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Investor Presentation

Half Year Results - H1 FY2021

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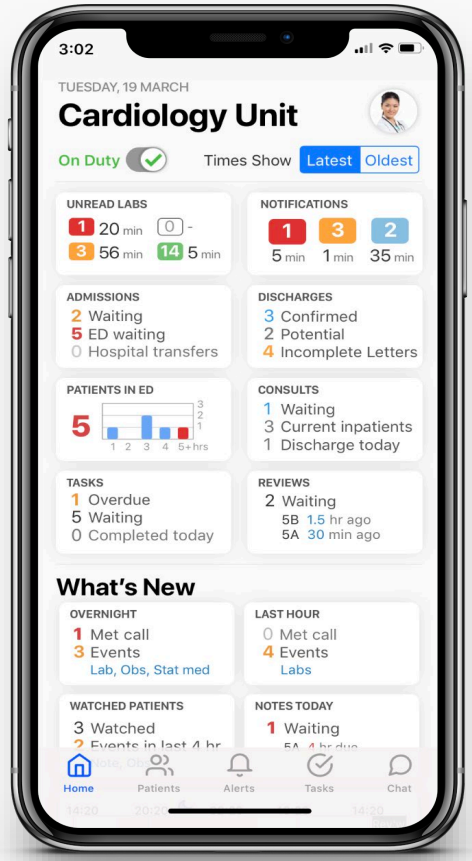
25 February 2021

H1 FY2021 Highlights

- H1 revenue of $11.1M – up 36% on pcp (H1 FY2020)
- Gross profit of $9.8M (88.1% gross profit margin), up from $7.1M (87.4%) pcp
- $17.4M contracted revenue added in H1, one of Alcidion's strongest sales periods to date
- Contracted revenue to be recognised in FY2021 increased to $21.7M, 17% increase on FY2020 full year revenue ($18.6M) with a further six months of the year remaining
- $23.0M of sold revenue to be recognised over next 5 years from FY2022 to FY2026, with $22.4M of that being recurring product revenue to be delivered at 85%+ margins
- Significant contracts signed in the UK and Australia, including with South Tees NHS Trust for our largest ever Miya Precision contract
- EBITDA loss for H1 FY2021 of $0.9M with investment phase in key areas of fixed cost base – sales staff, IT & HR - now largely complete, resulting in a stabilisation in the cost base going forward
- Strong cash reserves of $12.5M, bolstered in January by receipt of $3.0M from South Tees



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H1 Financial Snapshot

$11.1M ↑

REVENUE
36% UP ON PCP

$9.8M ↑

GROSS PROFIT
37% UP ON PCP

88.1% ↑

GROSS PROFIT MARGIN
UP FROM 87.4% PCP

($0.9M) ↑

EBITDA LOSS
47% IMPROVEMENT
ON PCP

$10.8M ↑

CASH RECEIPTS
17% UP ON PCP

$12.5M

CASH AT
31 DECEMBER 2020

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Profit & Loss

Profit & Loss (A$'000)	H1 FY21	H1 FY20	% Change
Recurring	6,344	4,549	39%
Non-recurring	4,762	3,616	32%
Total Revenue	**11,106**	**8,165**	**36%**
Commissions (staff & 3rd party)	(117)	(10)	1,070%
Cost of re-sold products / services	(863)	(782)	10%
Hosting costs	(306)	(168)	82%
Project delivery expenses	(35)	(68)	(49%)
Cost of Sales	**(1,321)**	**(1,028)**	**29%**
Gross Profit	**9,785**	**7,137**	**37%**
Gross Profit margin %	*88.1%*	*87.4%*	
Salaries & wages	(8,586)	(6,632)	29%
Marketing	(330)	(340)	(3%)
Other operating expenses	(1,495)	(1,886)	(21%)
Operating Expenses	**(10,411)**	**(8,858)**	**18%**
Underlying Operating EBITDA	**(626)**	**(1,721)**	**64%**
M&A / new markets advisory	(223)	-	na
Share based payments expense	(63)	-	na
EBITDA	**(912)**	**(1,721)**	**47%**

Key Comments

- $11.1M revenue in H1 FY2021, 36% increase on pcp
  - c.60% of non-recurring revenue relates to Product implementation services which are required to generate recurring licence and support fees from new product sales
- Sold revenue of $21.7M able to be recognised in FY2021, 17% up on FY2020 full year revenue with a further six months remaining in the year

A$M	Products	Product Imp.	Services	Total
Recurring	13.9	-	0.1	**14.0**
Non-recurring	-	5.0	2.7	**7.7**
Total Revenue	**13.9**	**5.0**	**2.8**	**21.7**

- Cost of Sales items reclassified to better reflect how other ASX-listed software companies report gross profit
  - Salary-related expenses for product management, development, sales and service delivery are now classified as operating expenses[1]
- Investment phase in key areas of fixed cost base – sales, IT & HR – largely complete, resulting in stabilisation of the cost base going forward
  - Albeit H2 will incorporate the full-year impact of investments made in H1

1. While salary related expenses are classified as Salaries & Wages in the proforma P&L, they are classified across other expense headings in the Statement of Profit & Loss and Other Income

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Milestone $11.3M contract with South Tees NHS Trust

$9.3M initial contract

MIYA PRECISION + **OPENeP**

- Our flagship product suite
- Second UK customer for Miya Precision
- >80% of initial contract value

- Medication management solution
- Alcidion is a reseller
- <20% of initial contract value

$2.0M extension

SMARTPAGE + **SERVICES**

- Communication, collaboration and task management
- Modules for clinical and non-clinical use

- Cloud hosting on Microsoft Azure
- Business change management services

- Largest Miya Precision contract with TCV[1] of A$11.3M over five years
  - Miya Precision will be used across 1,000 beds, enabling digitalisation of patient care processes & records
- Second NHS Trust to procure Miya Precision & OPENeP (following Dartford & Gravesham)
- Only two of ~223 NHS Trusts[2] have Miya Precision implemented, highlighting significant opportunity to scale

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1. Total Contract Value (TCV)
2. Data from The Kings Fund (an independent charity working to improve the healthcare system in England), as of Oct 2019

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Important ANZ Miya Precision contracts

Initial 12-month contracts signed with an opportunity to expand timelines and scope

NSW GOVERNMENT Health
Murrumbidgee
Local Health District

- Two contracts with a Total Contract Value (TCV) of $0.7M over 12 months
- Includes continued use of Miya Precision
- Miya Precision COVID-19 dashboard implemented to monitor COVID-19 cases in hospital & remotely
- Miya Memory deployed to clinicians

NSW GOVERNMENT Health
Sydney
Local Health District

- Initial 12-month with a TCV of $0.6M
- Option to extend for further 12 months
- Miya Precision implementation to support virtual COVID monitoring at rpavirtual
- Opportunity to expand scope for broader Miya Precision offering

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Further H1 Contracts & Extensions

UK Contracts & Extensions

- 5-year, $1.5M contract with NHS Lanarkshire to implement Miya Observations & Assessments (Patientrack)
- 5-year Smartpage contract with Lancashire Teaching Hospital
- Smartpage deployment alongside existing Miya Observations and Assessments implementation with Isle of Man Department of Health and Social Care

ANZ Contracts & Extensions

- NT Health extension for program management services
- New integration services contracts with ACT Health
- Extension with NSW Health for technical services relating to Child Data Hub (CDH)
- Victoria Department of Health – panel contract supporting Victorian Hospital Incident Management System (VHIMS)

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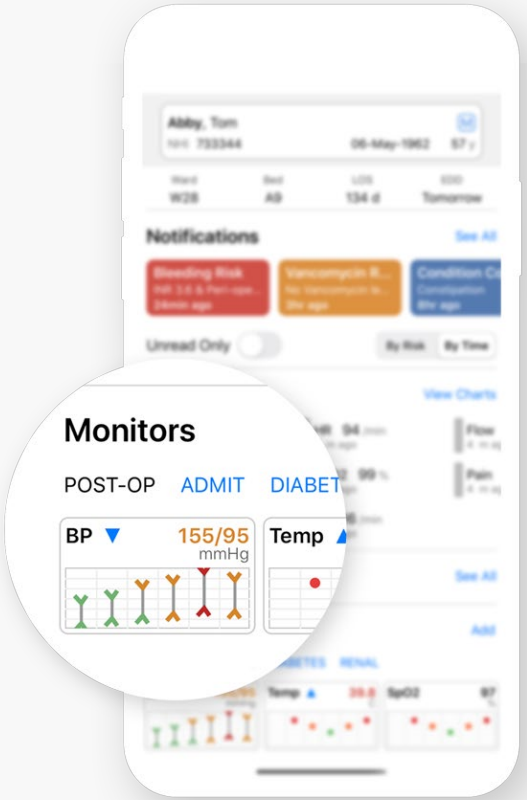
Outlook

Alcidion advantageously positioned for H2 FY2021, with the Health IT sales environment progressively returning to pre COVID-19 levels

- On track to surpass FY2020 revenue, with contracted revenue for FY2021 already 17% higher and six months of the year remaining
- From FY2022 to FY2026, further $23.0M revenue to be recognised, with $22.4M as recurring product revenue expected to be delivered at gross profit margins of 85%+
  - Although not included in the $23.0M, Alcidion are confident of renewing / rolling a significant portion of current customers that have contracts expiring in the next 5 years
- Solid sales pipeline with new and existing customers in all markets being underpinned by Health IT procurement progressively returning to pre COVID-19 activity
- Sales traction in UK market accelerating driven by key Miya Precision (and Patientrack) reference sites increasing alongside growing Smartpage uptake
- Enhanced value proposition with rebranded Miya Precision flagship product, supported by full-service health IT offering



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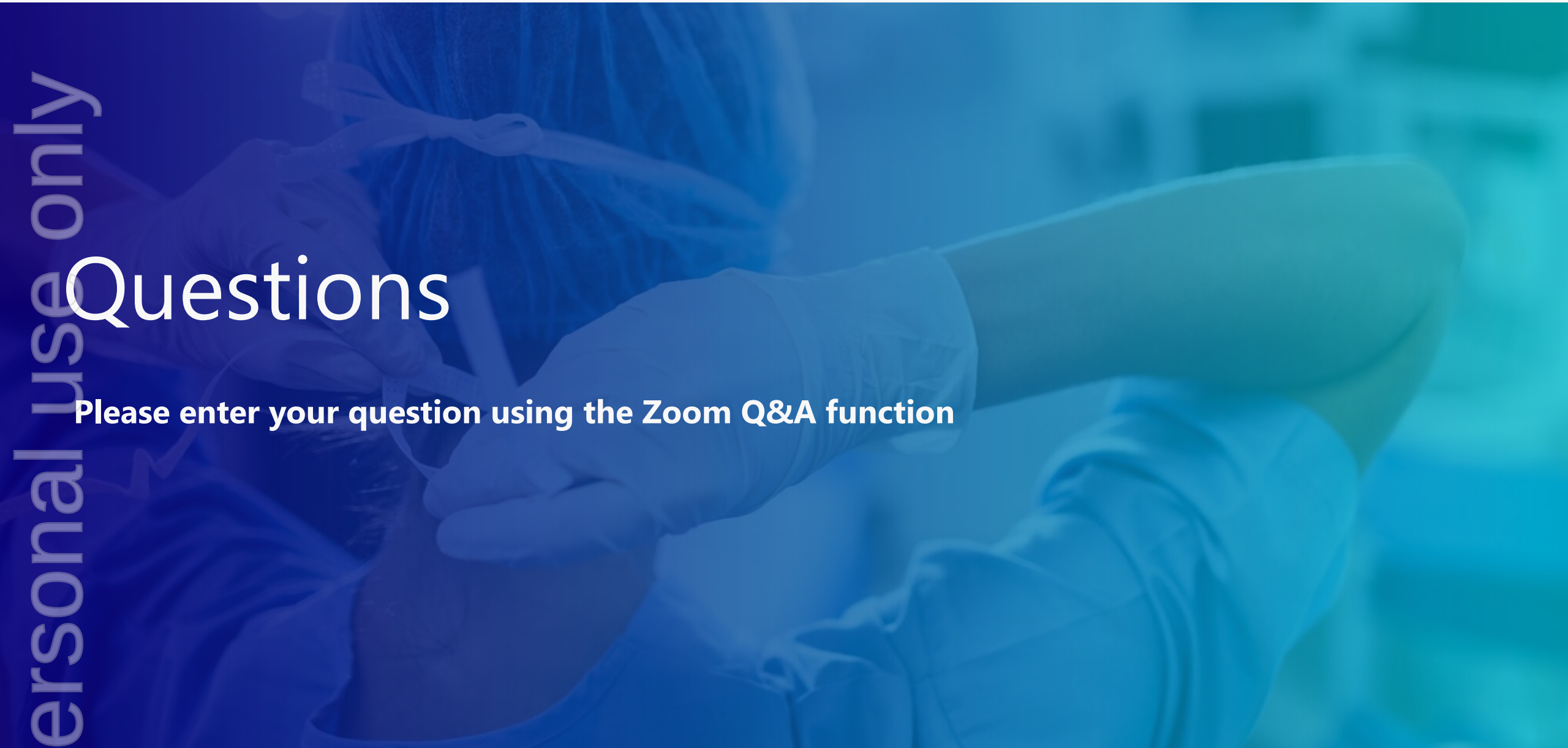

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Questions

Please enter your question using the Zoom Q&A function