

# LETTER FROM THE CHAIR

## ALCIDION ANNUAL REPORT 2020

Dear Shareholders,

I am pleased to present Alcidion's Annual Report for the Financial Year ended 30 June 2020 (FY2020).

I hope this report finds you and your family well amidst the ongoing COVID-19 pandemic.

Against the backdrop of a global pandemic, Alcidion has demonstrated that it is a resilient business, and its technology plays a vital role in helping healthcare providers better manage risk, use resources effectively and drive better patient outcomes.

Despite the challenging market conditions arising during the second half of the financial year, FY2020 has been one of continued growth. During the year we signed several strategically significant contracts in each of our markets, increased our foothold in the rapidly growing UK market, made investments to expand our sales and product delivery capabilities, and enhanced our platform to meet new healthcare needs. Importantly, we continued to develop our product suite and improve the way our solutions are sold as an integrated offering as well as invest in the systems and capabilities of the business to support future growth.

From a financial perspective, we are pleased to report year-on-year growth in revenue, with \$18.6M for the full year. Our balance sheet remains strong, following our successful capital raising in November 2019.

### CAPITALISING ON A SIGNIFICANT MARKET OPPORTUNITY

At the beginning of the financial year we set out our growth strategy, positioning Alcidion to capitalise on the increasing market opportunity across the global healthcare sector arising from the accelerating adoption of digital enabled healthcare. Enhanced clinical decision support combined with technology enabled patient care are set to transform traditional models of care, with governments and healthcare providers committing the funding required to make



it happen. Alcidion products are exceptionally well positioned to not only participate in, but indeed drive this transformation. We offer the only solution that combines AI and clinical decision support systems, electronic patient observations and assessments, mobile electronic records, patient flow management and advanced clinical communication.

The UK market is a prime example of this healthcare shift. The Government has committed to driving digital adoption across the entire National Health Service (NHS), including establishing a Digital Aspirant programme as well as providing targeted funding to increase adoption of medications management and clinical communication solutions. The UK Health Secretary, Matt Hancock, has been highly vocal in his commitment to supporting the entire NHS to achieve digital maturity. These investments form just part of the government's £20 billion increase in funding to the NHS over five years, as part of its Long Term Plan.

Given the enormous market potential and the accelerating timeframes in which the sector is looking to achieve further digital transformation, it was vital that our growth strategy was supported by a commitment to scale up Alcidion's sales, marketing and product implementation capabilities, in addition to product development. Accordingly,

we raised \$16.2 million via an institutional placement in November 2019 to provide the funding required to both scale the existing business and investigate potential acquisitions aligned with our strategy.

Scaling up commenced at the beginning of this calendar year with the restructuring of our UK operations under the leadership of newly appointed UK General Manager, Lynette Ousby. This included significantly expanding our UK sales team which will enable us to expand our footprint in this market, partnering with NHS Trusts who are pioneering change in using technology to deliver better patient outcomes. We are also positioning Alcidion on UK government procurement frameworks which will be used by NHS customers purchasing innovative health IT solutions with funding provided by central government.

In parallel we have been expanding our UK presence, invested in enhancing our ANZ sales capabilities, our product management and development teams, and establishing the business leadership and infrastructure needed to support rapid growth..

### CONTINUING EVOLUTION OF OUR PRODUCT OFFERINGS

Investment in product R&D has focused on Alcidion's Miya Precision open standards (FHIR) based product suite, which is unique in that it can be used as an alternative approach to the large integrated Electronic Medical Record (EMR), or it can complement existing digital health systems, including EMRs. This year we launched our fully mobile EMR solution Miya Memory (formerly MEMRe) and built new remote patient monitoring capabilities into Miya Precision.

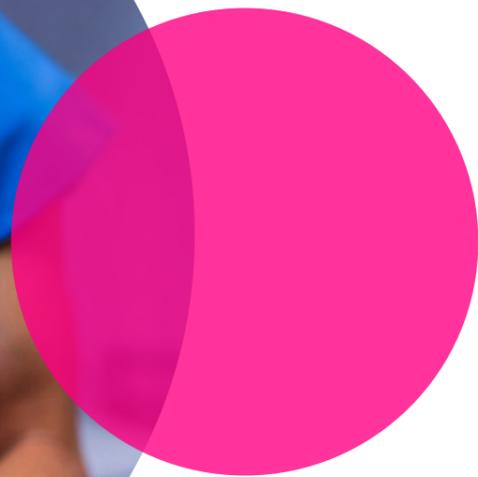
There has been significant investment in repositioning Alcidion's product suite to better align our product offering with how customers want to implement their digital health strategy. Subsequent to year end, we have confirmed that Miya Precision will be the name of our flagship product suite, consisting of sixteen unique modules that can be purchased according to customer needs. The products formerly known as Patientrack and Miya MEMRe will be repositioned and will be available as modules of Miya Precision known as Miya Observations, Miya Assessments and Miya Memory.



### SUPPORTING HEALTHCARE PROVIDERS THROUGH COVID-19

The COVID-19 pandemic has created a challenging environment globally, due to both economic pressures and impact on frontline health workers and hospitals. There was an inevitable refocusing of priorities and health IT investment as well as diversion of clinical staff and management to respond to the clear and immediate threat posed by the pandemic. Rather than disrupting our growth strategy, this has reshaped a number of market opportunities and unlocked short term funding pools as governments and hospital operators sought to respond to the immediate demands created by the pandemic.

Alcidion responded quickly to support our customers. We built new capabilities into Miya Precision to support the critical short-term needs



of hospitals. In the early stages of the pandemic we developed a dashboard solution to support vital signs monitoring of COVID-19 cases, both in hospital and remotely. These remote patient monitoring capabilities are used to deliver the highest quality of care to at-risk and COVID-19 positive patients at home. Reducing admissions to hospital, our solution reduces the demand on hospital beds and thereby lessens infection risk for clinicians and other patients. We were pleased to have two customers sign contracts for this solution, including Murrumbidgee Local Health District and Sydney Local Health District with several other existing and potential customers expressing interest.

Despite the current environmental challenges, it is pleasing to see the strength of our value proposition increasingly recognised and to know that we have been able to support our customers through this uniquely difficult time. It also makes me proud to see how our Alcidion team responded to the quickly changing customer requirements and how they adapted to remote working.

**GROWTH ACHIEVED DESPITE CHALLENGING END TO FY2020**

For the reasons mentioned above, the second half of FY2020 delivered challenges to revenue growth. Despite those challenges, we are pleased to report an overall 10% increase in FY20 revenue of \$18.6M

over FY19 (\$16.9M). In the UK, the issues caused by the pandemic compounded the flow on from the national election and ongoing uncertainties relating to Brexit making it particularly pleasing to see a 50% increase in UK revenues to \$4.0M.

The EBITDA loss of \$3.8m and net loss after tax of \$3.1m was not unexpected and reflects the investments in our growth strategy made during FY20 and constrained revenue growth in the latter part of the year.

**OUTLOOK**

While we are already seeing many positive initial impacts from the investments we have made, substantial revenue growth will take time to build as our sales resources and marketing campaigns extend our reach into the market and as we leverage the positive results evidenced from early adopters of our new product capabilities.

We need to sustain investments already committed in FY20 and to invest further in FY21 to complete the process of scaling the business. We do however expect to complete this investment phase during FY21 with the Group cost base stabilising.

While we have not been immune to the impact of COVID-19, we enter FY2021 confidently, primed for further growth, with \$29.8M of already sold revenue of which \$12.8M is expected to be recognised in FY21, a strong sales pipeline of future business and our newly rebranded Miya product suite.

Our long-term growth strategy has not changed – we believe in the significant market opportunity ahead and are committed to completing the process of scaling up our business to meet the growing long-term digital needs of healthcare and to grow our market share. We have the funding in place to complete this process while also continuing to seek strategic acquisitions capable of accelerating our growth plans.

On behalf of Alcidion’s Board of Directors, I wish to thank our CEO and Managing Director Kate Quirke, her leadership team, and our valued shareholders for your support throughout this past financial year. Alcidion has a clear purpose – to transform healthcare with smart, intuitive technology solutions that meet the needs of hospital and allied healthcare, worldwide. Stay safe, and we look forward to providing further updates throughout what should be an exciting FY2021.

Yours faithfully,

**Ms Rebecca Wilson**  
Chair, Alcidion Group Limited

