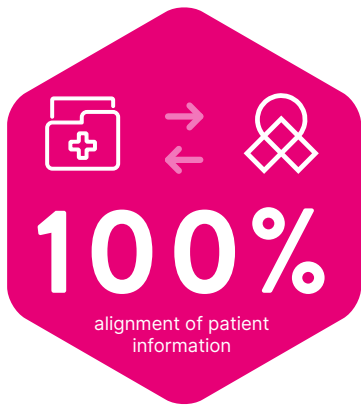
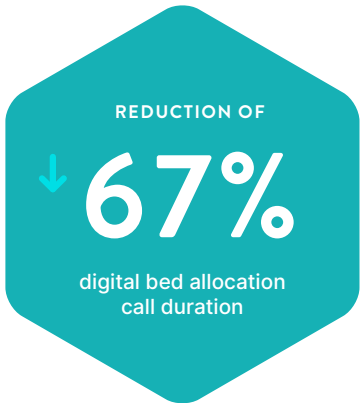
Clinicians can execute patient workflow activities directly from the electronic journey boards, streamlining day to day activities and releasing time to care. Example activities include bed requests and allocation, observation management, handover notes, results management and discharge planning.

The study conducted by Monash University and funded through the Digital Health Cooperative Research Centre (CRC), revealed several key findings:

### FINDING 1

#### Efficiency in bed allocation

The study reported that the duration of calls related to the management of beds decreased by 67%, freeing up resources to take on additional work. Miya Precision enables the digital allocation of beds, relieving clinicians from the need to call and speak to a bed manager to request a bed.



### FINDING 2

#### Access to real-time patient information

The study found that prior to the deployment of Miya Precision, wards experienced a 25-40% discrepancy between patient information in the EMR and the whiteboards used to manage patient care. This discrepancy was eliminated with the adoption of Miya Precision and the electronic journey boards resulting in enhanced patient safety, streamlined clinical updates to patient records and more time to care.

### FINDING 3

#### Reductions in length of stay

During the course of the study, a consistent decline in patient length of stay was observed, decreasing by 12.1% over an 18-month period. Emergency department length of stay also saw a reduction during the implementation period, suggesting an improved availability of beds in the inpatient facility.



### FINDING 4

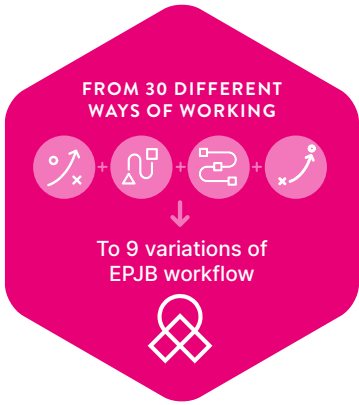
#### Improvements to discharge planning

Prior to the adoption of Miya Precision, almost 40% of patients did not have an Estimated Date of Discharge (EDD) captured in their record. As a result of the implementation of the electronic journey boards, 100% of records now include an EDD, captured on the electronic journey board and passed back into the EMR and PAS. Changes to EDDs require a reason to be provided, aiding in the analysis of discharge forecast accuracy and supporting continuous improvement efforts.

### FINDING 5

#### Consistency in ways of working

Before the implementation of Miya Precision, the study identified 30 different workflow variations across Alfred Health at the ward level, posing challenges for staff in terms of efficiency and patient safety when moving between wards. Using a consistent electronic journey board with configurable columns, the Alfred team now has just 9 clinically aligned workflow variations. This supports the customised delivery of patient care whilst enabling staff to move between wards without having to learn new ways of working.



### FINDING 6

#### Reduction in outliers

The study identified a 17.7% reduction in the number of outliers at the point of admission, indicating improved availability of beds and visibility of both incoming patient demand and bed capacity in target wards.

**“The end ambition is to have a process that can oversee patient management and flow across all pathways, identify areas of concern or constraint, and support remote care either in patients’ homes or partnered hospitals/health services,”**

said Amy McKimm, Alfred Health Chief Digital Health Officer.



# CUSTOMER SPOTLIGHT: HEREFORDSHIRE AND WORCESTERSHIRE HEALTH AND CARE NHS TRUST

Herefordshire and Worcestershire Health and Care NHS Trust is the lead provider of mental health and learning disability services across the county, supporting children, adults and older people. The trust works alongside community partners to support people's mental wellbeing; provides support for people experiencing stress, anxiety or depression; runs a range of specialist services which care for people at home or on a ward; and has a crisis team that provides around the clock support for people experiencing an escalation of their mental health needs or a crisis.

## Reducing manual administration tasks

In April 2024, the trust implemented Alcidion's Miya Precision platform to streamline bed management workflow across seven community hospitals in Worcestershire. Many of these workflows still relied on manual tools, such as phone calls and emails, which took up clinicians' valuable time and created inefficiencies in the patient journey. The implementation of Alcidion's Patient Flow Solution gives the organisation a real-time view of bed capacity, pending discharges, and discharge activity tracking to coordinate and support a safe and effective discharge process. The trust is pursuing a staged approach to this transformation, starting with the implementation.

Kath Stanbra, Associate Director of County Wide Community Services said:

**"The implementation of Alcidion's bed management solution has been positively received by staff working on the wards. A benefit of note has been the real time visibility and enhanced operational oversight of the patients journey from admission to planning a safe and effective discharge."** 🌟



### The second phase is to deploy Miya Command and Patienttrack.

The trust's vision is for a seamless transition between Miya Flow and NEWS2 observation capture via Patienttrack.

Miya Command will display expected demand in the context of available resources, using real-time visualisation to highlight potential constraints.

### This phase delivered the new bed management workflow across community hospital wards.

Miya Flow facilitates real-time monitoring of patient movement, empowering the trust's staff to proactively identify bottlenecks.

Miya Access takes advantage of clinical data to optimise bed allocation decisions, further enhancing the patient journey.

# CUSTOMER SPOTLIGHT: SYDNEY LOCAL HEALTH DISTRICT

In 2020, Sydney Local Health District (Sydney LHD) launched 'rpavirtual', a fully integrated virtual hospital which played a leading role in the health district's response to COVID-19 and has now provided technology-enabled care to more than 85,000 patients across a wide range of patient cohorts.

## Addressing integration and poor patient experiences in virtual care models

The COVID-19 pandemic was the catalyst for many health systems to accelerate the implementation of new models of care, but in the haste of these pressures, the integration of these services into the broader healthcare strategy and system was overlooked. Despite their potential benefits, including cost savings, convenience, and accessibility, numerous virtual care pilot programs have failed to survive due to data integration challenges and poor patient experience with remote monitoring tools.

Sydney LHD recognised the importance of not only implementing rapid changes, but also ensuring their alignment with long-term strategic goals, the evolving needs of patients and the entire healthcare system.

## An adaptive virtual care model with interoperability at its core

Sydney LHD implemented Miya Precision, Alcidion's FHIR-events platform that enables healthcare organisations to address an extensive range of clinical challenges and build an enterprise-level foundation to address continuously evolving models of care.

Initially, rpavirtual provided a 24/7 in-home remote patient monitoring service using Miya Precision to patients who had tested positive to COVID-19 and were assessed as clinically appropriate for virtual care.

Patients were equipped with a wearable care kit, which transmitted temperature and oxygen saturation data via Bluetooth to Alcidion's patient-facing application, Miya Care. Having gone through an iterative human-centred design process,

Miya Care facilitates seamless collaboration and communication between patients and clinicians with an intuitive interface. The app guides patients in their care journey and captures information which is presented to clinicians on the Miya Precision clinical dashboards.

## As of May 2024, rpavirtual has provided care to more than 85,000 patients across a number of patient cohorts

Beyond the COVID-19 use case, rpavirtual has demonstrated its ability to scale up virtual care without the challenges associated with traditional hospital infrastructure. With only 500m<sup>2</sup> of physical space, carefully designed and constructed to maximise utilisation and clinician comfort, the in-home monitoring initiatives adapt to deliver a range of other virtually-enabled care shown in the table below. 🌟

### Virtual Care Cohorts

- Virtual Rehabilitation
- Remote Monitoring for Acute Diverticulitis
- Virtual Low Back Pain Care
- Long COVID Program
- Virtual Urgent Care and Emergency Department
- Virtual Trauma Care
- Wound Care Command Centre
- 24/7 Palliative Care Patient Advice Line
- Virtual Drain Management
- Medication Monitoring

# FEATURE ARTICLE: PHILOSOPHY OF FLOW

By Nick White, Paul Deffley & Olivia Thomajan

## Addressing ambulance ramping by tackling the 8 key breakdowns in patient flow

The estimated cost of delayed discharges in the United Kingdom alone exceeds £900 million per year. In Australia, exit block costs reach upwards of \$2 billion just for patients needing appropriate aged care and disability support.

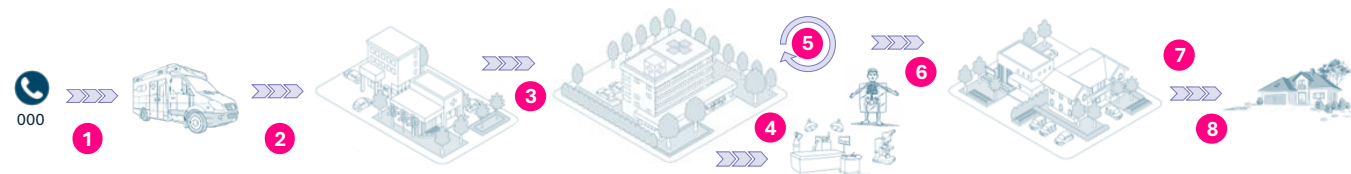
Patient flow is defined as the movement of patients through various stages of healthcare delivery, from the initial point of contact with the healthcare system to the discharge or transfer. Slow patient flow creates a ripple effect of consequences throughout the care journey, including overcrowding, inefficient use of resources, increased risk of medical errors, patient dissatisfaction, and high costs.

addressing patient flow and present our philosophy of flow, which has three key principles:

1. Look backwards along the patient flow journey;
2. Provide tools to create transparency of demand;
3. Focus on digitising clinical workflows and sharing real-time updates.

### 'Ramps' to address in order to improve patient flow

Ambulance ramping has become a key issue for healthcare services, compromising patient safety, exhausting care teams, as well as creating a media and political frenzy. In the past year alone, there have been dozens of news articles highlighting the issues with ramping.



#### The 8 key ramps of healthcare

- |                           |                                     |                              |                                 |
|---------------------------|-------------------------------------|------------------------------|---------------------------------|
| 1 Emergency response time | 3 Inpatient Admission               | 5 Outlier resolution         | 7 Eligibility for Virtual Care  |
| 2 ED Ramping              | 4 Theatre/Clinical Support Services | 6 Step down care progression | 8 Discharge (waiting for what?) |

As the demand for healthcare increases, capacity is struggling to keep pace, making it more difficult for healthcare systems to manage this balancing act. Targeting patient flow has been proven to decrease patients' length of stay (LoS) and increase the speed with which patients are processed toward discharge. However, as a process that differs by organisation and by patient, the solution can often remain elusive. In this article, we discuss the challenges of

In Australia, the AMA recently published its 2023 Ambulance Ramping Report Card showing every state and territory falling short of their ambulance ramping performance targets. The report highlights that 1 in 4 patients arrive at the ED by ambulance, and that every state has deteriorating performance against a backdrop of consistent annual increases in the number of incidents requiring ambulances.

A similar scenario is present in the UK, with a reported 237,000 ambulance handover delays exceeding 15 minutes in October 2023, resulting in 149,000 hours lost.

Even more troubling, an estimated 37,000 patients experienced potential harm as a result of hour-plus handover delays that month.

The natural reaction to these challenges is to focus on the healthcare system's 'front door' where ambulances ramp as they arrive to transfer patient care to the emergency department.

**However, we can't simply throw more volume at the front door and expect the system to absorb it, especially if that system lacks the tools to understand demand and has fixed constraints that impede flexibility to increase throughput.**

Whilst the challenge of bed capacity is most evident in the ED, it is also present along the whole healthcare value chain. The diagram to the left highlights 8 of the core 'ramps' or pinch points which need to be addressed to optimise patient flow.

### Lessons from Lean manufacturing

Resolving 'flow' challenges has long been the focus in manufacturing and supply chain management, and there is an opportunity to take learnings from these industries and apply them to healthcare.

**The concept of 'flow' is central to Lean thinking, in that overproduction at any part of a production line drives inefficiency.**

In Lean manufacturing, the goal is to have each part of the production line operating in concert, and to scale activities up or down to optimise 'flow'.

Whilst it may seem questionable to some to compare a healthcare system to a manufacturing line, the principle of 'flow' is consistent across both industries.

Evidence supports that Lean techniques and tools are increasingly being applied in healthcare organisations for improving safety, efficiency, and quality, optimising the workflow in healthcare services and improving ED operations. Those organisations that have adapted the teachings from Lean manufacturing to their systems and processes report reduced waiting and reduced LoS, better utilisation of resources, and timely release of capacity for next use.

So, how can we address the challenges in our emergency departments in the context of increasing volumes, constrained capacity and funding, and exhausted care workers? This brings us to our philosophy of flow.

### Look backwards along the patient flow journey

Looking backwards along the patient flow journey may seem counterintuitive at first. The noise is in the ED and on the ramp – this is where the media and the politicians are looking, and it is easy to follow the noise. However, this is not where the heart of the problem lies.

As we look downstream, we see issues with getting patients out of ED and into an inpatient bed. Further along is the issue with completing transfers and resolving outliers. And further still we run into challenges with addressing moves to sub-acute or step-down care. Equally we have challenges with transitioning patients to virtual care services, and for certain cohorts with discharge.

As we study each of these issues in more detail it becomes clear that solving problems with ED by adding capacity or staff will provide short term relief and meet the immediate needs of patients; however, within a short time the 'flow' challenge will move along to the next bottleneck – admitting patients into the hospital. This problem repeats, moving the flow blockage to the next problem downstream.

Solving any one of these challenges simply moves the problem downstream, without releasing capacity in the system. For anyone who understands baseball, the comparison can be made to moving between



## FEATURE ARTICLE: PHILOSOPHY OF FLOW

the bases. A score is only recorded when you get around the diamond, you don't get anything for moving from base to base other than a loaded field.

However, if you work backwards along the patient flow journey, and resolve the 'stranded patient issue', and the numerous 'waiting for what' and 'discharge barriers', the ripple effect creates capacity in the system. This allows the resolution of outliers and awaiting patient transfers, which in turn releases capacity to take in patients from ED who are waiting for a bed.

### Provide tools to create transparency of demand

Being able to 'see' demand across the eight ramps previously mentioned is essential for addressing operational challenges like understaffing and resource allocation. Dependency on paper tools and excel files severely limits a 'whole of organisation' approach to managing patient flow and increases the risk of inefficient bed allocation, delays to transfers and ward discharges and delays to overall bed access for elective, planned and urgent admissions.

Electronic patient journey boards offer real-time visibility into patient status, treatment progress, and bed availability, allowing healthcare teams to anticipate and address patient needs more effectively.

A recent study conducted by Monash University explored the effectiveness of electronic patient journey boards for improving patient flow at Alfred Health. The study found that staff felt visibility of information had increased. In addition, the study found the alignment of patient flow management strategies transitioned from 30 disparate approaches to just 9 variations closely mapped to clinical workflows. This not only enhanced the availability and consistency of patient information throughout the service but also streamlined operational efficiency.

At an enterprise-level, operational command centres focus on releasing capacity and the identification of potentially vulnerable patients to help organisations optimise resource management within individual facilities or across the integrated care system. One study of a centralised coordination hub used to manage patient flow across acute tertiary care concluded, "Visibility of the comprehensive end-to-end data allows everyone to have a common understanding of the pressure points and opportunities to ease flow or create capacity and supports the staff to be accountable for the decisions they make".

Advancements in artificial intelligence are introducing tools like predictive analytics that allow healthcare organisations to look at expected presentations and subsequent inpatient admissions to proactively manage flow.

### Focus on digitising clinical workflows and sharing real-time updates

Returning to the teachings from Lean manufacturing, real-time data is crucial for predictive insights and operational agility. It allows healthcare organisations to anticipate and address bottlenecks in patient flow by adapting their resources and workflows to meet both current and future demands. Additionally, research suggests a mutually beneficial relationship between Lean principles and technological advancements, where Lean methodologies facilitate more seamless adoption of new technologies, which in turn, enhance the effectiveness of Lean practices.

The digitisation of clinical workflows involves implementing technology-driven solutions like electronic patient records (EPRs), clinical noting tools, and inventory management systems to reduce manual errors, eliminate paper-based inefficiencies, and boost staff productivity. Streamlining these workflows aligns with Lean manufacturing's lessons about waste.

Real-time data analytics complement workflow automation by providing timely insights into key performance metrics such as patient volumes, wait times, bed availability, and staff allocation. Access to this data empowers healthcare providers to make informed decisions as patient care unfolds.

### Putting philosophy into practice

Alcidion offers a modular approach to address patient flow challenges, which enables organisations to discretely target the identified eight ramps by using strategies and lessons from Lean manufacturing.

By using innovative solutions such as electronic patient journey boards and predictive dashboards, Alcidion enables healthcare providers to optimise

efficiency and increase patient throughput. Embracing this philosophy not only streamlines workflows but also fosters a more responsive and patient-centred healthcare system, ensuring sustainable success in a strained environment. 🌟





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Alcidion's purpose is to transform healthcare with smart, intuitive technology solutions that meet the needs of healthcare delivery, worldwide.

Our commitment to improving the lives of patients and clinicians extends beyond digital health. By embedding environmental, social and governance (ESG) principles in our business operations, we aim to positively impact the communities where we live, work and serve around the world.

Whilst Alcidion falls below the threshold for mandatory carbon emissions reporting, emissions reduction is a foundational element of our ESG program. Importantly, we are partnering with our customers and our investors to ensure ESG is symbiotic with our operational and commercial objectives.

**During FY24, Alcidion progressed initiatives across four key pillars as outlined on the following pages.**





# FOUR PILLARS OF OUR ESG ROADMAP

## TAKING SUSTAINABILITY ACTION

### Goal

#### Embarking on our sustainability journey

Measure our existing UK emissions to provide a baseline position and draft a Carbon Reduction Plan for Alcidion UK.

### Contribution

#### Engage a third party to measure our baseline emissions

In FY24, Alcidion engaged with a third-party expert in the UK to assist in measuring our baseline carbon emissions for our UK operations that also provides a directional approach to our ANZ operations.

#### Creation of alcidion UK's carbon reduction plan

In FY24, we developed our UK Carbon Reduction Plan, which considered the baseline data collected, identified existing and potential activities, and calculated a path to achieving a 20% reduction in emissions within five years, as concrete steps towards achieving Net Zero Emissions in the future.

### FY25 Focus

The focus of FY25 is to implement the initiatives identified and to continue to measure and report our emissions to track the improvements over time.

## NURTURING GROWTH IN OUR PEOPLE AND COMMUNITIES

### Goal

#### Thriving for our workforce and communities

We work to create an environment where both employees and the communities in which we operate can flourish and prosper.

### Contribution

#### Diversity, equity and inclusion

We have continued with initiatives to promote diverse workforce participation, including partnering with Perfectly Autistic to facilitate a neurodiversity awareness workshop and an employee led LGBTQIA+ awareness session.

### Gender Equality

In 2023, Alcidion Aus Pty Limited lodged its inaugural report with the Workplace Gender Equality Agency (WGEA) and received a notice of compliance with the Workplace Gender Equality Act 2012 for the 2022-23 reporting period. 2023-2024 WGEA reports have now been submitted. Public data can be accessed via our website.

### Reconciliation

In FY24, we developed our first Reconciliation Action Plan (RAP), marking a key step toward reconciliation with Aboriginal and Torres Strait Islander peoples. We engaged Wagiman and Ngan'Gimerri artist, Tara-Rose Gonebale to design the artwork for our RAP.

### FY25 Focus

Implement year one initiatives from our 2024-2026 Belonging@Alcidion Diversity, Equity and Inclusion Strategy and Reflect Reconciliation Action Plan.

## SAFEGUARDING TRUST

### Goal

#### Fortifying data security and privacy

Continue to monitor the threat landscape, validate our products and hosted environments for security by third-party expert testing, continue to educate our workforce on cyber threat avoidance, and build event response readiness and operating resilience.

### Contribution

#### Partnering with cyber security expertise

Alcidion continues its partnership with a respected third-party provider of cybersecurity services. This has seen the delivery against our ongoing plan that continues to test the security of our products, internal infrastructure and cloud hosted platforms, as well as ensuring experts are available on-retainer to assist in the event of an information security incident.

### Certification

Alcidion has had its Cyber Essentials Plus (CE+) certification renewed for another year. Some parts of Alcidion have had ISO27001:2013 certification renewed and Alcidion is transitioning to ISO27001:2022 in FY25, with the stage 1 audit completed in early FY25.

### FY25 Focus

Renew CE+ certification and achieve ISO27001:2022 certification. Manage our partnership with cybersecurity experts to continually test our products and environments. We will continue to manage vulnerabilities and educate our staff.

## STRONG BUSINESS STEWARDSHIP

### Goal

#### Building the foundation to future success and prosperity

Board oversight of our ESG program to strengthen our commitment to eliminating modern slavery, reducing emissions and improving cybersecurity.

### Contribution

#### Risk framework

Alcidion has adopted an ISO31000 compliant risk management framework across the business.

### Modern slavery

Alcidion has published its Modern Slavery policy for the UK in FY24 and will be working to roll this out to the global business in FY25.

### Oversight of ESG

The Board continues to oversee the direction and initiatives of Alcidion's ESG program. This is supported by a cross-functional Working Group that progresses Alcidion's ESG program.

### FY25 Focus

Support the delivery of the initiatives identified in the four ESG pillars – including rolling out the initiatives globally where they have commenced in the UK.

## ESG SPOTLIGHT 1: RECONCILIATION ACTION PLAN (RAP) – REFLECT

As a proudly Australian company, Alcidion is committed to reconciliation, which aims to strengthen relationships between Aboriginal and Torres Strait Islander peoples and the wider community for the benefit of all Australians. Developing a Reflect RAP provides the opportunity to articulate our vision for reconciliation and the actions needed to achieve it.

Alcidion was founded with a strong purpose of making a positive difference to patient outcomes by working together with clinicians to transform healthcare.

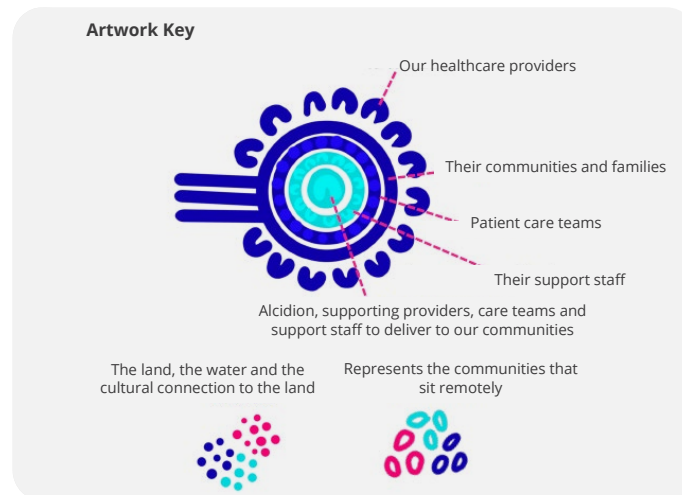
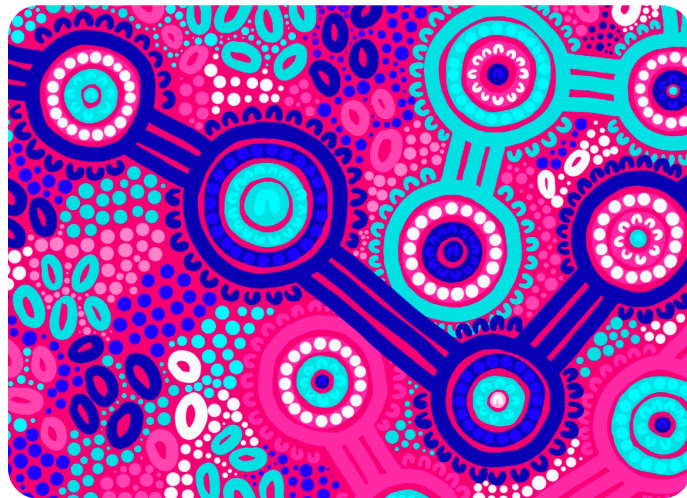
An example of this is Alcidion's Virtual Care solution, which streamlines digital care pathways,

improving communication between patients and care teams for enhanced remote patient management.

We are committed to continuing to develop virtual care models that enable clinicians and care givers to provide care for rural and remote communities across Australia, improving the health and wellbeing of Aboriginal and Torres Strait Islander peoples.

A positive impact for patients is at the core of what we do. Our RAP will enable us to further engage with the community to understand how we can contribute to closing the healthcare gap.

### Connecting Care



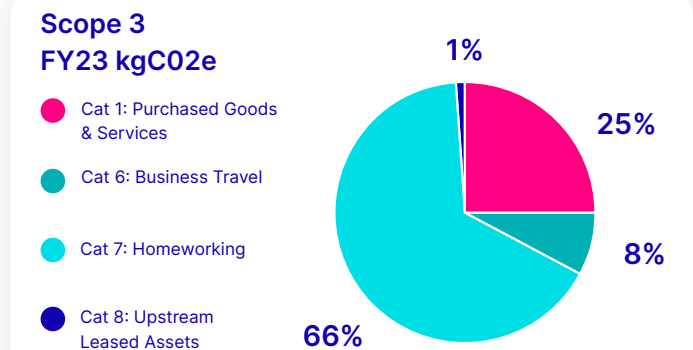
This artwork is centred around the connection Alcidion creates between clinicians and their patients and between care teams and support teams, transforming the way care is delivered. The artwork represents this process by showing the journey of patients and the passion of our care professionals across different stages of care. It represents the journey forwards, the different paths that can be taken and the continuum of care for patients.

## ESG SPOTLIGHT 2: CARBON REDUCTION PLAN

We recognise the need to address climate change and its impact on global health. Our commitment extends beyond minimising our carbon footprint to actively promoting sustainability through the delivery of our solutions.

In March 2024, Alcidion released our UK Carbon Reduction Plan, which includes our baseline emissions in the UK and actionable steps to achieve our reduction targets. As a software company, we do not produce any direct Scope 1 or 2 emissions and have focused our reporting on material Scope 3 emissions.

The breakdown of the Scope 3 emissions is available in the chart below:



### Emissions Reductions Target

We project that Alcidion's carbon emissions will decrease over the next five years to 922 tCO<sub>2</sub>e by 2028. This is a reduction of 20% from the FY24 baseline. The following carbon reduction measures have been completed or are being implemented to support our target of a 5% reduction year on year.

- Energy Efficiency** - continue to support the option of working fully remotely for those not near an office and hybrid working for all other employees. Exploring environmental incentives to help employees reduce their energy and wider sustainability footprint whilst working at home.
- Supplier Management** - building carbon emissions into our third-party supplier assessment process and implementing a low GHG purchasing policy.
- Business Travel** - continue encouraging online meetings to reduce business travel. Have a Travel policy in place for business travel which encourages more efficient and lower emitting modes of travel. Additionally, Alcidion UK operates a salary sacrifice car allowance scheme, which incentivises employees to purchase an electric or hybrid vehicle.
- Offices** - defining property standards for leasing offices to prioritise those with sustainability credentials. Regularly engaging with our landlords in relation to sustainability in our leased or licensed offices. Where we have sufficient lease term, engaging with the landlord to sub meter all services.
- Data Quality and Reporting** - continuing to improve the quality and reporting of the carbon data reported in Scope 3.
- Customer Engagement** - engaging with our key customers to understand their future expectations and identify the steps we can take as a company to meet these expectations.





**DIRECTORS' REPORT &  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2024**



**Directors' report &  
Financial statements  
For the year ended 30 June 2024**

**Alcidion Group Limited  
and controlled entities**

**ABN: 77 143 142 410**



## Directors' report

The directors of Alcidion Group Limited ("Alcidion" or the "Group" or, the "Company") present the annual report of the company for the financial year ended 30 June 2024. To comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

### Information about the directors

The names and particulars of the directors of the Company in office during or since the end of the financial year are:



**Ms Rebecca Wilson**  
Chair (From 30 August 2019)  
Non-executive Director  
Appointed 1 August 2017

B.A (Journalism), Post Grad  
Applied Finance and  
Investment (FINSIA)

Rebecca is an experienced company director with private, ASX listed and not-for-profit organisations. In her previous executive career, she held global leadership roles in marketing communication, investor relations, and corporate affairs. She has deep expertise in ESG, complex stakeholder communication, issues, crisis and risk management, transactions, and investor relations. She is industry agnostic having worked with multinational and growth companies in technology, healthcare, retail, and professional services sectors.

Rebecca is experienced in leading companies during important commercial activation phases working with CEOs as both an advisor and non-executive director to develop and execute effective business strategy that supports accelerated and sustained growth.

Rebecca is currently the Non-Executive Chair of AI-enabled technology company LBT Innovations (ASX LBT), and Non-Executive Director of Hansen Technologies (ASX HSN). She's a Non-Executive Director of NFP, The Tomisich Foundation.

Rebecca is a Graduate and Member of AICD with AICD course certificates in Climate Governance, The Board's Role in Cyber, and Ethics in the Boardroom.

**Special responsibilities:**

Member of the Remuneration & Nomination Committee



**Ms Kate Quirke**  
Managing Director  
Executive Director  
Appointed 3 July 2018

B. Applied Science

Since July 2018, Kate Quirke has been the Group Managing Director and Chief Executive Officer of the Alcidion Group, a company dedicated to providing smart technology to the health sector. Kate leads the business globally with current focus on Australia, New Zealand and the United Kingdom with a goal of developing mutually beneficial relationships with customers, partners and investors.

Kate has 25+ years of digital health sector experience and has been involved in large procurements and implementations of healthcare information technology across Australia, New Zealand, the United Kingdom and South-East Asia. Her background includes leading management roles at large healthcare software firms where she has driven strategic product direction. She strongly believes that the astute application of information technology will support the transformation of healthcare delivery worldwide.

Kate is currently a Non-Executive Director of ANDHealth, Australia's leading provider of accelerator, incubator and commercialisation programs for digital health technology companies.



**Mr Simon Chamberlain**  
**Non-Executive Director**  
Appointed 1 July 2019

B.Com (Accounting), LLB (Hons),  
GAICD

Simon is an accomplished executive and business leader, with more than 20 years' experience in executive roles at companies including Experian (LON: EXPN), Medibank Private (ASX: MPL), Qantas (ASX:QAN) and MedAdvisor (ASX:MDR). He is currently the Chief Revenue Officer at the high-growth, tech-enabled residential services business, Detector Inspector, where he runs the sales, marketing, support and strategy functions.

Simon has a proven track record for strategic success and commercial growth across a range of industries and markets. Simon led Qantas' entrance into the online hotels business, establishing a profitable, high growth new division. At Medibank, Simon had responsibility across customer channels, data and customer experience.

Gaining a better understanding of the complex challenges facing the wider health system led to Simon's role leading strategy for MedAdvisor, where he supported the global expansion of its health technology business. Simon brings a valuable international perspective and global network to the Alcidion Board, holding executive roles across the US and the UK, where he was a key part of the executive team that sold the Australian start-up, Hitwise, to Experian in 2007.

**Special responsibilities:**

Chair of the Remuneration & Nomination Committee  
Member of the Audit & Risk Committee



**Ms Victoria Weekes**  
**Non-Executive Director**  
Appointed 1 September 2021

B.Com, LLB, Senior Fellow of  
FINSIA, AICD Fellow and a  
Chartered Banker

Victoria is an accomplished non-executive director with experience across a diverse range of industries built on a successful executive career in investment markets and financial services. Victoria's 30 years of experience in the finance and banking sector includes C-suite roles as a Managing Director at Citigroup and Executive General Manager at Westpac.

As a former Chair of the Sydney Local Health District, Victoria has a deep understanding of the healthcare sector where she served as Chair of its Education & Research Committee and Deputy Chair.

Recognised for her specialist expertise in risk management and regulation, she has led organisations through strategic issue management and transformational change. Victoria is a non-executive director of Bendigo and Adelaide Bank (ASX: BEN) and Chairs their Board Risk Committee, Deputy Chair of the ASIC Markets Disciplinary Panel and Chair of Pinnacle Housing Partnerships, an AXA affordable housing provider. Victoria is also on the Council of the State Library of NSW. Previously Victoria was Chair of NSW Treasury Audit & Risk Committee and President of the Financial Services Institute of Australasia (FINSIA).

**Special responsibilities:**

Chair of the Audit & Risk Committee  
Member of Remuneration and Nomination Committee



**Mr Daniel Sharp**  
**Non-Executive Director**  
Appointed 1 September 2021

B.Econ, LLB, CFA Charter Holder

Originally commencing his career as a lawyer, Danny has over 25 years senior executive experience in investment banking and corporate finance.

From 2012-2020, Danny was an Executive Director of Corporate Finance at Canaccord Genuity where he led dozens of equity capital market transactions and corporate finance advisory projects across the healthcare, life sciences, technologies, financial services and general industrials sectors. Prior to his executive role at Canaccord, Danny headed the corporate finance division at two of Australia's leading independent Investment Banking/Stockbroking firms.

Danny has managed the IPOs, capital raisings and corporate advisory activities for many successful ASX listed companies in the healthcare, technologies and general industrials sectors. He is closely connected to strong networks of institutional, family office and high net worth investors both in Australia and overseas.

Danny is currently a non-executive Director of Botanix Pharmaceuticals (ASX:BOT), non-executive Director of Cyban Pty Ltd and a member of the Investment Committee for the Baker Heart and Diabetes Institute Foundation

**Special responsibilities:**

Member of the Audit & Risk Committee  
Member of the Remuneration & Nomination Committee



## Company Secretary

Ms Melanie Leydin was appointed Company Secretary on 4 March 2019. Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law and is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Ms Leydin is Managing Director of Vistra Australia. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Ms Leydin has over 25 years' experience in the accounting profession and has extensive experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies, initial public offerings, secondary raisings and shareholder relations.

## Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
Rebecca Wilson	LBT Innovations (ASX: LBT)	Since July 2023
	Hansen Technologies Limited (ASX: HSN)	Since March 2024
Victoria Weekes	Bendigo and Adelaide Bank (ASX: BEN)	Since February 2022
Daniel Sharp	Botanix Pharmaceuticals Ltd (ASX: BOT)	Since March 2022
	Race Oncology Ltd (ASX: RAC)	December 2022 to June 2023
	Impedimed Ltd (ASX: IPD)	July 2023 to September 2023

## Principal activities

The principal activities of Alcidion include the development and licensing of its own healthcare software products (Miya Precision and its associated modules, including Miya Observations, Flow, Task Management and PAS), the reselling of selected healthcare software products from its strategic partners and the delivery of product implementation, product support and maintenance, systems integration and data analysis services to healthcare customers in Australia, New Zealand and the United Kingdom.

## Overview of Alcidion and its business

Alcidion Group Limited (ASX: ALC) was founded with one simple belief; that smart technology can drive meaningful change and Alcidion is delivering on its mission to improve patient outcomes by enabling healthcare organisations to harness the power of their data.

Alcidion's platform, Miya Precision, leverages cutting edge technology to support better digitally enabled care that improves efficiencies in clinical decision making, enables greater automation using real-time health informatics and contributes directly to the safer delivery of healthcare.

Following the completion and full integration of strategic acquisitions, Alcidion now offers a fully integrated digital patient care platform that includes a clinical decision support (CDS) system, Electronic Patient Record (EPR) and Patient Administration System (PAS).

## Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 8 board meetings, 5 audit & risk committee meetings and 3 remuneration & nomination committee meetings were held.

Board Member	Board Meetings		Audit and Risk Committee		Remuneration and Nomination Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Rebecca Wilson	8	8	-	-	3	3
Kate Quirke	8	8	-	-	-	-
Simon Chamberlain	8	8	5	5	3	3
Victoria Weekes	8	8	5	5	3	3
Daniel Sharp	8	7	5	5	3	3

Ms Wilson attended all Audit & Risk Committee meetings as an observer.



## Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

- A. Executive and Non-Executives covered by this report
- B. Rewards framework
- C. Governance
- D. KMP - Performance, outcomes and disclosures
- E. Details of remuneration
- F. Share-based compensation
- G. Directors' & KMP equity holdings
- H. Director & KMP service agreements

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

### A. Executives and Non-Executives covered by this report

The remuneration of Key Management Personnel (KMP) for the Group is disclosed in this Report.

Key management personnel of the Group are those persons having authority and responsibility for planning, directing, and controlling the Group's major activities, whether directly or indirectly. For the year ended 30 June 2024, the Board has determined that the Key Management Personnel of the Group covered by this report are the individuals whose details are set out below:

Name	Position	Term as KMP
<b>Non-Executive Directors</b>		
Rebecca Wilson	Non-Executive Chair (Independent)	Full Year
Simon Chamberlain	Non-Executive Director (Independent)	Full Year
Victoria Weekes	Non-Executive Director (Independent)	Full Year
Daniel Sharp	Non-Executive Director (Independent)	Full Year
<b>Executive Directors</b>		
Kate Quirke	Managing Director and Chief Executive Officer	Full Year
<b>Executive Personnel</b>		
Matthew Gepp	Chief Financial Officer	Full Year

### B. Rewards framework

The Remuneration & Nomination Committee consists of four non-executive directors. The remuneration policy has been designed to align executive objectives with shareholder and business objectives by providing a fixed remuneration component and short-term incentives based on the Group's financial results and achievement of individual performance targets aligned with the Company's strategic goals. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to manage the Group.

#### Non-Executive director remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

Under the ASX Listing Rules, the total amount or value of remuneration paid to Non-executive Directors in any year may not exceed the amount approved by Shareholders at a general meeting. This amount was fixed at \$500,000 per annum at the Annual General Meeting of Shareholders in 2021.

The following table describes the adopted framework for Non-Executive Director Remuneration during the year ended 30 June 2024:

Fee Type	Non-Executive Chair	Non-Executive Director	Chair of Committee	Committee Member
Fee	\$120,000	\$75,000	-	-

The remuneration of Non-Executive Directors does not, and must not include a commission, or a percentage of profits or operating revenue.

The Company will contribute statutory superannuation to a complying superannuation fund where required. Remuneration is reviewed annually and any increase to it will be at the discretion of the Board but will not exceed \$500,000 per annum or such other aggregate amount approved by Shareholders.

Non-executive Directors are entitled to participate in the Long-Term Incentive Plan but are not eligible to receive any performance-based awards.

## Senior executive remuneration

The Board's policy for determining the nature and amount of remuneration for senior executives is as follows:

- The remuneration policy, setting the terms and conditions for the remuneration of executive directors and other senior executives, is reviewed annually as appropriate, to reflect changing remuneration practices and the growing size of the Company. All executives receive a base salary (which is based on the market rate for the role in similar sized listed companies and the experience of the individual), superannuation and short-term incentives in the form of annual performance-based payments.
- The Board may exercise its discretion in approving both salaries and short-term incentives to ensure they are designed to attract and appropriately incentivise the highest calibre of executives and reward them based on the achievement of financial results and strategic objectives that will drive long-term growth and the realisation of other strategic Company goals such as being an employer of choice and a good corporate citizen.

The key components of executive salaries provide a mix of fixed and variable (at risk) pay and short and long term incentives.

Component	Description
Fixed Remuneration	Annual remuneration paid regularly in the form of base pay (cash), superannuation and where relevant other applicable allowances. This component is not at risk and is independently benchmarked against comparable roles. Typically, median pay is our target.
Short-term incentive (STI)	Annual, variable at risk opportunity, linked to the achievement of specific objectives in a given performance period. It is designed to encourage achievement and outperformance against annual targets that contribute to enterprise value. The Board sets the short-term incentive opportunity for participants at the start of the performance period, with the determination of the amount of cash to occur at the end of the relevant performance period based on targets set by the Board.  For the FY24 performance period the short-term incentive will be paid in cash. Targets are communicated at the start of the performance period as part of a balanced scorecard encompassing both financial and non-financial components. Each component is assessed individually to determine the incentive amount payable, provided particular financial and/or non-financial targets are achieved.
Long-Term Incentive (LTI)	Grant of performance rights to the Executive Leadership team that encourages alignment with shareholder interests. The number of performance rights granted represent 100% of the Participants entitlement with actual number of performance rights vesting dependent upon the satisfaction of Vesting Conditions as follows: <b>Service Based:</b> The Participant remains employed or engaged by a Group Company for 3 years from the date of grant. <b>TSR:</b> The Company's Total Shareholder Return (TSR) outperforms the S&P/200 All Industrial Index over the period (for FY22 & FY23 Tranches) and is a positive increase from the base year (For all Tranches)

## **C. Governance**

The Board takes a proactive approach to decision making in the evaluation of Executive Remuneration outcomes. The remuneration and governance frameworks enable the Board to assess the achievement of strategic objectives and balance the interests of the business, employees and shareholders.

### **Board**

The Board has overall responsibility for Executive Remuneration, including the assessment of performance and remuneration for the CEO. Ensuring there is a transparent connection between pay and performance is the key objective of the Board in rewarding outcomes for our leaders.

The Board is committed to providing competitive rewards that attract and retain talent and compensate executive leaders commensurate with the performance and growth of the Company.

### **The Remuneration and Nomination Committee**

Simon Chamberlain is the Chairman of the Remuneration and Nomination Committee. Ms Wilson, Mr Sharp and Ms Weekes are members of the Committee.

The Remuneration and Nomination Committee works with management to present information and make recommendations to the Board. The Committee assists the business and the Board by developing and reviewing organisation policies and practices including remuneration as well as challenging management to continually review and revise remuneration targets and approaches to ensure they are contemporary and market leading.

The 2023 audited remuneration report received positive shareholder support at the 2023 Annual General Meeting (AGM) with a vote of 86.1% in favour (2022: 98.4%).

### **Senior leadership**

Our Senior Leadership Team (SLT) is responsible for leading the implementation of initiatives designed to inspire people to be their best. The SLT provides feedback on organisational practices and uses data and qualitative assessments to provide insight into culture and organisational performance – including the effectiveness of the rewards program. The CEO has input into and makes recommendations to the Remuneration and Nomination Committee in relation to remuneration and has done this with the advice and support of subject matter experts to continuously improve our program.

The CEO is responsible for providing recommendations on fixed pay and Short-Term Incentive outcomes for direct reports and puts the recommendations to the Remuneration and Nomination Committee for review and discussion prior to recommendations going to our Board for its decision.

### **Determining executive rewards plans**

We use independent data and advice in the annual evaluation of our senior leader's remuneration and benefits. It is important to ensure they are fairly compensated for their contribution and responsibilities as the Company grows. Any changes recommended will be discussed at the Remuneration and Nomination Committee and recommendations for the CEO and direct reports, role changes or new appointments will be made to the Board for their decision making. We are continuing to refine our approach to evolve our incentive plans to recognise and reward for more contemporary strategic inputs that result in out-performance outcomes for the Company, adding to shareholder value.



## D. KMP - performance, outcomes and disclosures

KMP remuneration is rewarded with consideration of the Group's earnings and performance. The following table sets out Alcidion Group's key financial results and shareholder wealth generation over the past five years:

Group Performance Metrics	FY24	FY23	FY22	FY21	FY20
Revenue (\$000)	37,057	40,400	34,355	25,882	18,608
EBITDA (\$000)	(4,579)	(1,539)	(1,608)	(486)	(3,842)
Underlying EBITDA (\$000) (i)	(3,394)	(1,152)	856	510	(3,779)
Loss from ordinary activities after income tax expenses (\$000)	(8,417)	(3,617)	(4,412)	(2,244)	(3,077)
Basic earnings per share (cents)	(0.64)	(0.29)	(0.38)	(0.22)	(0.33)
Diluted earnings per share (cents)	(0.64)	(0.29)	(0.38)	(0.22)	(0.33)
Share price (as at 30 June) (\$)	0.048	0.095	0.110	0.400	0.145
Change in share price (\$)	(0.047)	(0.015)	(0.290)	0.255	0.020
% Change in share price	(49%)	(14%)	(73%)	176%	16%
Market capitalisation (Undiluted) (\$M)	64.4	120.5	139.5	419.2	143.7

(i) Underlying EBITDA excludes costs associated with organisational restructure, acquisitions and the non-cash cost of performance rights. A reconciliation of NPAT to EBITDA and underlying EBITDA can be found in the Directors' report.

## CEO scorecard and performance - 2024

Ms Quirke's remuneration in FY24 was structured as 72% fixed and 28% at risk (2023: 76% fixed and 24% at risk)

FY24 remuneration outcomes for Ms Quirke are detailed below:

Component	Weighting	At risk %	Description	Performance assessment	% Earned
Base Salary	72%	-	Fixed cash salary	-	100%
Short term incentive (STI)	28%	100%	Cash	Achieving or exceeding financial & KRA targets	17.4%

The Remuneration and Nomination Committee sets financial targets and personal Key Result Areas (KRA's) at the start of year.

The FY24 STI was weighted 70% on financial performance. This component is linked to revenue and EBITDA targets being met or exceeded. Not meeting these targets results in no STI payment for this component. Personal KRA's had a 30% weighting.

In the prior year the LTI for Ms Quirke was assessed over a 3-year period. The Remuneration Table in section E has disclosed \$Nil (2023: \$132,053) in relation to the LTI, this represents the accounting expense of the LTI. The performance rights on issue were forfeited in September 2023 and as such Ms Quirke received no financial benefit from this grant of performance rights.

## E. Details of remuneration

Details of remuneration of the directors and key management personnel (as defined in *AASB 124 Related Party Disclosures*) of Alcidion Group Limited are set out in the table below.

The Company does not have any other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

The table below shows the 2024 and 2023 figures for remuneration received by the Company's directors and key management personnel:

		Short Term		Post-employment	Long term		Total
		Salary & Fees	STI (i)	Superannuation	benefits Share Based Payments	Long Service Leave	
		\$	\$	\$	\$	\$	\$
<b>Directors</b>							
Rebecca Wilson	<b>2024</b>	<b>120,000</b>	-	-	-	-	<b>120,000</b>
	2023	110,000	-	-	-	-	110,000
Kate Quirke	<b>2024</b>	<b>522,900</b>	<b>34,800</b>	<b>27,500</b>	-	<b>17,228</b>	<b>602,428</b>
	2023	472,860	63,104	27,500	132,053 <sup>(iii)</sup>	12,764	708,281
Simon Chamberlain	<b>2024</b>	<b>75,000</b>	-	-	-	-	<b>75,000</b>
	2023	75,000	-	-	-	-	75,000
Victoria Weekes	<b>2024</b>	<b>67,560</b>	-	<b>7,440</b>	-	-	<b>75,000</b>
	2023	67,881	-	7,119	-	-	75,000
Daniel Sharp	<b>2024</b>	<b>75,000</b>	-	-	-	-	<b>75,000</b>
	2023	75,000	-	-	-	-	75,000
Malcolm Pradhan (ii)	<b>2024</b>	-	-	-	-	-	-
	2023	469,337	-	22,916	(46,960)	40,659	485,952
<b>Executives</b>							
Matthew Gepp	<b>2024</b>	<b>300,500</b>	<b>8,350</b>	<b>27,500</b>	<b>18,085</b>	<b>1,305</b>	<b>355,740</b>
	2023	284,500	27,974	27,500	13,096	271	353,341
<b>Total</b>	<b>2024</b>	<b>1,160,960</b>	<b>43,150</b>	<b>62,440</b>	<b>18,085</b>	<b>18,533</b>	<b>1,303,168</b>
	2023	1,554,578	91,078	85,035	98,189	53,694	1,882,574

(i) STI (short term incentive) includes amounts paid or accrued in the period that relate to the period disclosed

(ii) Mr Pradhan resigned as a director on 30 November 2022

(iii) Ms Quirke received a grant of 2,547,511 performance rights in FY20. The accounting cost of these performance rights has been recorded in prior year remuneration reports. These rights were forfeited in full in September 2023 and as such Ms Quirke received no financial benefit from this grant of performance rights

Refer to Section H of this Remuneration report for details of remuneration of all current directors and other key management personnel.

The relative proportions of those elements of remuneration of key management personnel that are linked to performance is as follows:

	Fixed remuneration		Remuneration linked to performance	
	2024	2023	2024	2023
<b>Non-executive Directors</b>				
Rebecca Wilson	100%	100%	-	-
Simon Chamberlain	100%	100%	-	-
Victoria Weekes	100%	100%	-	-
Daniel Sharp	100%	100%	-	-
<b>Executive officers</b>				
Kate Quirke	72%	76%	28%	24%
Malcolm Pradhan (i)	NA	100%	NA	-
Matthew Gepp	83%	83%	17%	17%

(i) Mr Pradhan resigned on 30 November 2022 and as such was not entitled to remuneration linked to performance in that year.

## F. Share-based compensation

Performance rights and options can be issued to directors and executives as part of their remuneration.

### Issue of Shares

No shares were issued to directors or other key management personnel as part of compensation during the year ended 30 June 2024 (2023: Nil)

### Performance Rights

No performance rights were issued to directors or other key management personnel as part of compensation during the year ended 30 June 2024 (2023: 698,361)

Name	Unvested as at 1 July 2023	Granted as an LTI	Forfeited	Vested	Unvested as at 30 June 2024
Kate Quirke	2,547,511	-	(2,547,511)	-	-
Matthew Gepp	929,195	-	-	-	929,195
<b>Total</b>	<b>3,476,706</b>	<b>-</b>	<b>(2,547,511)</b>	<b>-</b>	<b>929,195</b>



## G. Directors' & KMP equity holdings

Fully paid ordinary shares of Alcidion Group Limited:

		Balance at 1 July	Share Options exercised	Net other change (Sale)/Purchase	At date of resignation	Balance at 30 June (i)
		No.	No.	No.	No.	No.
<b>Directors</b>						
Rebecca Wilson	<b>2024</b>	<b>1,912,489</b>	-	-	-	<b>1,912,489</b>
	2023	1,662,489	-	250,000	-	1,912,489
Kate Quirke (ii)	<b>2024</b>	<b>47,561,285</b>	-	<b>1,000,000</b>	-	<b>48,561,285</b>
	2023	47,561,285	-	-	-	47,561,285
Simon Chamberlain	<b>2023</b>	<b>517,308</b>	-	-	-	<b>517,308</b>
	2023	517,308	-	-	-	517,308
Victoria Weekes	<b>2024</b>	<b>320,000</b>	-	<b>100,000</b>	-	<b>420,000</b>
	2023	160,000	-	160,000	-	320,000
Daniel Sharp	<b>2024</b>	<b>1,128,572</b>	-	<b>250,000</b>	-	<b>1,378,572</b>
	2023	328,572	-	800,000	-	1,128,572
Malcolm Pradhan	<b>2024</b>	-	-	-	-	-
	2023	134,582,403	-	-	134,582,403	-
<b>Executives</b>						
Matthew Gepp	<b>2024</b>	-	-	-	-	-
	2023	-	-	-	-	-
<b>Total</b>						
	<b>2024</b>	<b>51,439,654</b>	-	<b>1,350,000</b>	-	<b>52,789,654</b>
	2023	184,812,057	-	1,210,000	134,582,403	51,439,654

(i) Shares held by directors and executives are held both directly and indirectly

(ii) Includes 100,000 shares held by a related party (2023: 100,000)

## **H. Director & KMP service agreements**

Director and KMP service agreements as at the date of this report are summarised below.

**Rebecca Wilson** is employed as Non-Executive Chair on the following key terms:

- a) Director fee of \$120,000 per annum inclusive of superannuation

**Kate Quirke** is employed as an Executive Director & Chief Executive Officer on the following key terms:

- a) Base salary of \$550,400 gross inclusive of superannuation, any allowances and salary sacrifices
- b) Annual performance-based cash short term incentive (STI) up to \$200,000. This includes \$153,380 for achieving on-target financial performance and other personal performance targets and an additional \$46,620 for achieving maximum stretch targets
- c) 6-month notice period

**Simon Chamberlain** is employed as a Non-Executive Director on the following key terms:

- a) Director fee of \$75,000 per annum inclusive of superannuation

**Victoria Weekes** is employed as a Non-Executive Director on following key terms:

- a) Director fee of \$75,000 per annum inclusive of superannuation

**Daniel Sharp** is employed as a Non-Executive Director on the following key terms:

- a) Director fee of \$75,000 per annum inclusive of superannuation

**Matthew Gepp** is employed as Chief Financial Officer on the following key terms:

- a) Base salary of \$328,000 per annum inclusive of superannuation, any allowances and salary sacrifices
- b) Annual performance-based cash short term incentive (STI) up to \$61,850. This includes \$47,433 for achieving on-target financial performance and other personal performance targets and an additional \$14,417 for achieving maximum stretch targets
- c) Eligible to participate in the in the Long-Term Incentive Plan (LTIP) up to the value of 30% of base salary
- d) 3-month notice period

**-- END OF REMUNERATION REPORT --**



## Directors' Report (continued)

### Operational and Financial review

#### Operating results

1. The Group reported 2024 revenue of \$37,057,000 (2023: \$40,400,000)
2. The 2024 loss after tax was \$8,417,000 (2023: loss after tax \$3,617,000)
3. The 2024 EBITDA loss was \$4,579,000 (2023: EBITDA loss \$1,539,000)
4. Cash at Bank at the end of the year was \$11,798,000 (2023: \$14,641,000). The company has no debt.

#### Review of operations and financial position

The Group has reported a net loss after tax for the year ended 30 June 2024 of \$8,417,000 (2023: \$3,617,000 loss).

Included in the loss is \$2,882,000 of amortisation related to acquired intangibles, \$152,000 of non-cash share-based payment expense and \$1,033,000 of restructure related costs.

Cash at 30 June 2024 was \$11,798,000, a decrease of \$2,843,000 on the opening cash balance of \$14,641,000. With negative operating cashflow of \$7,129,000 for the year, the negative operating cash flow was offset by a capital raise undertaken in the first half. \$5,004,000 was raised by way of a share placement and a share purchase plan (SPP).

At 30 June 2024, the Group has current assets of \$18,539,000 (2023: \$20,978,000) and net assets of \$86,940,000 (2023: \$90,165,000).

#### Reconciliation of loss after tax to non-IFRS EBITDA & underlying EBITDA:

Year ended 30 June:	2024 \$000	2023 \$000
<b>(Loss) after tax attributable to the owners of the company</b>	<b>(8,417)</b>	<b>(3,617)</b>
<i>Add:</i>		
Depreciation & amortisation expense	4,100	3,187
Income tax expense	-	-
Finance costs	103	125
<i>Less:</i>		
Income tax expense benefit	282	1,123
Interest revenue	83	111
<b>EBITDA (loss)</b>	<b>(4,579)</b>	<b>(1,539)</b>
<i>Add back:</i>		
Restructure costs	1,033	-
Non-cash cost of performance rights	152	387
<b>Underlying EBITDA (loss)</b>	<b>(3,394)</b>	<b>(1,152)</b>

**Summary of financial information as at 30 June 2024**

	<b>Group FY24</b>	<b>Group FY23</b>	<b>YoY change</b>	<b>YoY change %</b>
Revenue (\$000)	37,057	40,400	(3,343)	(8%)
Cash and cash equivalents (\$000)	11,798	14,641	(2,843)	(19%)
Net assets/equity (\$000)	86,940	90,165	(3,225)	(4%)
Net tangible assets (NTA) (\$000)	(7,011)	(6,668)	(343)	(5%)
Net tangible assets per security (cents)	(0.52)	(0.59)	0.07	12%
EBITDA (\$000)	(4,579)	(1,539)	(3,040)	(198%)
Underlying EBITDA (\$000)	(3,394)	(1,152)	(2,242)	(195%)
Loss from ordinary activities after income tax expenses (\$000)	(8,417)	(3,617)	(4,800)	(133%)
EPS (loss per share) (cents)	(0.64)	(0.29)	(0.35)	(121%)

**Business Strategy**

Alcidion's strategy is to deliver solutions that respond to the changing needs of hospitals in healthcare delivery.

Hospitals are increasingly seeking ways to reduce the burden on their staff and looking to automate some of the tasks through the use of seamless, digital solutions that can manage clinical workflow. With financial constraints and a desire to get the best return on investment there is a growing demand for modular and interoperable solutions that protect current investment, are easy to use and implement and can deliver value in months not years. We are seeing increasing interest in digital solutions such as Miya Precision to support care givers and reduce cognitive burden, across the UK, New Zealand and Australia.

The level of engagement with prospective customers continues to remain high and the increasing referenceability of our Miya Precision solutions continues to add to our confidence in the outlook for Alcidion. Our modular approach to implementing the Miya Precision platform resonates with our customers, highlighted by additional module wins such as Hampshire, and Tameside and Glossop. Our foothold with just one product in a UK hospital provides a streamlined route to broader trust and ICS engagement. We have seen existing ExtraMed customers upgrading to Miya Flow and our contract with Leidos for the Health Knowledge Management System for the Australian Defence Force is further validation of the credibility of our Miya platform and our ability to deliver on large scale projects.

Pressure on resources in healthcare will continue for the foreseeable future and with an ageing population and more complex health needs more sophisticated technology systems using artificial intelligence will be needed to manage the capacity constraints. Alcidion is at the forefront of these technologies with a strong focus on patient flow and resource allocation. We announced the release of Miya Central during FY23 to consolidate information to support hospital operations management into a single, centralised dashboard that supports other technology partners in an ecosystem approach – protecting existing investments and supporting our customers with decision making in a resource constrained world. Demand for these types of solutions continues to grow and FY24 saw Alcidion release another module in Miya Emergency (ED). Miya Emergency is a specialty dashboard tailored to the ED workflow, displaying the key indicators that support the clinical and managerial perspectives of patient care in this specialised care setting.

As the demand on hospital beds grows and patients request different care settings, we will increasingly see care delivered outside the walls of the hospital. Our work with Sydney Local Health District's RPA Virtual has allowed us to further evolve our virtual care capabilities in Miya Precision to support the care givers and patients in the home with remote patient monitoring and flexible care plans. The ability to extend the use of Miya Precision to support integrated care in an out of hospital setting will position Alcidion well to support these new and emerging models of care.

With increasing demand for innovative solutions that support the challenges facing healthcare today and a strong recurring revenue profile Alcidion is well placed to continue our aim to be a major global digital health provider.



Subsequent to the period end Alcidion announced that it had been selected as the preferred provider by North Cumbria Integrated Care NHS Foundation (NCIC) for its new Electronic Patient Record (EPR) system. This further highlights Alcidion's ability to deliver a total EPR solution as a critical element to winning new trusts in the UK and this has been possible through the broadening of our total solution through the Silverlink acquisition. As the NHS continues its investment to modernise through digital technology, we expect our total EPR proposition to resonate with the trusts looking for a modern, modular solution that provides value and impact sooner.

**Cost base restructure**

In Q3, recognising continued procurement delays and the impact this was having on short term revenue growth and profitability, the Company implemented annualised cost savings of \$6.4M. The Company announced that it would undertake a restructure of the costs base, predominantly reducing its staff costs. Having started the year with 191 employees, FY24 ended with 145 employees. The business incurred \$1.0M of redundancy costs as part of this initiative.

**Significant contract wins**

During the year Alcidion contracted new sales with a total contract value (TCV) of \$35.3M, \$6.2M of which was recognised as revenue in the current year.

Significant contract wins in the year include:

- South Tees Hospital NHS foundation NHS Trust extended its existing contract for an additional 8 years for Miya Precision Electronic Patient Record (EPR). The extended contract period is 10 years (to 2033) which includes 2 years remaining on the existing contract. The minimum contract value is \$23.3M (£12.2M) over the new contract period of 10 years and includes further options to include PAS (Silverlink PCS), Emergency Department (ED) and Virtual Care modules that would add \$9.3M (£4.9M) to the minimum contract value.
- Hampshire Hospitals (UK) signed a contract for Miya Emergency (ED) module which includes implementation of Miya Precision platform on a hosted environment. This was the first module deployed to a new trust in the Southeast region ICS, which includes University Hospitals Southampton, expanding our footprint in that ICS.
- In Q3 signed a new Trust, Tameside and Glossop Integrated Care NHS Trust. Tameside deployed Miya Precision Observations and Assessments module across the trust to assist clinicians with the capture of data at the bedside to improve real-time deployment of patient care. This is the second trust in this ICS to adopt this module, with Stockport having used our Observations and Assessments module for many years.
- Dartford and Gravesham NHS Trust extended their existing 5-year relationship for a further 3 years. Dartford and Gravesham were the first to implement Miya Precision in the UK as part of their digital advancement strategy.

**Significant deployments**

- Hereford and Worcester NHS (UK) Trust saw the first deployment of Miya Precision for Flow and Bed Management into a community and mental health trust, providing a reference site for new market segment.
- South Tees adoption of a fully integrated EPR system (excl PAS) delivering significant efficiencies for clinicians and saw a 100% transition from paper forms to digital forms through the use of Miya noting.
- Bolton Hospitals Trust went live with Miya Precision replacing the Extramed patient flow solution which Alcidion acquired in 2021. This added a new Miya Precision customer in the UK on a fully cloud hosted environment.
- Dartford and Gravesham Hospitals Trust completed their roll out of the medications management component of the Alcidion Electronic Patient Record using our partner application from Better. This includes the use of Miya Noting to complete automated discharge summaries and adds to the Miya Flow and Miya Observations modules already in use at Dartford.

**Equity**

On 6 November 2023, 67,000,000 shares were issued for \$0.075 by way of a placement to institutional investors, a further 5,039,942 shares were issued on 8 December 2023 at \$0.075 by way of a share purchase plan (SPP) to existing shareholders.

A total of \$5,004,000 net of costs was raised.

**Performance rights**

On 31 November 2023 the Company issued 7,103,167 performance rights to employees in accordance with the Alcidion Group Limited Equity Incentive Plan (EIP).

A further 9,371,029 Performance rights were forfeited and cancelled during the period.

On 4 September 2023, 2,364,226 performance rights vested

At the end of the period there were 15,702,667 (FY23: 20,334,755) performance rights on issue.

**Material business risks & risk management**

There are various internal and external risks that may have a material impact on the Group's future financial performance and economic sustainability. The Group makes every effort to identify material risks and to manage these effectively.

The Board takes a proactive approach to risk management. The Board has oversight of the Audit & Risk Committee, which is responsible for ensuring that risks, and opportunities, are identified in a timely manner and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

Victoria Weekes is the Chair of the Audit and Risk Committee. Simon Chamberlain and Daniel Sharp are members of the Audit and Risk Committee.

The Audit & Risk Committee meets at least 4 times a year to review the risk register and receive updates on and provides feedback to the Senior Leadership Team on the identification of risks and the progress/effectiveness of risk mitigation strategies.

Material risks that could adversely impact the Group's financial prospects along with mitigating actions taken by Alcidion are outlined below. These risks do not represent an exhaustive list of the risks Alcidion is exposed to, nor are they in order of significance.

**Inability to attract and retain appropriately skilled employees results in skill shortages impacting business operations**

Future financial and operational performance of the Group is significantly dependant on the performance and retention of key personnel. The unplanned or unexpected loss of key personnel, or the inability to attract and retain high performing individuals to the business may adversely impact the Group's ability to deliver on its customer commitments and its future financial performance.

**Mitigating actions:** Alcidion has introduced and developed initiatives to attract, develop and retain key people, including the implementation and constant review of an Employee Value Proposition (EVP) to remain an attractive employer; regular remuneration benchmarking; and collecting and responding to employees via an engagement platform. Alcidion allows time for graduates, interns and product engineers to focus on innovation. The Company has mechanisms to allow open communication and visibility to the Senior Leadership Team to prioritise and consider innovative ideas.

Alcidion utilises multiple recruitment channels to attract the right employees and where appropriate uses staff augmentation services, to enhance and expand capabilities at short notice.

**Cyber security threat from data breach, targeted data theft and/or operational disruption including statutory liability arising from privacy and data breaches**

A cyber security breach has the potential to disrupt the Group's information technology platform which is integral to the efficient operation of its business. A serious data breach could expose the business to statutory liability and reputational damage.

**Mitigating actions:** Alcidion has an ongoing Cyber security program of work in place. The Group maintains and regularly updates its suite of information technology security measures to restrict access to the Group's operating systems including multifactor authentication, firewalls, phishing identification software, offsite and cloud hosted solutions, and regular back up of data. The Group conducts regular penetration testing and training to educate its workforce and ensure its security measures remain at the forefront of available market solutions. Updated Privacy policies were released in 2022 in each of the jurisdictions we operate. The Group also maintains Cyber Enterprise Risk Management Insurance.

#### **Dependence on third party IT suppliers and partners**

Alcidion uses third party suppliers to support its products and operations and re-sells and supports third party software solutions to enhance its product offering. There is a risk of these suppliers performing poorly or terminating their contracts with Alcidion which could adversely impact Alcidion's reputation and/or financial performance. There is no guarantee that the Company will be able to find suitable industry partners that it can negotiate attractive commercial terms in the future.

**Mitigating actions:** Alcidion partners with reputable suppliers and performs Due Diligence on key partners. External agreements are reviewed and signed off by Legal Counsel. Significant contracts have minimum service level agreements written into them. Where possible multiple partners are used, providing a level of redundancy.

#### **Failure to deliver on contractual commitments with customer**

Alcidion commits to programs of work with its customers, failure to deliver on this program in a timely fashion could lead to reputational damage, loss of contracts or Indemnities or damages payable in connection with key contracts.

**Mitigating actions:** General Counsel reviews all customer contracts, and a risk analysis is performed on material bids. Alcidion has a rolling 12-month road map in place, which is made available to the product development, service delivery and sales teams. Changes to the roadmap are discussed with internal stakeholders and agreed prior to committing to changes. A Delegated Authority is in place to ensure the Board is comfortable with structural liabilities.

#### **Procurement risks**

These relate to the potential challenges that arise when sourcing goods or services. Risks in procurement can include supply chain disruptions, cost fluctuations, quality issues, or supplier insolvency. These risks can impact a Company's ability to operate efficiently and meet customer demands.

**Mitigating actions:** Alcidion manages its procurement risk by diversifying suppliers, negotiating contracts with favourable terms, stringent contract management and closely monitoring the supply chain.

#### **Macroeconomic and geopolitical risks**

These refer to the financial risks associated with the political and economic instability of countries where investments or procurement activities take place. Economic factors can impact priorities associated with investment in healthcare infrastructure and procurement timelines as experienced recently in the UK market. Geopolitical risks can arise from events such as, trade disputes, sanctions, or changes in government policies. These risks can affect currency values, stock markets, and overall investment returns.

**Mitigating actions:** Alcidion manages macroeconomic and geopolitical risks by using hedging instruments where appropriate or when material cross currency transactions are involved, and by staying informed about the political environment in the jurisdictions in which it operates.

Additional details on the Company's Financial risk and mitigations are outlined in Note 28 of the Financial Report.



## Significant changes in state of affairs

Other than those disclosed in this annual report, no significant changes in the state of affairs of the Group occurred during the financial year.

## Significant events after the balance date

Subsequent to the balance date, the Company announced:

1. That it had signed a 5-year Agreement with Hume Rural Health Alliance (HRHA) with a total contract value (TCV) of \$4.0M, and
2. That it had been selected as the preferred provider by North Cumbria Integrated Care NHS Foundation (NCIC) for its new Electronic Patient Record (EPR) system, with an expected 10-year TCV in the range of \$30M- \$40M.

Apart from the two items mentioned above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

## Likely developments and expected results

Recognising that year-on-year revenue decreased by 8% from \$40.4M to \$37.1M, largely as a result of continued procurement delays, the business restructured its costs base in the year, realising \$6.4M of annualised cost savings predominantly by reducing staff costs. This reduction in staffing has not impacted the Company's ability to win larger EPR contracts and in July 2024 the Company announced that it had been selected as the preferred provider by North Cumbria Integrated Care NHS Foundation (NCIC) for its new Electronic Patient Record (EPR) system, a contract that is expected to have a 10-year TCV in the range of \$30M- \$40M.

With approximately \$130M of contract and renewal revenue able to be recognised from FY25 to FY29 (excluding NCIC) there is significant long-term value in its existing customer base. The Company will continue to pursue its organic revenue growth strategy in FY25 with a program in place to review the potential to enter new markets in the future.

The Company remains confident in our product offering and market positioning and as we start to see the tender activity of FY24 move through the selection processes, we are pleased with the progress and our level of involvement across several opportunities in ANZ and the UK. We look forward optimistically to FY25

## Environmental regulation and performance

The Group's activities are not subject to any particular or significant environmental regulation under laws of either the Commonwealth of Australia or a State or Territory of Australia.

We remain committed to acting in a manner that is sensitive to our impact on the environment and that remains compliant with the environmental policies in each jurisdiction, that our public sector customers require us to comply with.

To this extent, the Company has formalised an Environment, Social, Governance (ESG) program managed by a cross functional team including the Chair of the Board. Alcidion's ESG framework and approach is included in this year's Annual Report.

## Insurance of Directors and Officers

During or since the financial year, the Company has paid premiums insuring all the directors of Alcidion Group Limited against costs incurred in defending conduct involving:

- a) A breach of duty; and
- b) A contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

Alcidion has agreed to indemnify all directors and executive officers of the Company against liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of Alcidion, except

where the liability has arisen as a result of a wilful breach of duty in relation to the Company. The agreement stipulates that Alcidion will meet the full amount of any such liabilities, including costs and expenses. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

## **Dividends**

No dividends were paid or declared during the financial year and no recommendation for payment of dividends has been made.

## **Non-audit services**

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of audit and non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that any non-audit services provided by the auditors during the year did not compromise the external auditor's independence. All services provided by the external auditor or associates are reviewed and approved by the Audit and Risk Committee and/or the Board to ensure they do not adversely affect the integrity and objectivity of the auditor.

The fees paid or payable to William Buck and its associates for audit services provided during the year ended 30 June 2024 have been disclosed at Note 9 of this financial report.

No non-audit services were provided by the Auditor during the current or previous financial years.

## **Compliance**

### **Corporate Governance Statement**

The Board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance policies and practices of the Company are reviewed annually in accordance with the standards required of the Company by the Directors, the ASX, ASIC and other relevant stakeholders, to ensure that the highest appropriate governance standards are maintained, commensurate with the size and operations of the Company.

The ASX Corporate Governance Council released the fourth edition of its Corporate Governance Principles and Recommendations in February 2019 which took effect in the first full financial year commencing on or after 1 July 2020. The Company has early adopted the 4<sup>th</sup> edition of the Corporate Governance Principles and Recommendations and complies as far as possible with the spirit and intentions of these Recommendations as appropriate, having regard to the size of the Company and the nature of its enterprise. The Corporate Governance Statement can be found on the Company's web site [www.alcidion.com](http://www.alcidion.com).

## **Rounding**

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in this directors' report and financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

## **Auditor's independence declaration**

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on the next page.

This directors' report is signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the directors



**Rebecca Wilson**  
Non-Executive Chair  
Melbourne, 29 August 2024



## Auditor's Independence Declaration



### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ALCIDION GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Alcidion Group Limited and the entities it controlled during the year.



**William Buck (SA)**  
ABN: 38 280 203 274



**G.W. Martinella**  
Partner

Adelaide, 29 August 2024.

## Directors' declaration

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable
- b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 2 to the financial statements
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity
- d) the consolidated entity disclosure statement, as set out on page 91, is in accordance with the *Corporations Act 2001* and is true and correct as at 30 June 2024, and
- e) the directors have been given the declarations required by s.295A of the *Corporations Act 2001* for the year ended 30 June 2024.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the directors



**Rebecca Wilson**  
Non-Executive Chair  
Melbourne, 29 August 2024

## Independent Auditor's Report



### Independent auditor's report to the members of Alcidion Group Limited

#### Report on the audit of the financial report



#### Our opinion on the financial report

In our opinion, the accompanying financial report of Alcidion Group Limited (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 30 June 2024,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



# Independent Auditor's Report

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Carrying value of intangible assets	Area of focus (refer also to notes 2.13, 2.14 and 12)	How our audit addressed the key audit matter
	<p>As at 30 June 2024, the Group's statement of financial position included goodwill of \$67.8 million.</p> <p>The Group is required to, at least annually, perform impairment assessments of goodwill and intangible assets that have an indefinite useful life. For intangible assets with useful lives, the Group is required to review these for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives.</p> <p>The balance of intangible assets is significant compared to total assets and there is significant judgement used in determining their recoverable amount. Management have determined that a valuation based on comparable revenue multiples is the most appropriate method to use to measure the recoverable amount of the cash-generating unit containing intangible assets.</p> <p>We focused on this area in light of the amounts involved and the level of judgement required, thus we considered this area to be a key audit matter.</p>	<p>We evaluated management's process around testing for impairment of intangible assets including goodwill and performed the following procedures:</p> <ul style="list-style-type: none"> <li>— we understood, evaluated and validated management's key controls over the impairment assessment process;</li> <li>— we evaluated management's assessment on whether any events or change in circumstances indicate there may be a change in the expected useful lives of intangible assets;</li> <li>— we evaluated management's assessment that the Group operates as one cash generating unit;</li> <li>— we assessed the reasonableness of the revenue multiple used and obtained independent assessment for confirmation;</li> <li>— we have compared the carrying value of the Group's assets to the recoverable amount determined by the impairment test to identify if there are any impairment losses;</li> <li>— we also considered the appropriateness and reviewed the disclosures in the consolidated financial statements; and</li> <li>— we performed a cross check using an alternative method to support management's conclusion.</li> </ul> <p>We found the Group's impairment assessment of intangible assets to</p>

## Independent Auditor's Report

		be supported by the available evidence.
<b>2. Revenue recognition</b>	<p><b>Area of focus</b> (refer also to notes 2.11 and 3)</p> <p>The Group derives income from the following:</p> <ul style="list-style-type: none"> <li>— Sale of software license</li> <li>— Implementation fees</li> <li>— Support and maintenance</li> </ul> <p>Each revenue stream requires a bespoke revenue recognition model to ensure that revenue is only recognised.</p> <ul style="list-style-type: none"> <li>— When a performance milestone is achieved; and</li> <li>— It can reliably be measured.</li> </ul> <p>The performance obligation for the sale of software licence is satisfied at a point in time, on the delivery of the product.</p> <p>In the case of implementation fees and support and maintenance revenue, over the contracted term of the services.</p> <p>The application of AASB 15 can require judgement, thus we considered this area to be a key audit matter.</p>	<p><b>How our audit addressed the key audit matter</b></p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— determining whether revenue recognised is in accordance with the Group's accounting policies and AASB 15;</li> <li>— identifying and verifying the achievement of performance milestones and recognition of revenue relative to that achievement;</li> <li>— examining the existence of revenue by testing both the contract and subsequent receipt of invoicing of the revenue to the customer;</li> <li>— substantively testing revenue cut-off and the income in advance balance to determine whether revenue has been recognised in the correct period; and</li> <li>— we also considered the appropriateness and reviewed the disclosures in the consolidated financial statements.</li> </ul> <p>We found the Group's recognition of revenue to be supported by the available evidence.</p>



## Independent Auditor's Report

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.



## Independent Auditor's Report

### Report on the Remuneration Report



#### Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Alcidion Group Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

#### What was audited?

We have audited the Remuneration Report included in pages 35 to 42 of the directors' report for the year ended 30 June 2024.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



William Buck (SA)  
ABN: 38 280 203 274



G.W. Martinella  
Partner

Adelaide, 29 August 2024.

## Statement of profit or loss and other comprehensive income

for the year ended 30 June

<b>CONSOLIDATED</b>	Note	<b>2024 \$000</b>	<b>2023 \$000</b>
Revenue	3	37,057	40,400
Direct costs		(5,137)	(5,629)
<b>Gross profit</b>		<b>31,920</b>	<b>34,771</b>
Interest income		83	111
Employee benefits expense	4	(30,421)	(30,330)
Professional fees		(941)	(977)
Marketing expenses		(928)	(840)
Other expenses		(4,209)	(4,163)
Depreciation and amortisation	5	(4,100)	(3,187)
Finance costs		(103)	(125)
<b>Loss before income tax expense</b>		<b>(8,699)</b>	<b>(4,740)</b>
Income tax benefit/(expense)	6	282	1,123
<b>Loss after tax attributable to the owners of the Company</b>		<b>(8,417)</b>	<b>(3,617)</b>
<b>Other comprehensive income/(loss) net of tax</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		36	(560)
<b>Total comprehensive loss for the year attributable to the owners of the Company</b>		<b>(8,381)</b>	<b>(4,177)</b>
<b>(Loss) per share</b>			
Basic & diluted loss per share (cents)	22	(0.64)	(0.29)

The notes following the financial statements form part of the financial report.

## Statement of financial position

As at 30 June

CONSOLIDATED	Note	2024 \$000	2023 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	11,798	14,641
Trade and other receivables	10	5,214	4,735
Other assets - prepayments		1,527	1,602
<b>Total current assets</b>		<b>18,539</b>	<b>20,978</b>
<b>Non-current assets</b>			
Plant and equipment	14	384	729
Intangible assets	12	93,951	96,833
Right of use assets	16	1,586	2,144
<b>Total non-current assets</b>		<b>95,921</b>	<b>99,706</b>
<b>Total assets</b>		<b>114,460</b>	<b>120,684</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	3,233	5,874
Employee provisions	18	2,316	2,989
Lease liabilities	17	697	693
Income tax payable		134	108
Unearned revenue	15	12,826	11,609
<b>Total current liabilities</b>		<b>19,206</b>	<b>21,273</b>
<b>Non-current liabilities</b>			
Employee provisions	18	148	83
Other provisions		443	494
Deferred tax liabilities	6	6,725	7,207
Lease liabilities	17	998	1,462
<b>Total non-current liabilities</b>		<b>8,314</b>	<b>9,246</b>
<b>Total liabilities</b>		<b>27,520</b>	<b>30,519</b>
<b>Net assets</b>		<b>86,940</b>	<b>90,165</b>
<b>Equity</b>			
Issued capital	19	115,515	110,511
Share based payment reserve	19	1,094	942
Foreign currency translation reserve		351	315
Accumulated losses	20	(30,020)	(21,603)
<b>Total equity</b>		<b>86,940</b>	<b>90,165</b>

The notes following the financial statements form part of the financial report.

## Statement of changes in equity

For the year ended 30 June

CONSOLIDATED	Issued capital	Share based payment reserves	Foreign currency translation reserve	Accumulated losses	Total equity
	\$000	\$000	\$000	\$000	\$000
<b>Balance as at 1 July 2022</b>	<b>110,511</b>	<b>555</b>	<b>875</b>	<b>(17,986)</b>	<b>93,955</b>
Loss for the period	-	-	-	(3,617)	(3,617)
Other comprehensive income net of tax	-	-	(560)	-	(560)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(560)</b>	<b>(3,617)</b>	<b>(4,177)</b>
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	387	-	-	387
<b>Balance as at 30 June 2023</b>	<b>110,511</b>	<b>942</b>	<b>315</b>	<b>(21,603)</b>	<b>90,165</b>
<b>Balance as at 1 July 2023</b>	<b>110,511</b>	<b>942</b>	<b>315</b>	<b>(21,603)</b>	<b>90,165</b>
Loss for the period	-	-	-	(8,417)	(8,417)
Other comprehensive income net of tax	-	-	36	-	36
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>(8,417)</b>	<b>(8,381)</b>
<i>Transactions with owners in their capacity as owners:</i>					
<i>Shares issued</i>	5,403	-	-	-	5,403
<i>Share issue costs</i>	(399)	-	-	-	(399)
Share-based payments	-	152	-	-	152
<b>Balance as at 30 June 2024</b>	<b>115,515</b>	<b>1,094</b>	<b>351</b>	<b>(30,020)</b>	<b>86,940</b>

The notes following the financial statements form part of the financial report.



## Statement of cash flows

For the year ended 30 June

<b>CONSOLIDATED</b>	<b>Note</b>	<b>2024 \$000</b>	<b>2023 \$000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		43,881	46,901
Payments to suppliers and employees		(50,831)	(46,728)
Interest received		83	111
Finance costs		(89)	(115)
Income tax paid		(173)	-
<b>Net cash from operating activities</b>	27	<b>(7,129)</b>	<b>169</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(53)	(454)
Acquisition of business, net of cash acquired	13	-	(2,687)
<b>Net cash (used) for investing activities</b>		<b>(53)</b>	<b>(3,141)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity securities		5,403	-
Payments related to issue of equity securities		(399)	-
Payment for principal portion of lease liabilities		(662)	(616)
<b>Net cash from/(used) for financing activities</b>		<b>4,342</b>	<b>(616)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(2,840)</b>	<b>(3,588)</b>
Effect of exchange rate changes on cash and cash equivalents		(3)	890
Cash and cash equivalents at the beginning of the year		14,641	17,339
<b>Cash and cash equivalents at the end of the year</b>	27	<b>11,798</b>	<b>14,641</b>

The notes following the financial statements form part of the financial report.

## Notes to the financial statements

**For the financial year ended 30 June 2024**

### **1. General information**

Alcidion Group Limited (“Alcidion” or the “Group” or, the “Company”) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

The core of Alcidion’s business model is to create intellectual property in the form of Clinical Decision Support Systems (CDSS) software developed to improve the quality of care for all patients and improve the productivity of clinicians and care teams.

The Company’s software is bundled with other technologies and services to create complete clinical and business solutions for health care providers. In short, Alcidion builds, sells, delivers, hosts and supports solutions for health care provider organisations in Australia, New Zealand and the United Kingdom.

### **2. Material accounting policy information**

The financial statements comprise the consolidated financial statements of the Company and its controlled entities (collectively the Group).

The financial statements were authorised for issue by the directors on 29 August 2024.

#### **2.1 Basis of preparation**

The Company is a for profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

##### **2.1.1 Statement of compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the *Corporations Act 2001* (Cth).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The consolidated financial statements have been prepared on an accrual basis, except for cashflow information and are based on historical costs. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

##### **2.1.2 Comparative figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

##### **2.1.3 Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are

available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

There are no assets and liabilities held at fair value on a recurring or non-recurring basis.

## **2.2 Amendments to Accounting Standards and new interpretations that are mandatorily effective for the current Reporting Period**

Where applicable the Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and are effective for the current year. New and/or amended standards that were effective for the Group as of 1 July 2023 did not have a material impact on the financial statements of the Group.

## **2.3 Principles of consolidation**

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has then ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between the entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## **2.4 Taxation**

### **2.4.1 Income tax**

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss or arising from a business combination.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### **2.4.2 Goods and Services Tax (GST) / Value Added Tax (VAT)**

Revenues, expenses, and assets are recognised net of the amount of GST (in the case of Australian and New Zealand business operations) and VAT (in the case of UK business operations), except where the amount of GST/VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST/VAT.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST/VAT component of investing and financing activities, which are disclosed as operating cash flows included in receipts from customers received or payments to suppliers and employees.



## 2.5 Plant and equipment

### 2.5.1 Recognition and measurement

Items of plant and equipment are measured on the cost basis and carried at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 2.6 Impairment of non-financial assets). In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not more than the recoverable amount from these assets. The recoverable amount is assessed based on the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

### 2.5.2 Depreciation

Depreciation is charged to the statement of profit or loss and other comprehensive income on a diminishing value or straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

Depreciation rates and methods are reviewed annually for appropriateness. The depreciation rates used for the current and comparative period are:

Class of fixed asset	Computer equipment	Fixtures and fittings
Depreciation rate (%)	25 - 66.7	10 - 25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" in the Statement of profit or loss and other comprehensive income.

## 2.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see accounting policy 2.4) and goodwill & indefinite life intangibles (see accounting policy 2.13.1) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of profit or loss and other comprehensive income, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

## **2.7 Financial instruments**

### **2.7.1 Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied.

### **2.7.2 Classification and subsequent measurement**

#### **Financial Liabilities**

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### **Financial Assets**

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

In certain circumstances the initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within short-term borrowings in current liabilities on the Statement of financial position.

### **Trade and other receivables**

Receivables are usually settled within 60 days. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and stated at their amortised cost. The amounts are unsecured and are generally settled on 30-day terms.

### **2.7.3 Impairment of financial assets**

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability-weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.



#### **2.7.4 Finance income and expenses**

Finance income comprises interest income on funds invested, gains on the disposal of financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

### **2.8 Employee benefits**

#### **2.8.1 Short-term employee benefits**

Provision for employee benefits for wages, salaries and annual leave that are expected to be settled wholly within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related payroll on-costs, such as worker's compensation insurance and payroll tax.

#### **2.8.2 Other long-term employee benefits**

The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value. The discount rate applied is determined by reference to market yields on high quality corporate bonds at the report date that have maturity dates approximating the terms of the Group's obligations.

#### **2.8.3 Equity-settled compensation**

The Group operates an employee performance rights plan. The fair value of performance rights granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the rights.

The fair value of the performance rights granted is measured using a Black-Scholes pricing model, considering the terms and conditions upon which the rights were granted. The amount recognised is adjusted to reflect the actual number of performance rights that vest.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other condition are satisfied.

### **2.9 Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### **2.10 Earnings per Share**

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company as the numerator i.e. no adjustments to profits were necessary in respect of the reported figures.

### **2.11 Revenue and other Income**

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognise revenue as the performance obligations are satisfied

Following the adoption of AASB 15, on 1 July 2018, the Group's revenue recognition accounting policy is that:

#### **Revenue from software licencing**

The performance obligation for the Group's licensed software is satisfied when the software has been installed and is available for use by the customer. In accordance with AASB 15 Software licence revenue is recognised on delivery of the product to the customer rather than evenly over the term of the software licence which typically ranges from 12 to 60 months.

#### **Implementation fee revenue**

Implementation fee revenue is recognised over the implementation period (generally 3 to 12 months) as services are rendered.

#### **Support and maintenance revenue**

Ongoing revenue from support and maintenance services provided by Alcidion in respect of its licenced software is recognised as it is consumed (month by month) over the contracted term for these services, which is typically from 12 to 60 months, as aligned with licence term.

All revenue is stated net of the amount of GST or VAT.

## **2.12 Segment reporting**

The Group operates as a single operating segment as there is only one primary line of business, which is the development, delivery under licence, implementation, support and maintenance of the Group's integrated suite of software products to its customers across the UK, Australia and New Zealand. All product management, software development, support and maintenance as well as corporate management and shared services, are provided centrally to all Group operations. Group Directors and management monitor and manage the Group using consolidated Group financial information. Discrete financial accounts are not used to manage any part of the business and there are no intra-Group financial transactions between different parts of the business.

## **2.13 Intangible assets**

### **2.13.1 Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination. In the current and previous year, the Board has determined that there is one CGU, being the single integrated business operation that develops, licences, implements, hosts and supports the one integrated suite of software products for health care providers in Australia, New Zealand and the United Kingdom.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. An impairment loss recognised for goodwill or intellectual property is not reversed in subsequent periods.

### **2.13.2 Intangible assets other than goodwill**

#### **Trademarks and patents**

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives ranging from 5 to 10 years.

#### **Acquired software**

Software acquired as part of an acquisition is amortised over the expected useful life ranging from 9 to 12.5 years.

#### **Customer contracts**

Customer contracts acquired as part of an acquisition have been placed into six groups with amortisation periods ranging from 1 to 46 years. On average, acquired customers contracts are amortised over a period of 20 years.

### **2.13.3 Business combinations**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquisition; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree.

less

- the net recognised amount of the identifiable assets acquired, and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

## **2.14 Critical accounting estimates and judgements**

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### **Key judgements**

#### **Performance obligations relating to revenue recognition under AASB 15**

To identify a performance obligation under AASB 15, the promise must be distinct or a series of distinct goods and services. Management exercises judgement to determine whether the promise is distinct or a series of distinct goods and services by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods and services. In making this assessment, management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised.

**Impairment of intangible assets**

The assessment of whether the value of intangible assets requires impairment is based on the choice of an appropriate valuation method for determining the recoverable amount of the single CGU in accordance with AASB 136. Two possible valuation methods can be used, either a value-in-use calculation using a discounted cash flow model, or a valuation based upon an assessed fair value less costs to sell. Due to the current investment for growth phase that the company is in, management has determined that a valuation based on fair value less costs to sell is the most appropriate valuation method to use. Of the potential valuation approaches that comply with the requirements of AASB 136 and the preference for those based on observable market data, management has chosen a comparative revenue multiple as the most appropriate primary measure of recoverable value. Impairment is assessed in Note 12.

**Deferred tax asset from carried forward tax losses**

Judgements and estimates are required when determining the recognition and measurement of deferred tax asset. The Group will recognise a deferred tax asset in relation to unused tax losses and deductible temporary differences only to the extent that this offsets deferred tax liabilities due to the inherent uncertainty surrounding forecasting taxable income in primary industries, and therefore the Group's ability to fully utilise tax losses.

The utilisation/recognition of tax losses in future periods will be recognised as a tax benefit in those future periods.

**Performance rights**

Judgements and estimates are made when calculating the cost of Performance Rights. The fair value of the performance rights granted is measured using a Black-Scholes probability weighted model. Key judgements include: the estimated weighted average probability that employees will be employed on the vesting date and the time period over which to calculate share price volatility. Performance rights are discussed in more detail in notes 2.8.3 and 8.

**2.15 Functional and presentation currency**

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian Dollars (AUD), which is the Parent Entity's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

**Group companies**

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows. Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period; income and expenses are translated at average exchange rates for the reporting period; and all resulting exchange differences are recognised in other comprehensive income.

**2.16 Leases****The Group as lessee**

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.



Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets are recognised at an amount equal to the lease liability at the initial date of application, adjusted for previously recognised prepaid or accrued lease payments. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

### 3. Revenue

	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Recurring revenue	27,278	28,143
Non-recurring revenue	9,779	12,257
	<b>37,057</b>	<b>40,400</b>

Recurring revenue relates to the sale of products in the form of software licences and on-going services such as product support and maintenance. Non-recurring revenue relates to discrete project and services work and product implementation.

### 4. Employee benefits expense

	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	24,777	24,957
Superannuation/pension	2,153	2,030
Leave provisions	303	507
Other employee benefits expense	2,003	2,449
Share-based payment expense	152	387
Restructure costs	1,033	-
<b>Total Employee benefits expense</b>	<b>30,421</b>	<b>30,330</b>

### 5. Depreciation and amortisation

	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Depreciation of plant and equipment	398	381
Depreciation of right of use assets	820	815
Amortisation of intangible assets	2,882	1,991
<b>Total Depreciation and amortisation</b>	<b>4,100</b>	<b>3,187</b>

## 6. Income tax

	2024 \$000	2023 \$000
<b>Income tax recognised in loss</b>		
Tax expense comprises:		
Current year tax expense	23	83
Prior year adjustment	177	(414)
Deferred tax liability	(482)	(792)
<b>Total tax (benefit)</b>	<b>(282)</b>	<b>(1,123)</b>

The prima facie income tax (benefit) on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2024 \$000	2023 \$000
<b>(Loss) from operations</b>	<b>(8,699)</b>	<b>(4,740)</b>
Income tax (benefit) calculated at 25% (2023: 25%)	(2,175)	(1,185)
Effect of different tax rates of group entities operating in different tax jurisdictions	3	(589)
Effect of non-assessable income	-	-
Effect of non-deductible expenses	694	743
Effect of current year tax losses and temporary differences not brought to account	1,501	1,114
Effect of temporary differences de-recognised/(recognised) as deferred tax assets/deferred tax liabilities	(482)	(792)
Prior year adjustments	177	(414)
<b>Income tax (benefit)</b>	<b>(282)</b>	<b>(1,123)</b>

The tax rate used in the above reconciliation in respect to the income of group entities domiciled in Australia is the corporate tax rate of 25% (2023: 25%) payable by Australian corporate entities on taxable profits under Australian tax law.

The tax rate used in the above reconciliation in respect to the income of group entities domiciled in New Zealand is the corporate tax rate of 28% (2023: 28%) payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

The tax rate used in the above reconciliation in respect to the income of group entities domiciled in the UK is the corporate tax rate of 25% (2023: 19%) payable by UK corporate entities on taxable profits under England & Wales tax law.

In 2019, the Australian Taxation Office introduced legislation under which the corporate tax rate for Companies satisfying the requirements to be assessed as a 'Small Business' was reduced to 27.5% in 2020, to 26.0% in 2021 and to 25.0% in 2022. To satisfy the requirements of a 'Small Business' in the 2023 financial year, a Company must have annual turnover of less than \$50,000,000 (2023: \$50,000,000). Alcidion Group Ltd has satisfied this requirement and is therefore eligible to apply the reduced income tax rate of 25.0%.

**Recognised deferred tax balances**

<b>Deferred Tax Liability</b>	<b>2024 \$000</b>	<b>2023 \$000</b>
Opening balance	7,207	7,999
Deferred tax liability recognised on recognition of intangible assets in the acquisition accounting	-	-
(Credited) to profit or loss	(482)	(792)
	<b>6,725</b>	<b>7,207</b>

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

No deferred tax asset has been recognised in Australia in respect of temporary differences as the realisation of a benefit is regarded as improbable in the next twelve months.

The total tax losses carried forward amount to \$17,891,000 (2023: \$15,570,000).

The Australian and New Zealand operations carried forward tax losses are \$17,891,000 (2023: \$15,570,000) and have not been recognised as a deferred tax asset.

Franking account deficit: \$5,293,206 (2023: \$5,293,206)

The Company's franking account is in debit by the amount of \$5,293,206. The debit balance has arisen due to the accumulation of Research & Development Tax Incentive Refunds totalling \$5,978,248 since the year ended 30 June 2005. In accordance with section 205 of the Income Tax Assessment Act (ITAA) 1997, the Company is not subject to franking deficits tax on this balance.

## **7. Key Management Personnel disclosures**

**Details of key management personnel**

The directors and key management personnel of Alcidion Group Limited during the financial year were:

**Non-Executive Directors**

Ms Rebecca Wilson (Chair)  
Mr Simon Chamberlain  
Ms Victoria Weekes  
Mr Daniel Sharp

**Executive Directors**

Ms Kate Quirke

**Executives**

Mr Matthew Gepp

**Key management personnel compensation**

The aggregate compensation made to key management personnel of the Company is set out below:

	<b>2024 \$</b>	<b>2023 \$</b>
Short-term employee benefits	1,204,110	1,645,656
Long Service Leave	18,533	53,694
Post-employment benefits	62,440	85,035
Share-based payments	18,085	98,189
	<b>1,303,168</b>	<b>1,882,574</b>

The compensation of each member of the key management personnel of the Company is set out in the Remuneration Report.

## 8. Share-based payments: Share options and performance rights

The Company established an employee share option and rights plan (Equity Incentive Plan) in 2018 which was approved at the Company's 2018 Shareholder Meeting.

### Share-based payments

Share-based payments to employees are measured at the fair value of the instruments at grant date and amortised over the vesting periods. The corresponding amounts are recognised in the share-based payments reserve and the statement of profit and loss respectively. The number of shares and options and performance rights expected to vest is reviewed and adjusted at the end of each reporting period if any holders have forfeited options or rights or if any options or rights have lapsed due to the holder leaving the company. The Company has one performance rights scheme currently in place under the Equity Incentive Plan (EIP) which is described below.

### Employee performance rights scheme

On 1 July 2020 the Company launched the long-term incentive scheme to recognise talent, encourage retention of key employees and motivate those employees to optimise Company performance.

Rights are issued for no consideration, are not transferable and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board as is the performance criteria to be met for granted rights to vest.

The rights vest subject to the employee having complied with all obligations and restrictions relating to the rights:

- the Company's Total Shareholder Return (TSR) outperforming the S&P/200 All Industrials Index over vesting period (for the 2022 & 2023 Tranches)
- the TSR being positive over the vesting period; and
- the employee being continuously being employed by the Alcidion Group company up until the vesting date

All vested rights shall be automatically exercised on vesting date.

Performance Rights granted to nominated employees is as follows:

Grant year (financial year)	Number of performance rights	Exercise Price	Vesting date	Expiry date	Fair value at grant date \$
2021	6,537,314	\$Nil	Jun-23	Oct-23	0.0894
2021	3,110,820	\$Nil	Jun-23	Oct-23	0.1352
2022	1,640,147	\$Nil	Jun-24	Oct-24	0.0842
2023	11,522,401	\$Nil	Jun-25	Oct-25	0.0388
2024	7,103,167	\$Nil	Jun-26	Oct-26	0.0282
<b>Total</b>	<b>29,913,849</b>				
Less forfeited as at 30/06/2023	(2,475,927)				
Forfeited during the year	(9,371,029)				
Vested during the year	(2,364,226)				
<b>Total performance rights remaining</b>	<b>15,702,667</b>				

The rights lapse when a holder ceases their employment with the Group unless the Board exercises discretion it has under provisions of the Alcidion Group Equity Incentive Plan.



A summary of the movement of all rights issued and forfeited is as follows:

	<b>2024</b>		<b>2023</b>	
	<b>Number of performance rights</b>	<b>Weighted average exercise price \$</b>	<b>Number of performance rights</b>	<b>Weighted average exercise price \$</b>
<b>Rights outstanding as at 1 July</b>	<b>20,334,755</b>	-	<b>9,479,412</b>	-
Rights granted	7,103,167	-	11,522,401	-
Rights forfeited	(9,371,029)	-	(667,058)	-
Rights vested	(2,364,226)	-	-	-
<b>Rights outstanding as at 30 June</b>	<b>15,702,667</b>	-	<b>20,334,755</b>	-

The exercise price of outstanding rights at the end of the reporting period was \$Nil.

The fair value of the rights granted to employees is considered to represent the value of the employee benefit received over the vesting period.

The fair value of rights granted during the reporting period is shown below. These values were calculated using a Black-Scholes probability weighted model with the following inputs:

<b>Rights granted 21 November 2023</b>	
Exercise price:	\$Nil
Life of the right at issue date:	3.1 years
Expected share price volatility:	69.7%
Risk-free interest rate:	3.91%
Fair value of rights granted	\$200,309

Dividend yield and weighted average share price have also been used as inputs into the Black-Scholes model to determine the above fair values of rights granted.

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

The life of the rights is based on the approximate number of years from when the rights were granted to vesting date.

Included in the statement of profit or loss is \$152,000, which represents the expensed pro rata portion of the total fair value of all rights granted relevant to the reporting period (2023: \$387,000).

## 9. Remuneration of auditors

	<b>2024</b>	<b>2023</b>
Audit and review of the financial report for the Group		
William Buck	73,800	68,700
DSG UK	94,900	65,000
Non-audit services - William Buck	-	-
	<b>168,700</b>	<b>133,700</b>

*The auditor of Alcidion Group Limited is William Buck (2023: William Buck)*

*The auditor of the UK incorporated subsidiaries is DSG UK (2023: DSG UK)*

## 10. Trade and other receivables

	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Trade receivables	3,546	3,304
Accrued income	1,668	1,431
	<b>5,214</b>	<b>4,735</b>

Trade receivables are non-interest bearing and generally on terms of 30 days. An allowance for credit loss is included for any receivable where the entire balance is not considered collectible. No allowance for credit loss is required as of 30 June 2024 (2023: Nil).

Additional Information in relation to financial risks concerning or with a potential impact on financial assets and liabilities is disclosed in Note 28 - Financial Instruments.

## 11. Trade and other payables

	<b>2024</b>	<b>2023</b>
	<b>\$000</b>	<b>\$000</b>
Trade payables	305	2,127
Goods and services tax / value added tax	1,804	2,309
Other payables	1,124	1,438
	<b>3,233</b>	<b>5,874</b>

The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of the invoice. Thereafter, interest may be charged at various penalty rates by some creditors. The group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

## 12. Intangible assets

	Goodwill \$000	Customer contracts \$000	Acquired Software \$000	Patents & Trademarks \$000	Total \$000
<b>Cost</b>					
At 1 July 2022	67,763	15,595	16,399	341	100,098
Additions	-	-	-	-	-
At 30 June 2023	67,763	15,595	16,399	341	100,098
At 1 July 2023	67,763	15,595	16,399	341	100,098
Additions	-	-	-	-	-
At 30 June 2024	67,763	15,595	16,399	341	100,098
<b>Accumulated amortisation</b>					
At 1 July 2022	-	859	378	37	1,274
Amortisation expense	-	558	1,373	60	1,991
Re-allocation	-	(481)	481	-	-
At 30 June 2023	-	936	2,232	97	3,265
At 1 July 2023	-	936	2,232	97	3,265
Amortisation expense	-	1,453	1,369	60	2,882
At 30 June 2024	-	2,389	3,601	157	6,147
<b>Carrying value</b>					
At 30 June 2023	67,763	14,659	14,167	244	96,833
At 30 June 2024	67,763	13,206	12,798	184	93,951

### Key estimates and assumptions: Intangible assets

Intangible assets, other than goodwill and intellectual property, have finite useful lives. The amortisation charge for intangible assets is included under depreciation and amortisation expense in the statement of profit and loss and other comprehensive income.

By referring to the guidance in AASB 136 *Impairment of Assets*, the Board has determined that there is no indication of impairment of its intangible assets.

In making this assessment the Board looked at among other things, whether the carrying amount of the net assets of the entity is more than its market capitalisation and whether there were significant changes that had an adverse effect on the company during the period, or will in the near future, in the technological, market, economic or legal environment in which the company operates or in the market to which its assets are dedicated.

It should be noted that while there was an indication of impairment at the balance sheet date where the carrying amount of the net assets of the entity was more than its market capitalisation, subsequent to the period end when testing was finalised using the current market capitalisation this was no longer the case in respect of this particular indicator.

Irrespective of whether there is any indication of impairment, the company is required to test its intangible assets (with an indefinite useful life) for impairment by comparing the carrying amount with the recoverable amount.

Intangible assets are tested for impairment at each reporting period in accordance with AASB 136 *Impairment of Assets*.

The Board have determined that there is one CGU, being the single integrated business operation that develops, licences, implements, hosts and supports the one integrated suite of software products for health care provider organisations in Australia, the UK and New Zealand.

To assess whether goodwill and intellectual property is impaired, the carrying amount of the CGU is compared to the recoverable amount, determined based on the greater of its value in use and its fair value less costs of disposal.

The Board has determined that a valuation based on comparable revenue multiples is the most appropriate method to use, for the following reasons:

- The Revenue multiple is a commonly used metric to value assets for sale, particularly when operating cash flows are negative or where positive cash flows are just recently emerging
- The multiples approach to valuation is a theory based on the concept that similar assets should sell for similar prices
- The revenue multiple is ideal for smaller companies with earnings that are either negative or volatile

Of the potential valuation approaches that comply with the requirements of AASB 13 *Fair Value Measurement* and the preference for those based on observable market data, the Board has chosen the revenue multiple as the most appropriate primary measure of recoverable value. This is considered a Level 2 fair value hierarchy.

A wide selection of companies in identical and similar sectors was used to allow for differences in size and profitability. To calculate an appropriate revenue multiple the revenue multiple of 20 companies listed on the Australian Securities Exchange were analysed. These companies had a wide range of size and profitability many operate in the same sector selling similar products to the Alcidion software suite, 13 operate in the healthcare sector and all entities sell software products in a B2B environment.

Although the most appropriate comparison would be Australian listed healthcare software companies, to increase the robustness of the testing and to include a greater sample size, Australian listed healthcare companies and Australian listed software companies were also used. The average of the multiples was used to determine the fair value of the CGU.

The median revenue multiple was selected as the most appropriate measure, as it was significantly lower than the average revenue multiple.

The table below provides a summary of this analysis:

<b>Company type</b>	<b>Median revenue multiple</b>	<b>Value \$000</b>
Australian listed healthcare software companies	3.7x	137,270
Australian listed healthcare companies	2.6x	96,460
Australian listed software companies	2.9x	107,590
<b>Assessed Fair Value (average)</b>	3.1x	<b>113,773</b>
Estimated costs to sell		1,000
Carrying value of intangible assets being assessed for impairment		93,951
Carrying value of non-cash assets being assessed for impairment (i)		5,516
<b>Headroom/(Impairment)</b>		<b>13,306</b>

(i) Non-cash assets include trade receivables, property, plant & equipment and right of use assets

The above analysis shows that the Assessed Fair Value of the single Alcidion CGU is sufficiently higher than the carrying value of the CGU assets. Accordingly, the Board is of the opinion that no impairment of the carrying value of intangible assets is necessary as at 30 June 2024 (2023: Nil).



### 13. Contingent consideration

	2024 \$000	2023 \$000
<b>Opening balance: contingent consideration - current liability</b>	-	2,638
Origination of contingent consideration	-	-
Settlement of contingent consideration	-	(2,687)
Impact of foreign exchange differences recorded in OCI	-	-
Impact of foreign exchange differences recorded in the profit & loss	-	49
<b>Closing balance: contingent consideration - current liability</b>	-	-

Contingent consideration related to the acquisition of Silverlink Software PCS Limited. Payment of the contingent consideration was subject to the successful renewal of selected customer contracts prior to 31 March 2024.

The contingent consideration was split into two equal tranches. The first tranche was subject to the successful renewal of two customer contracts which was achieved in the 2022 financial year and as such was paid to the Silverlink vendor in that year.

The second tranche was subject to the successful renewal of two further customer contracts, these contracts were both renewed during the 2023 financial year and as such the second tranche of the contingent consideration was paid to the Silverlink vendor in the 2023 financial year.

## 14. Plant and equipment

	Computer equipment \$000	Furniture and fittings \$000	Total \$000
<b>Cost</b>			
<b>At 1 July 2022</b>	<b>812</b>	<b>214</b>	<b>1,026</b>
Additions	313	148	461
Foreign exchange adjustment	23	3	26
<b>At 30 June 2023</b>	<b>1,148</b>	<b>365</b>	<b>1,513</b>
<b>At 1 July 2023</b>	<b>1,148</b>	<b>365</b>	<b>1,513</b>
Additions	52	1	53
Foreign exchange adjustment	(3)	(1)	(4)
<b>At 30 June 2024</b>	<b>1,197</b>	<b>365</b>	<b>1,562</b>
<b>Accumulated depreciation and impairment</b>			
<b>At 1 July 2022</b>	<b>324</b>	<b>64</b>	<b>388</b>
Depreciation expense	281	100	381
Foreign exchange adjustment	11	4	15
<b>At 30 June 2023</b>	<b>616</b>	<b>168</b>	<b>784</b>
<b>At 1 July 2023</b>	<b>616</b>	<b>168</b>	<b>784</b>
Depreciation expense	285	113	398
Foreign exchange adjustment	(3)	(1)	(4)
<b>At 30 June 2024</b>	<b>898</b>	<b>280</b>	<b>1,178</b>
<b>Net book value</b>			
<b>At 30 June 2023</b>	<b>532</b>	<b>197</b>	<b>729</b>
<b>At 30 June 2024</b>	<b>299</b>	<b>85</b>	<b>384</b>

## 15. Unearned revenue

	2024 \$000	2023 \$000
<b>Opening balance as at 1 July</b>	<b>11,609</b>	<b>12,906</b>
Amount recognised in revenue during the year	(27,664)	(31,234)
Contracts entered into in the year	28,973	29,303
Effect of exchange rate changes	(92)	634
<b>Closing balance as at 30 June</b>	<b>12,826</b>	<b>11,609</b>

Unearned revenue relates to invoices issued to customers, or physical cash received from customers for licencing, maintenance and support services and other professional services to be carried out in future periods. The movement in unearned revenue is attributable to invoices issued to customers in advance of services to be provided less the recognition of revenue for licencing and services provided during the year.

## 16. Right of use assets

The Group's lease portfolio includes lease of office space. Leases have an average term of 4.3 years (2023: 4.0 years).

### Options to extend or terminate

Options to extend or terminate are contained in some of the property leases of the Group. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Group. The extension options or termination options which management were reasonably certain to be exercised have been included in the calculation of the lease liability.

AASB 16 related amounts recognised in the statement of financial position:

<b>Right-of-use assets</b>	<b>2024 \$000</b>	<b>2023 \$000</b>
Leased buildings	3,567	3,307
Accumulated depreciation	(1,981)	(1,163)
	<b>1,586</b>	<b>2,144</b>
Movement in carrying amounts:		
<b>Opening balance Leased buildings:</b>	<b>2,144</b>	<b>2,630</b>
Additions	262	329
Depreciation expense	(820)	(815)
<b>Net carrying amount</b>	<b>1,586</b>	<b>2,144</b>

AASB 16 related amounts recognised in the statement of profit or loss:

	<b>2024 \$000</b>	<b>2023 \$000</b>
Depreciation charge related to right-of-use assets	820	815
Interest expense on lease liabilities	103	125
Low-value asset lease expense	25	46

## 17. Lease liabilities

	<b>2024 \$000</b>	<b>2023 \$000</b>
Lease liability (current)	697	693
Lease liability (non-current)	998	1,462
	<b>1,695</b>	<b>2,155</b>

## 18. Employee provisions

	<b>2024 \$000</b>	<b>2023 \$000</b>
<b>Current</b>		
Annual leave	1,285	1,458
Long service leave	738	769
Other - bonus and commissions payable	293	762
	<b>2,316</b>	<b>2,989</b>
<b>Non-current</b>		
Long service leave	148	83
<b>Total employee provisions</b>	<b>2,464</b>	<b>3,072</b>

## 19. Issued capital

### (a) Issued capital

	2024		2023	
	Number of shares	\$000	Number of shares	\$000
Balance at 1 July	1,268,069,053	110,511	1,268,069,053	110,511
Shares issued during the year:				
Placement & SPP	72,039,942	5,004	-	-
Performance rights vested	2,364,226	-	-	-
<b>Balance at 30 June</b>	<b>1,342,473,221</b>	<b>115,515</b>	<b>1,268,069,053</b>	<b>110,511</b>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund strategic investments and its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets. The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

### (b) Reserves (Share-based payment reserves)

	2024	2023
	\$000	\$000
Balance at beginning of financial year	942	555
Rights forfeited	(48)	(48)
Share based payments expense	200	435
<b>Balance at end of financial year</b>	<b>1,094</b>	<b>942</b>

### (c) Movements in performance rights on issue

	2024	2023
	Number of rights	Number of rights
Beginning of the financial year	20,334,755	9,479,412
Rights granted	7,103,167	11,522,401
Rights forfeited	(9,371,029)	(667,058)
Rights exercised	(2,364,226)	-
<b>End of the financial year</b>	<b>15,702,667</b>	<b>20,334,755</b>

## 20. Accumulated losses

	2024	2023
	\$000	\$000
Balance at beginning of financial year	(21,603)	(17,986)
(Loss) attributable to owners of the Company	(8,417)	(3,617)
<b>Balance at end of financial year</b>	<b>(30,020)</b>	<b>(21,603)</b>



## 21. Dividends

There were no dividends paid or proposed during the year (2023: \$Nil)

## 22. Loss per share

	<b>2024</b>	<b>2023</b>
	<b>Cents per share</b>	<b>Cents per share</b>
Basic earnings (loss) per share (cents):	(0.64)	(0.29)
Diluted earnings (loss) per share (cents):	(0.64)	(0.29)
	<b>\$000</b>	<b>\$000</b>
Loss after tax used in calculating basic and diluted earnings per share	(8,417)	(3,617)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	1,316,215,107	1,268,069,053

## 23. Related party disclosures

### (a) Key management personnel remuneration

Details of key management personnel remuneration are disclosed in Note 7 to the financial statements.

### (b) Loans to key management personnel and their related parties

There have been no loans to key management personnel during the current or previous financial year.

### (c) Other transactions with key management personnel

For the period 1 July 2023 to 27 February 2024, WE Communications was paid \$208,598 (2023: \$28,655) for Investor Relations and marketing services, a company in which non-executive director Rebecca Wilson had an interest but did not financially benefit from.

From 27 February 2024 Ms Wilson was no longer a related party of WE Communications.

Balance payable to related parties as at 30 June 2024 was Nil (2023: \$37,255).

Transactions between related parties are on normal commercial terms and conditions no more or less favourable than those available to other parties.

## 24. Contingencies

In the opinion of the Directors, other than bank guarantees disclosed in note 31 the Group did not have any contingent liabilities or contingent assets as at 30 June 2024 (2023: \$Nil).

At 30 June 2024, credit card balance used is \$31,000 (2023: \$16,000) (Unused: \$119,000 (2023: \$134,000)).

## 25. Segment reporting

The Group operates in the healthcare industry in Australia, New Zealand and the UK. For management purposes, the Group is organised into one operating segment which involves the provision of healthcare software solutions and services in these territories. All the Group's activities are inter-related and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

### Basis of accounting for purposes of reporting by operating segments

#### Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

#### Intersegment transactions

There was no intersegment revenue during 2024 (2023: \$Nil).

#### Segment information

Group Performance - No separate Group performance has been presented in this report as the Board receives only a consolidated Group performance report which is the equivalent to the statement of Profit or Loss and Other Comprehensive Income of the Group as a whole.

Group assets and liabilities - No separate Group asset and liabilities have been presented in this report as the Board only receives a consolidated asset and liabilities report which is the equivalent to the statement of financial position of the Group as a whole.

#### Revenue by geographical region

	2024 \$000	2023 \$000
Australia / New Zealand	19,076	20,429
United Kingdom	17,981	19,971
<b>Total revenue</b>	<b>37,057</b>	<b>40,400</b>

#### Major customers

In 2024 the Group had one customer that accounted for more than 10% of total group revenue:

Leidos Australia Pty Limited \$8,435,000 (22.8%) (2023: Leidos \$8,000,000 (19.8%)).

#### Timing of revenue recognition

	2024 \$000			2023 \$000		
	Goods transferred at a point in time	Services transferred over time	Total	Goods transferred at a point in time	Services transferred over time	Total
Australia / New Zealand	10,662	8,413	19,076	10,472	9,957	20,429
United Kingdom	16,616	1,366	17,981	17,671	2,300	19,971
<b>Total revenue</b>	<b>27,278</b>	<b>9,779</b>	<b>37,057</b>	<b>28,143</b>	<b>12,257</b>	<b>40,400</b>

## 26. Subsequent events

Subsequent to the balance date, the Company announced:

1. That it had signed a 5-year Agreement with Hume Rural Health Alliance (HRHA) with a total contract value (TCV) of \$4.0M, and
2. That it had been selected as the preferred provider by North Cumbria Integrated Care NHS Foundation (NCIC) for its new Electronic Patient Record (EPR) system, with an expected 10-year TCV in the range of \$30M- \$40M.

Apart from the two items mentioned above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

## 27. Notes to the Statement of Cash Flows

### Reconciliation of cash and cash equivalents

	2024 \$000	2023 \$000
Cash and cash at bank	11,798	14,641
<b>Reconciliation of loss for the year to net cash flows from operating activities:</b>		
<b>(Loss) for the year after income tax</b>	<b>(8,417)</b>	<b>(3,617)</b>
<b>Add back non-cash items:</b>		
Depreciation and amortisation	4,100	3,187
Share based payment expense	152	387
Net unrealised foreign currency differences and other non-cash items	(34)	(755)
<b>Changes in assets and liabilities, net of effects from business combinations</b>		
<b>(Increase)/decrease in assets:</b>		
Trade and other receivables	(479)	2,516
Other Assets	75	70
<b>Increase/(decrease) in liabilities:</b>		
Trade and other payables	(2,628)	377
Provisions	(659)	473
Current tax liabilities	26	(380)
Deferred Tax Liabilities	(482)	(792)
Income in advance	1,217	(1,297)
<b>Net cash flow from operating activities</b>	<b>(7,129)</b>	<b>169</b>

## 28. Financial instruments

### (a) Financial risk management objectives

The Group's financial instruments consist mainly of deposits with banks, accounts receivables, lease liabilities and payables. The totals for each category of financial instruments is shown at Note 28(f).

### (b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

**(c) Foreign currency risk management**

The Company is exposed to foreign currency risk to the extent that the fair value or future cash flows of a financial instrument fluctuates due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

While the Group's overseas operations hold financial assets and liabilities in NZD and GBP, there is very little foreign currency risk associated with intercompany transactions or the required conversion of these financial assets or liabilities to AUD as each overseas operation generates and holds sufficient financial assets in local currency to meet local liabilities and there are no intercompany transactions or movement of financial assets within the group that would create any significant foreign currency risk from currency conversion. Hedging is therefore not required to manage foreign currency risk arising from currency conversion. The only foreign currency risk arises from potential fluctuations in exchange rates used when converting financial asset and liability instruments denominated in currencies other than AUD, when consolidating Group financials.

**(d) Interest rate risk management**

The Company is exposed to minimal interest rate risk arising from decisions to place funds at either fixed or floating interest rates. What risk does exist is managed by maintaining an appropriate mix between fixed and floating rate products.

**(e) Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The quality of debtors is best monitored by the ageing of open invoices in accounts receivable.

**Trade receivables are analysed as follows:**

Not impaired:	2024 \$000	2023 \$000
Within trade terms	3,120	2,759
Past due but not impaired	426	545
<b>Total trade receivables</b>	<b>3,546</b>	<b>3,304</b>

Receivables that are neither past due nor impaired comprise customers with a long-term record of timely payments and/or no recent history of default arising from financial difficulty.

The Group has applied the simplified approach measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Analysis of age of trade receivables:**

	Not past due \$000	60-90days \$000	>90 days \$000	Total \$000
<b>2024</b>	<b>3,120</b>	<b>294</b>	<b>132</b>	<b>3,546</b>
2023	2,759	232	313	3,304

The Group measures the allowance for credit losses for trade receivables consistent with AASB 9. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

As at 30 June 2024, there were no expenses recognised during the financial year for the write-off of receivables or provision for doubtful debts (2023: Nil).

**(f) Liquidity risk management**

Liquidity risk arises from the possibility that the Group may encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. It is the policy of the Group that creditors are paid within credit terms.

**Maturity profile of financial instruments**

The following table details the Company's exposure to liquidity risk.

	Funds available on demand \$000	Expected maturity dates			Total \$000
		< 1 year \$000	1-5 years \$000	5+ years \$000	
<b>2024</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	11,252	546	-	-	11,798
Trade and other receivables	-	5,214	-	-	5,214
	<b>11,252</b>	<b>5,760</b>	-	-	<b>17,012</b>
<b>Financial liabilities:</b>					
Trade and other payables	-	3,233	-	-	3,233
Lease liabilities	-	697	998	-	1,695
	-	<b>3,930</b>	<b>998</b>	-	<b>4,928</b>
<b>2023</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	14,068	573	-	-	14,641
Trade and other receivables	-	4,735	-	-	4,735
	<b>14,068</b>	<b>5,308</b>	-	-	<b>19,376</b>
<b>Financial liabilities:</b>					
Trade and other payables	-	5,874	-	-	5,874
Lease liabilities	-	693	1,462	-	2,155
	-	<b>6,567</b>	<b>1,462</b>	-	<b>8,029</b>

The amounts listed above equate to fair value. The cashflows in the maturity analysis above are not expected to occur significantly earlier than disclosed.



## 29. Information relating to Alcidion Group Limited (the Parent)

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

All assets listed below equate to fair value.

### Statement of Financial Position

	2024 \$000	2023 \$000
<b>Assets</b>		
Current assets	445	2,290
Non-current assets	134,165	119,060
<b>Total assets</b>	<b>134,610</b>	<b>121,350</b>
<b>Liabilities</b>		
Current liabilities	298	495
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>298</b>	<b>495</b>
<b>Net assets</b>	<b>134,312</b>	<b>120,855</b>
<b>Equity</b>		
Issued capital	141,014	136,010
Reserves	1,093	942
Accumulated losses	(7,795)	(16,097)
<b>Total equity</b>	<b>134,312</b>	<b>120,855</b>

### Statement of profit or loss & other comprehensive income

Total Profit for the year	8,302	6,042
Total comprehensive Profit for the year	8,302	6,042

Material accounting policies applied to parent entity are consistent with those applied to the subsidiaries.

### 30. Interests in controlled entities

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries:

Name of Entity	Country of Incorporation	Percentage Owned (%)	
		2024	2023
Alcidion Corporation Pty Ltd	Australia	100	100
Oncall Systems Ltd	New Zealand	100	100
Oncall New Zealand Ltd	New Zealand	100	100
Alcidion Aus Pty Ltd	Australia	100	100
Patientrack Pty Ltd	Australia	100	100
Alcidion UK Limited	England & Wales	100	100
Patientrack (UK) Limited	England & Wales	100	100
Alcidion NZ Limited	New Zealand	100	100
ExtraMed Limited	England & Wales	100	100
Silverlink PCS Software Limited	England & Wales	100	100

### 31. Guarantees

The Group has given bank guarantees as at 30 June 2024 of \$546,000 (2023: \$573,000) to various lessors.

### 32. Capital commitments

As at 30 June 2024, the Group had no contracted capital commitments for capital purchases (2023: Nil)

## Consolidated entity disclosure statement

For the year ended 30 June

Name of Entity	Entity type	Body corporates		Tax residency	
		Country of Incorporation	% of share capital held	Australian or foreign	Foreign jurisdiction
Alcidion Group Limited	Body corporate	Australia	N/A	Australian	N/A
Alcidion Corporation Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Oncall Systems Ltd	Body corporate	New Zealand	100%	Foreign	New Zealand
Oncall New Zealand Ltd	Body corporate	New Zealand	100%	Foreign	New Zealand
Alcidion Aus Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Patientrack Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Alcidion UK Limited	Body corporate	England & Wales	100%	Foreign	England & Wales
Patientrack (UK) Limited	Body corporate	England & Wales	100%	Foreign	England & Wales
Alcidion NZ Limited	Body corporate	New Zealand	100%	Foreign	New Zealand
ExtraMed Limited	Body corporate	England & Wales	100%	Foreign	England & Wales
Silverlink PCS Software Limited	Body corporate	England & Wales	100%	Foreign	England & Wales

## Additional shareholders' information

The information in this report is current as at 8 August 2024.

Additional information required by the ASX Limited for Alcidion Group Limited is as follows:

### Ordinary fully paid shares

At the date of this report the following number of Ordinary fully paid shares on issue are:

	Number of shares
<b>Balance at the beginning of the year</b>	<b>1,268,069,053</b>
Movement of share capital during the year and to the date of this report	74,404,168
<b>Total number of shares at the date of this report</b>	<b>1,342,473,221</b>

### Performance rights

At the date of this report the following number of unlisted Performance Rights are on issue:

	Number of rights
<b>Balance at the beginning of the year</b>	<b>20,334,755</b>
Unlisted Performance rights issued during the year	7,103,167
Unlisted Performance rights forfeited during the year	(9,371,029)
Unlisted Performance rights vested during the year	(2,364,226)
Net movements of performance rights during the year and to the date of this report	(4,632,088)
<b>Total number of performance rights outstanding at the date of this report</b>	<b>15,702,667</b>

No person entitled to exercise any performance right referred to above has had, by virtue of the right, a right to participate in any share issue of any other body corporate.

### Substantial shareholders

Alcidion Group Limited has the following substantial shareholders (including related parties) as at 8 August 2024:

Name	Number of shares	Percentage of issued capital
AustralianSuper Pty Ltd	153,116,042	11.41
Malcolm Pradhan	134,582,403	10.02
Mr Raymond Blight	68,801,020	5.12
Salter Brothers Emerging Companies Limited	68,549,365	5.11

## Range of shares as at 8 August 2024

Range	Total Holders	Units	% Issued Capital
1 - 1,000	180	21,474	0.00
1,001 - 5,000	1,737	5,386,691	0.40
5,001 - 10,000	1,506	11,877,704	0.88
10,001 - 100,000	4,059	147,550,138	10.99
> 100,001	1,240	1,177,637,214	87.73
<b>Total</b>	<b>8,722</b>	<b>1,342,473,221</b>	<b>100.00</b>

## Unmarketable parcels as at 8 August 2024

	Minimum parcel size	Holders	Units
Minimum \$500 parcel at \$0.069 per unit	7,247	2,518	9,097,049

## Top 20 holders of ordinary shares as at 8 August 2024

	Name	Units	%
1	J P Morgan Nominees Australia Pty Limited	156,589,750	11.66
2	Mr Malcolm Pradhan	134,582,403	10.02
3	Bond Street Custodians Limited <Salter - D79836 A/C>	73,000,000	5.44
4	Mr Raymond Howard Blight	68,801,020	5.12
5	Rewmicman Pty Ltd <Smallman Family A/C>	28,810,441	2.15
6	Mrs Katrina Elizabeth Doyle	27,793,199	2.07
7	Caledonia Nominees Pty Ltd <Caledonia A/C>	19,976,377	1.49
8	MNMD Pty Ltd <Quirke Super Fund A/C>	19,668,086	1.47
9	BNP Paribas Nominees Pty Ltd <IB AU NOMS Retailclient>	17,189,236	1.28
10	Bond Street Custodians Limited <RSALTE - D62375 A/C>	13,999,000	1.04
11	Mr Dean Anthony Mackenzie	13,143,801	0.98
12	Mr Paul John Van Dyk	12,300,000	0.92
13	Sandhurst Trustees Ltd <Cyan C3G Fund A/C>	10,469,114	0.78
14	Citicorp Nominees Pty Limited	10,272,574	0.77
15	Rangiora-London Pty Limited <Rangiora-London A/C>	7,800,000	0.58
16	Emerald Shares Pty Limited <Emerald Unit A/C>	7,100,000	0.53
17	Mr Vivek Ramakrishnan + Miss Nisha Srinivasan	7,021,913	0.52
18	Finclear Services Pty Ltd <Superhero Securities A/C>	6,807,539	0.51
19	Hudson Retirement Pty Ltd <Seagulls Super A/C>	6,524,244	0.49
20	Webzone Holdings Pty Ltd	5,820,000	0.43
<b>Total of Top 20 holders of ORDINARY FULLY PAID SHARES</b>		<b>647,668,697</b>	<b>48.24</b>

\* The holdings presented in the above table represent individual holdings as registered with the Company (reflecting how these would be presented to shareholders requesting such a Top 20 report). Multiple holdings held by individual shareholders and holdings of related parties to each director or KMP have not been grouped in the table. The Shares and Rights held By Directors in the Remuneration Report shows the consolidated equity interest that each director and KMP has in the Company.



## Voting rights

### *Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### *Other securities*

Other classes of securities issued by the Company do not carry voting rights.

## Annual General Meeting

Alcidion Group Limited advises that its Annual General Meeting will be held on or about Wednesday 23 October 2024. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon despatch.

The Closing date for receipt of nomination for the position of Director is Thursday 12 September 2024. Any nominations must be received in writing no later than **5.00pm (AEST) on Thursday 12 September 2024 at the Company's Registered Office.**

The Company notes that the deadline for nominations for the position of Director is separate to voting on Director elections. Details of the Director's to be elected will be provided in the Company's Notice of Annual General Meeting in due course.

## Corporate Governance Statement

The Company's 2024 Corporate Governance Statement has been released to ASX and is available on the Company's website at: <https://www.alcidion.com/investor-centre/corporate-governance/>

## Corporate directory

### Current directors (Alcidion Group Limited)

Name	Position	Date of Appointment
Ms Rebecca Wilson	Non-Executive Chair	01/08/2017
Ms Kate Quirke	Managing Director	03/07/2018
Mr Simon Chamberlain	Non-Executive Director	01/07/2019
Ms Victoria Weekes	Non-Executive Director	01/09/2021
Mr Danny Sharp	Non-Executive Director	01/09/2021
Ms Melanie Leydin	Company Secretary	04/03/2019

### Registered office

Level 4  
100 Albert Road  
South Melbourne VIC 3205

### Principal place of business

Level 10  
9 Yarra Street  
South Yarra VIC 3141  
☎ 1800 767 873

### Website

[www.alcidion.com](http://www.alcidion.com)

### Registers of securities

Computershare Investor Services Pty Ltd  
Level 5, 115 Grenfell Street,  
Adelaide SA 5000

### Auditors

William Buck  
Level 6, 211 Victoria Square  
Adelaide SA 5000

☎ +61 8 8409 4333

☎ +61 8 8409 4499

### Securities exchange

Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
Sydney, NSW 2000

ASX Code: **ALC**

### DSG

Castle Chambers, 43 Castle Street  
Liverpool L2 9TL  
England United Kingdom

☎ +44 151 294 5400

### Tax accountants

BDO  
Level 11, 1 Margaret St  
Sydney NSW 2000

☎ +61 2 9251 4100

☎ +61 2 9240 9821

### Bankers

Westpac Banking Corporation  
Westpac Place  
275 Kent Street  
Sydney NSW 2000  
☎ 1300 134 291