ALCIDION

Investor Presentation

FY20 Full Year Results Update

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September 2020

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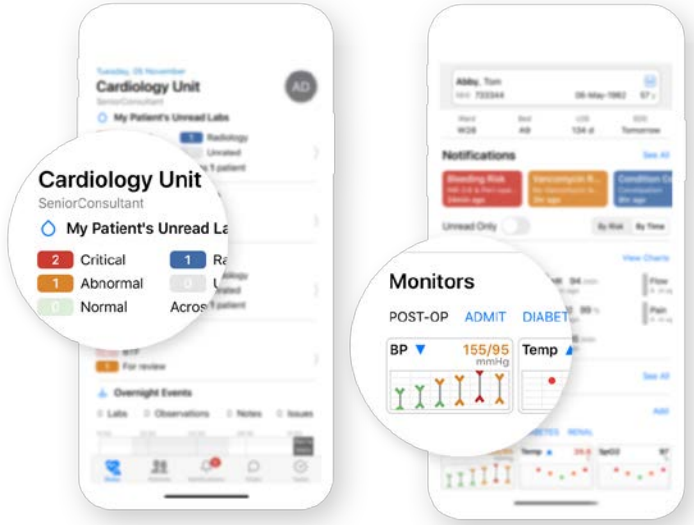
Health informatics company enabling healthcare organisations to utilise technology to transform healthcare delivery

- Unique software & service offering to support safer & smarter healthcare delivery
- Targeting three core geographies:
  - Australia
  - New Zealand
  - United Kingdom

"Making the right thing to do, the easiest thing to do"

307	63	50K
Hospitals Across UK, AUS & NZ	**Healthcare Organisations** Partnering with ALC	**Beds** Using ALC technology



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Solid growth achieved in FY20 despite a challenging environment

$18.6M
REVENUE DELIVERED IN FY2020, 10% INCREASE ON FY2019

$12.8M
PRESOLD REVENUE FOR FY21, 9% INCREASE ON PRIOR YEAR

35%
INCREASE IN RECURRING REVENUE BASE ON FY2019

$16.2M
RAISED IN NOVEMBER 2019 TO ACCELERATE GROWTH IN ALL MARKETS

$15.9M
CASH RESERVES AT 30 JUNE 2020

$1B+
GROWING MARKET OPPORTUNITY ACROSS THREE EXISTING SECTORS

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Supporting healthcare providers through COVID-19

- **COVID-19 pandemic** created significant challenges for healthcare organisations, as providers were forced at short notice to quickly adopt measures to deal with the impact of the virus
- **Some delays in contract signings** in H2 as customer focus shifted, however sales pipeline remains strong & COVID has enabled new opportunities
- **Alcidion moved quickly** to develop new capabilities into Miya Precision & Patientrack to support providers manage the virus
- **Monitoring dashboard** solution developed for Miya Precision, enabling monitoring of COVID-19 patient vital signs, both in-hospital & remotely
- **COVID-19 assessment tool** developed for Patientrack & offered to current customers at no cost, supporting the critical short-term needs of our customers
- **Seamless transition** of Alcidion staff to remote working conditions, with no impact to operations
- **No reduction** in staff or services offered

Customers using Miya Precision for remote monitoring of COVID-19 patients

NSW GOVERNMENT Health Murrumbidgee Local Health District

NSW GOVERNMENT Health Sydney Local Health District

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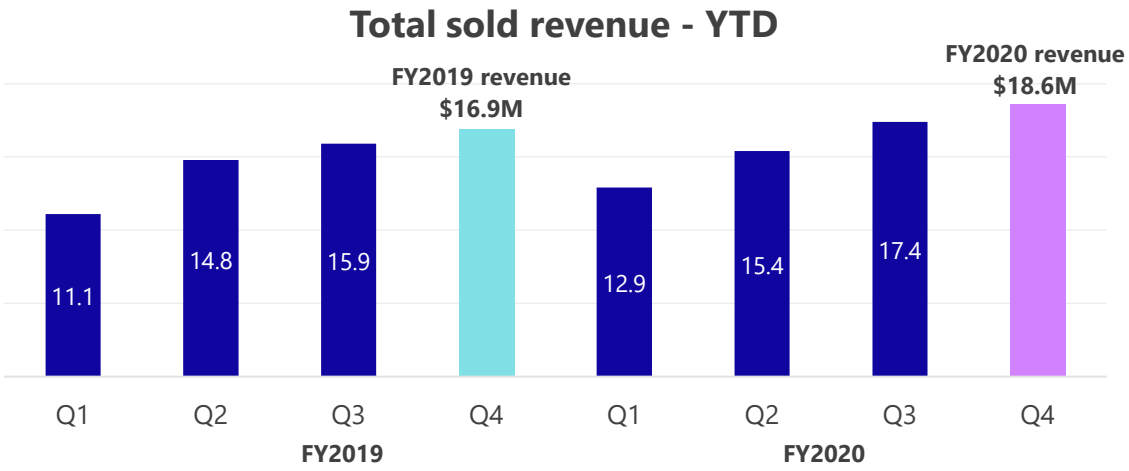
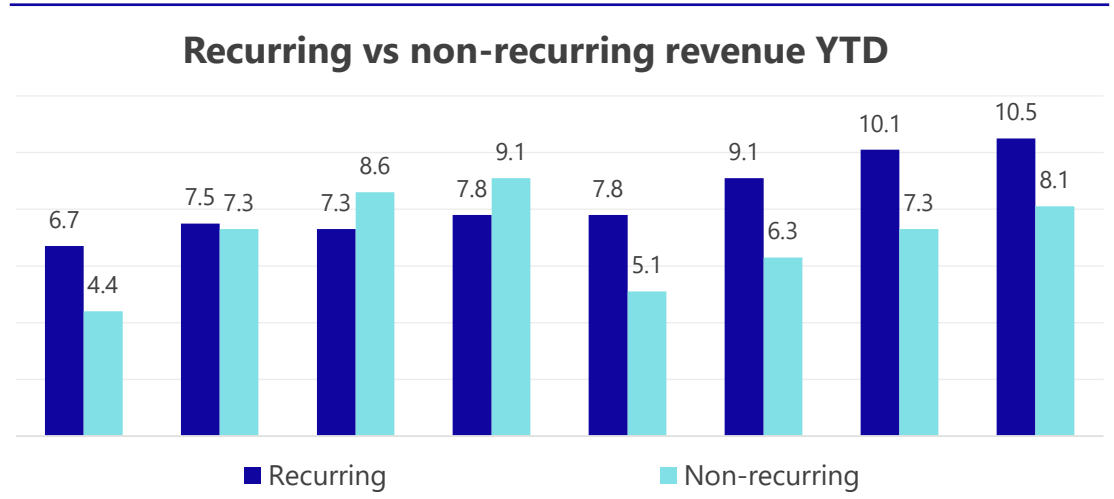
Financials

FY2020 Financial Highlights

- **10% revenue growth** achieved in FY2020 despite challenging environment in second half due to COVID-19
- Recurring revenue base **increased 35%** on prior year
- **Strong cash balance of $15.9M** at 30 June, well-capitalised to drive further growth in FY2021
- As at 30 June, **$12.8M sold revenue** is already contracted to be recognised in FY2021, 9% up on last year





Profit & Loss (Pro Forma)

Profit & Loss ($A000s)	FY19	FY20
Recurring	7,824	10,459
Non-recurring	9,040	8,150
Total Revenue	**16,864**	**18,608**
Service delivery	(5,537)	(6,174)
Hosting costs	-	(381)
Sales staff + commissions	(1,411)	(2,092)
Product development + support & other	(3,171)	(3,054)
Re-sold Products / Sevices	(834)	(2,066)
Cost of Sales	**(10,953)**	**(13,767)**
Gross Profit	**5,912**	**4,841**
Gross profit margin %	*35%*	*26%*
Salaries & Wages	(2,649)	(4,136)
Marketing	(636)	(559)
Operations & Admin	(1,134)	(2,224)
Other	(1,531)	(1,694)
Operating Expenses	**(5,950)**	**(8,612)**
EBITDA	**(39)**	**(3,771)**

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FY20 Revenue Split	Services	Prod. Imp	Products	Total
Recurring	1,748	0	8,710	10,459
Non-recurring	2,776	3,674	1,700	8,150
Total Revenue	**4,524**	**3,674**	**10,410**	**18,608**

Key Comments

- 10% pcp revenue growth, despite experiencing delays of some contracts as a result of COVID-19 in H2'20
- 56% revenue attributable to Products (Miya Precision, Patientrack, Smartpage) predominantly recurring in the form of licence & maintenance & support fees
  - Licence fees paid upfront are classified as non-recurring, albeit will be paid again on extension or renewal of current contracted licence term
  - Over time expect Products to increase as a percentage of total revenue, underpinning an increasing recurring revenue base
- Gross profit margin % lower than other software-driven healthcare peers due to Cost of Sales incl. several items that others typically show in operating expenses
  - From H1'21 onwards, ALC will begin to report Sales staff & Product Development + support costs within operating expenses
- Service delivery includes Services & Product Implementation
- Reduced FY20 gross profit $ & margin the result of enlarged sales team which won't generate revenue until FY21 & significantly increased cost of re-sold product which included strategic one-off deal done at low margin
- Large personnel investment in FY20 to bolster management, sales & product development capability to underpin material growth phase
  - Full year impact from H2'20 recruitments are included in planned FY21 strategic investments as well as increased investment in marketing
  - FY20 investments in sales & product expected to accelerate revenue growth from FY21

Revenue Breakdown

Licence + M&S[1] recurring revenue underpin future growth, supported by implementation & service fees benefiting current cash flow

	Products ~80%[2]	Technical Services ~20%[2]
Core Offering		
Key Product / Services	Miya Precision, Patientrack, Smartpage Reseller products (e.g. Nextgate, OpenEP)	Data analytics, Integration, interoperability & technical design
Revenue Streams	~60% Licence Fees + M&S[2] ⟷ Implementation Fee ~20%	Services Fee
Revenue Model	Recurring Upfront, one-off	Recurring (approx. 40%) One-off (approx. 60%)
Nature of Contracts	• 3 or 5 year initial contract term • Renewal options or continued on rolling basis • Licence fees may be paid annually or upfront for each contracted term • Required for any new contract • Typically charged monthly during implementation phase at beginning of contract	• Consistent revenue; fixed price &/or fee for service • Validates & builds ALC's capability & reputation as a leading authority on hospital IT systems • Enables initial entry to new customers, building relationship to offer product portfolio

1. M&S = Maintenance & Support
2. Approximate percentage of FY20 revenue; may vary quarter to quarter

Cash Flow

Cash Flow Statement (A$000's)	FY19	FY20
Cash flows from operating activities		
Receipts from customers	16,469	20,543
Payments to suppliers and employees	(14,494)	(22,556)
Interest received	16	74
Finance costs and low value lease payments	-	(79)
Net cash inflows (outflows) from operating activities	**1,991**	**(2,017)**
Cash flows from investing activities		
Payments for plant and equipment	(265)	(124)
Acquisition of business, net of cash acquired	(1,476)	-
Payment of contingent consideration – Oncall Systems	-	(238)
Net cash (outflows) from investing activities	**(1,741)**	**(362)**
Cash flows from financing activities		
Net of proceeds from issues of equity securities	-	15,362
Proceeds from borrowing	92	-
Repayment of principal on lease liabilities – AASB 16	-	(175)
Repayments of borrowings	(61)	(31)
Net cash inflows from financing activities	**31**	**15,155**
Net increase/(decrease) in cash and cash equivalents	**282**	**12,776**
Cash and cash equivalents at the beginning of the year	2,890	3,172
Cash and cash equivalents at the end of the year	**3,172**	**15,948**

Key Comments

- Strong cash balance of $15.9M at 30 June 2020, raised $16.2m via Placement in November 2019
- Positive cash conversion cycle – typically receive licence & M&S fees in advance of work being completed which along with regular monthly services fees, allow the Company to scale with less working capital
- 56% increase in payments to suppliers & employees includes:
  - Year end headcount increase from 84 to 114 – due to strategic investment in sales, product development & management
  - Extra payments made for resold third-party products in FY20

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Growth Strategy Update

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FY2020 Operational Highlights

A year of solid progress – expanded user base, product evolution & scale up

- Growing customer base, with key Miya Precision reference sites across UK, Australia & NZ
- UK scale up underway, key sales & marketing hires in place supporting future growth
- Miya Memory (mobile EMR) & remote patient monitoring launched– successful pilots have led to first contracts
- Investment in digital health a strategic priority for healthcare providers
- Positive outlook – improved base of pre-sold work, healthy sales pipeline, investments for growth to take make impact in FY21

Significant contracts signed in FY2020

NHS Dartford and Gravesham NHS Trust

NSW Government Health Murrumbidgee Local Health District

NHS Taunton and Somerset NHS Foundation Trust

NSW Government Health Sydney Local Health District

NHS Queen Victoria Hospital NHS Foundation Trust

NHS Fife

More signed already in FY2021

NHS Lanarkshire

ACT Government Health

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Delivering on our growth strategy

Accelerate growth in existing markets

- Key hires in Sales & Marketing made in each market
- Solid early results – new contract signings & enhanced sales capability
- UK marketing launch of Miya Precision in September 2020
- Supported by accelerated marketing strategy

Scale up the business

- Key hires in place to support scale – PPC, Commercial, IT, Quality Management
- Continued development of Miya Precision platform
- Enhanced deployment capabilities to support partner strategy
- Product consolidation created 16 Miya Precision modules to encompass whole product suite – revised website

Further develop out-of-hospital care

- Development of remote patient monitoring accelerated in response to COVID-19
- Currently in-use at Murrumbidgee LHD & being implemented at Sydney LHD

Geographic expansion

- Assessment of potential new markets continues
- In COVID-19 environment, priority focus is existing markets
- M&A activity – reviewing market for aligned businesses

Add distribution channels

- Continued development of partnerships with organisations that may seek to act as distribution channels

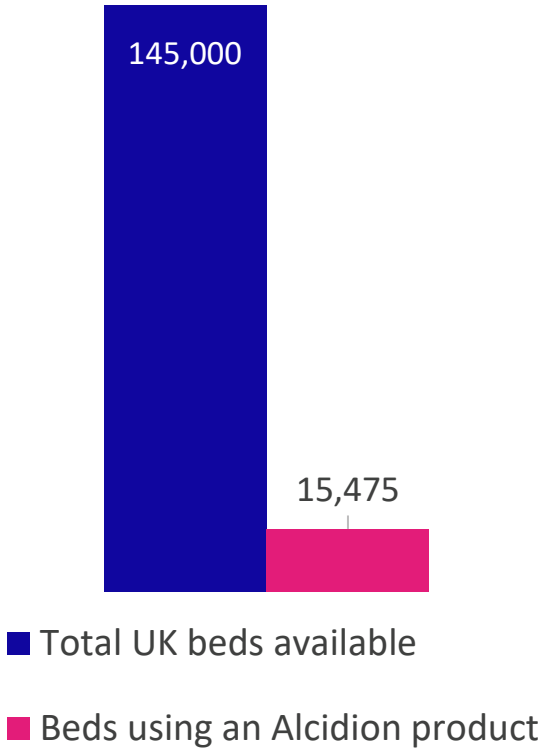
COMMERCIAL IN CONFIDENCE

UK Market Update

Current market presence

18 NHS Trusts

45 Hospitals



Key reference sites

- Dartford and Gravesham NHS Trust
- Manchester University NHS Foundation Trust
- Bolton NHS Foundation Trust
- Basildon and Thurrock University Hospitals NHS Foundation Trust
- George Eliot Hospital NHS Trust
- NHS Fife
- Western Sussex Hospitals NHS Foundation Trust
- Derbyshire Healthcare NHS Foundation Trust
- Taunton and Somerset NHS Foundation Trust
- NHS Lanarkshire

Market Dynamics

- Government-led investment in digital health as part of NHS reform
- Mix of integrated EMR and Best of Breed solutions
- Increasing frameworks established for efficient digital health procurement

Progress & Outlook

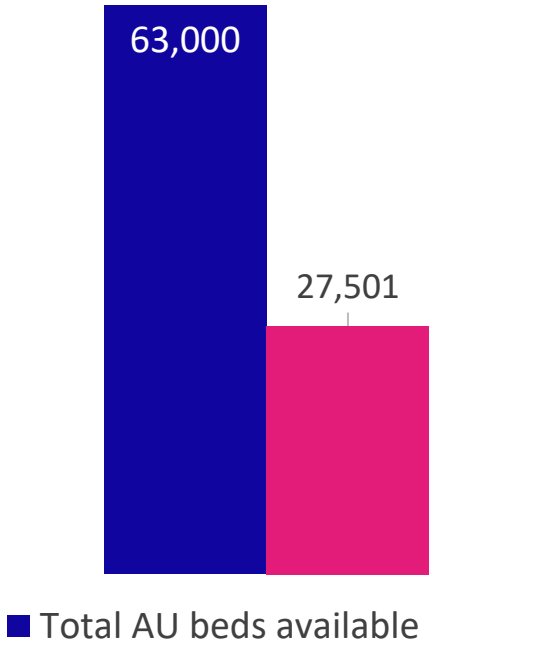
- Patientrack (Miya Observations) deployed in several “emergency” hospitals at COVID-19 peak
- Market presence expanded via several new contract signings / extensions
- Smartpage added to NHS Clinical Communications Procurement Framework
- New GM Lynette Ousby appointed & restructuring of UK operations
- Major marketing campaign launched in August 2020, Miya Precision launch in September

Australia Market Update

Current market presence

33 Customers

236 Hospitals



Key reference sites

ACT Government | ACT Health | NSW Government | eHealth

Queensland Government | Queensland Health

Victoria State Government | Health and Human Services

Northern Territory Government

Monash Health

NSW Government | Health | Murrumbidgee Local Health District

Calvary

NSW Government | Health | Sydney Local Health District

Healthscope

Market Dynamics

- Healthcare services moving to integrated models of care
- Digital health a core part of investment in integrated care model
- Government digital health spend currently $2Bn & set to rise

Progress & Outlook

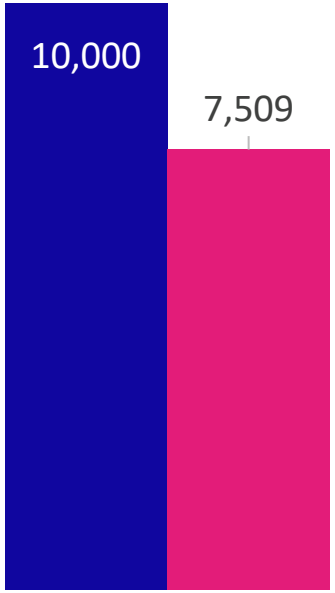
- Strengthening relationships within NSW Health – Murrumbidgee LHD & Sydney LHD, with opportunity to expand
- ACT Health – now live with Miya Precision, contract extensions signed
- New GM of Sales & Marketing appointed to drive marketing & sales strategy in ANZ
- Growing pipeline around virtual care & adding value to EMR investments

New Zealand Market Update

Current market presence

18 District Health Boards

45 Hospitals



Total NZ beds available

Beds using an Alcidion product

Key reference sites

MidCentral District Health Board – Te Pae Hauora o Ruahine o Tararua

Canterbury District Health Board – Te Poari Hauora ō Waitaha

Nelson Marlborough Health – Te Waiora

Counties Manukau Health

Waitemata District Health Board – Best Care for Everyone

Capital & Coast District Health Board – Ūpoko ki te Uru Hauora

West Coast District Health Board – Te Poari Hauora a Rohe o Tai Poutini

South Canterbury District Health Board

Market Dynamics

- Miya Observations & Assessments clear market leader for patient observations in South Island & Northern Region DHBs
- Best of Breed solutions more commonly used over EMRs
- Integration & interoperability a key driver

Progress & Outlook

- Benefit from new sales appointments for ANZ region
- Smartpage adopted at Nelson DHB & trial underway at Counties Manukau DHB
- Opportunity to add Miya Precision modules to existing customers, in-line with digital transformation needs
- All of healthcare sector review has signalled future investment in digital health in improving data driven decision making

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Outlook

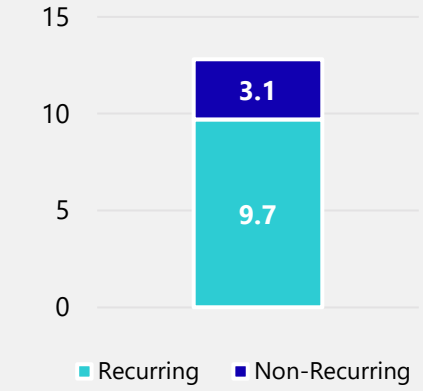
Poised for growth in FY2021

- Cash reserves of $15.9M at 30 June 2020 to support planned investment, cost base to stabilise in FY21
- $12.8M sold revenue already contracted to be recognised in FY21 – 9% increase on prior year
- Further $17.0M sold out to FY2025
- Repositioned product suite supporting expanded sales capabilities in the UK & ANZ
- Strong pipeline of potential business despite some short-term delays to signed contracts

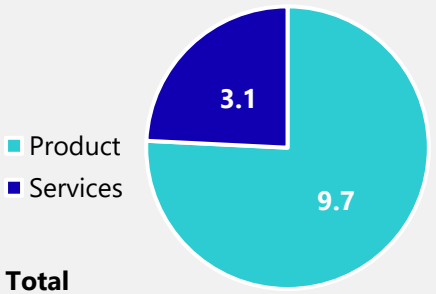
FY2021

Sold revenue as at 30 June 2020

Recurring vs Non-recurring ($M)



Products vs Services ($M)

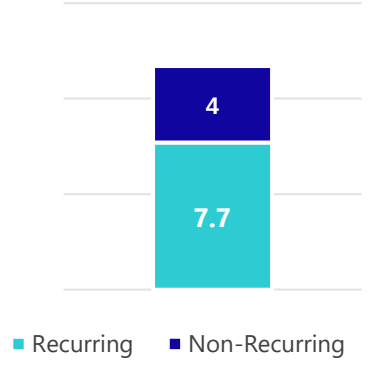


Total FY21 $12.8M

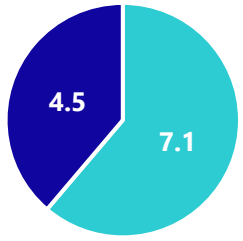
FY2020

Sold revenue as at 30 June 2019 (PCP)

Recurring vs Non-Recurring ($M)



Products vs Services ($M)



Total FY20 $11.7M

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