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ALCIDION
GROUP LTD

**ANNUAL
REPORT**
2023

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MODERN

MODULAR

CLOUD NATIVE

DEVICE AGNOSTIC

CLINICIAN CENTRIC

OPEN STANDARDS



**ALCIDION
GROUP**

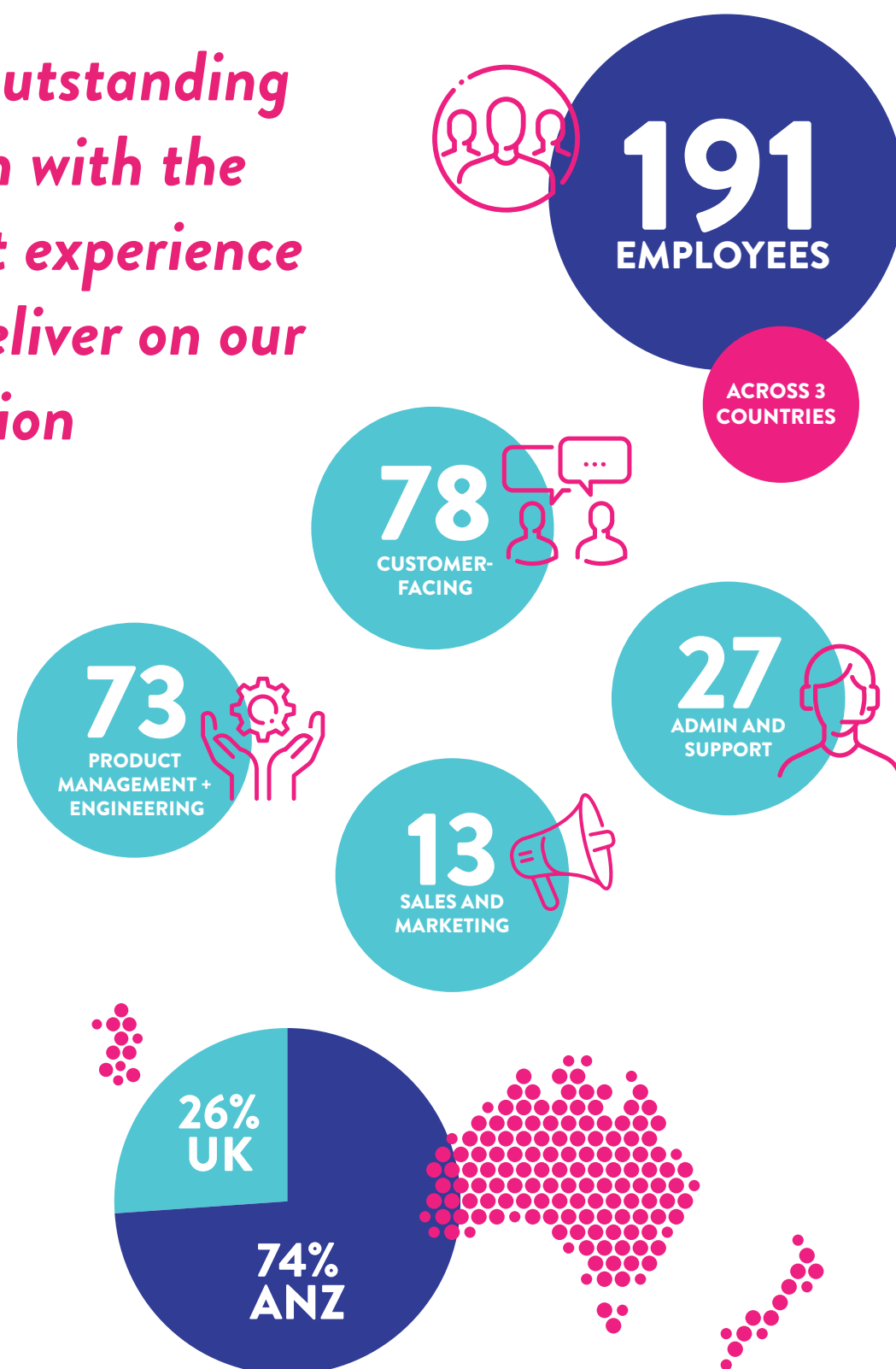
IMPROVING PATIENT OUTCOMES

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

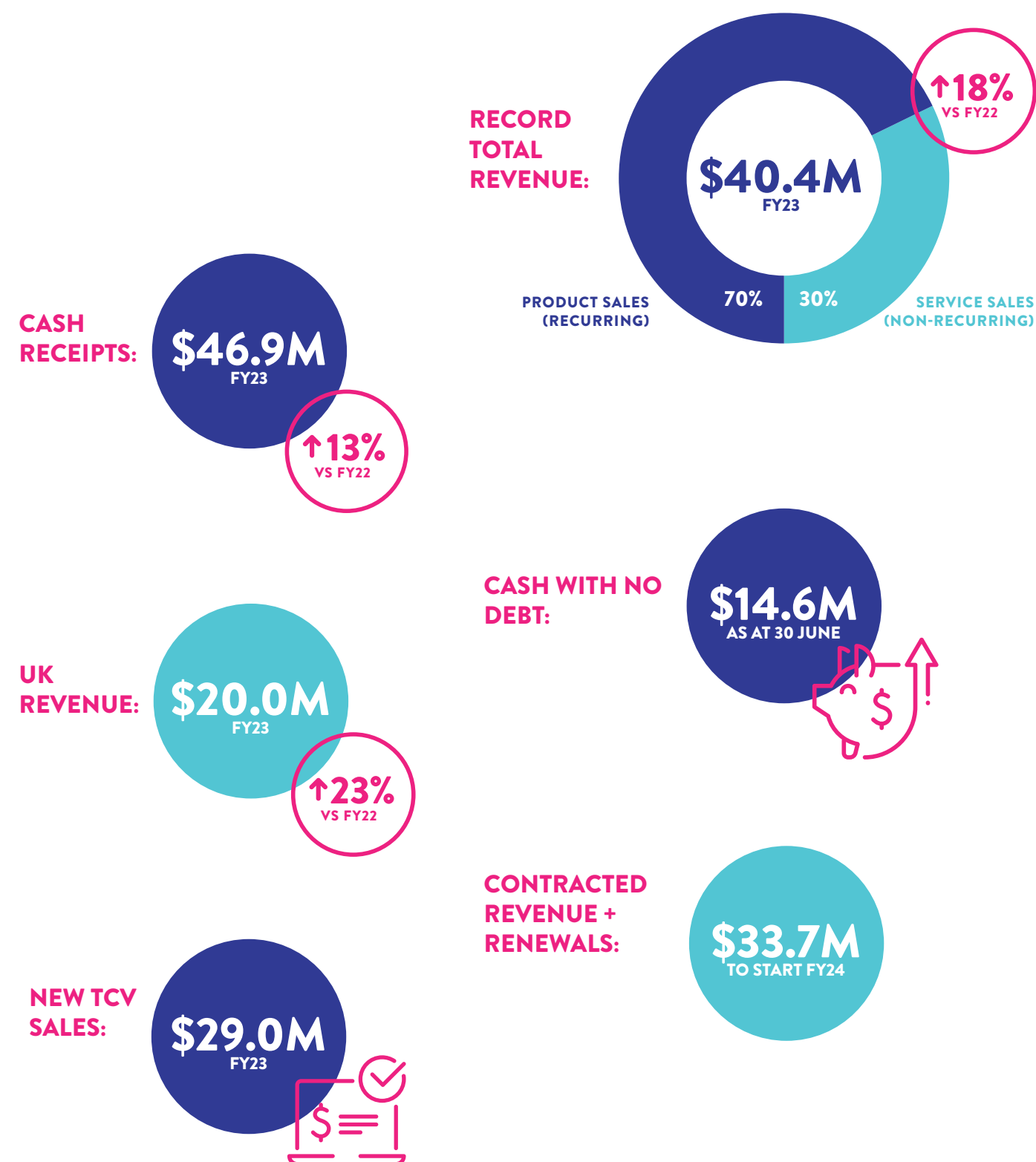
Alcidion's platform, Miya Precision, leverages cutting edge technology to support better digitally enabled care that improves efficiencies in clinical decision making, enables greater automation using real-time health informatics and contributes directly to the safer delivery of healthcare.

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).

An outstanding team with the right experience to deliver on our mission



FY23 HIGHLIGHTS



LETTER FROM OUR CHAIR

DEAR SHAREHOLDERS

As we enter a new era of commercial activation with our Miya Precision Platform, I wanted to take this opportunity to update you on our progress, accomplishments and the path we are charting for the future.

The Miya Precision Platform has been a game-changer for healthcare customers in the UK, Australia and New Zealand. It has been designed to address the unique challenges of our customers, and with our modular product architecture, empowers them to evolve and expand their digital health maturity progressively. We pride ourselves on being disruptive, not in displacing entire digital health ecosystems, but in the compelling benefits that Miya Precision brings to clinical environments. The ability for our products to build on, and extract further value from heavy investment in historical systems is compelling for decision-makers.

This last year, we have focussed on the consolidation of our business by effectively integrating our last two acquisitions, ExtraMed and Silverlink. This strategic step has allowed us to strengthen our foundations and enable future growth. We aspire to create a global digital healthcare business of scale, a goal that is supported both at the micro and macro levels.

Our commitment to customer satisfaction remains unwavering, as evidenced by the growth of our customer base and successfully winning new contracts in a highly competitive landscape. Moreover, we take great pride in delivering on our strategy to add new modules to our existing customers, extending and expanding our contracts with world-leading digital health solutions such as the recently released Miya Emergency (for Emergency Department).

With continued solid 18% revenue growth this fiscal year, we are confident and well positioned as we enter the new year, with \$33.7M of contracted, locked-in revenue to be recognised in FY24, prior to any new sales. This guaranteed revenue floor provides us with a solid foundation on which to build and reinforces our short- and long-term investment proposition.

Key factors contributing to our continued confidence are the near-zero customer churn and long-term nature of our contracts. Our product proposition aligns perfectly with the pressing issues facing healthcare today. It addresses the challenges of an overburdened healthcare system where hospitals consistently operate at capacity, challenging the welfare of patients and healthcare professionals alike. This is a problem that is impacting healthcare globally.

Our commitment to innovation and the integration of AI in our technology sets us apart from the competition, but it's not new. AI is at the core of our product, harnessing the power of machine learning to identify patient risks and provide predictive data that empowers clinicians to make informed decisions, ultimately improving patient outcomes.

Our focus remains on driving growth. The opportunity for Alcidion is immense, and we are committed to capturing additional market share in our existing markets while exploring new growth initiatives. Your trust in us to build a business of scale and relevance motivates us to remain single-minded in our operational focus and determination to achieve success.

I would like to express my gratitude to our team of nearly 200 staff members across our three markets. Their unwavering commitment to our vision has been instrumental in our success, and we appreciate their embrace of the fast-paced and dynamic nature of the global healthcare environment.

I also extend my thanks to our CEO, Kate Quirke, whose exceptional leadership has been the driving force behind our accomplishments. Kate's strong internal rapport with employees and her ability to connect with shareholders, customers and the broader industry have been pivotal to our growth. Supported by an exceptional senior team with deep industry experience, a high-performing culture and an unwavering determination for success, we are well prepared for the opportunities that lie ahead.

And finally, to my fellow Board Directors. Thank you for your invaluable support throughout the year. Each member's individual expertise and experience have actively shaped Alcidion's future, propelling us forward on this exciting journey.

As we continue to evolve and expand, your trust in us is important. We are steadfast in our pursuit of excellence and our mission to make a positive impact on patients.

Thank you for being an essential part of our journey.

Ms Rebecca Wilson
Chair, Alcidion Group Limited

With continued solid 18% revenue growth this fiscal year, we are confident and well-positioned as we enter the new year, with \$33.7 million of contracted, locked-in revenue to be recognised in FY24, prior to any new sales.



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VALUE-BASED SUCCESS

CORE VALUE PROPOSITION

Our core value proposition lies in the modular nature of our cloud-based business model. It reduces capital costs for customers, offers incremental growth opportunities for us and ensures our customers get greater value more quickly with a faster implementation time. We focus on ensuring our solutions are easy to use, thus reducing the administration burden on clinicians.

7
GO LIVES

33M
ALERTS GENERATED

95
HEALTHCARE PROVIDERS

8
NEW CUSTOMERS

3B
OBSERVATIONS RECORDED

119M
ASSESSMENTS & TASKS COMPLETED

THREE STRATEGIC PILLARS FOR STRONG OPERATIONAL GROWTH

1.

Leveraging existing position with new module opportunities



South Tees reaches final phase of EPR deployment, with all modules from the initial purchase of Miya Precision platform now live across three hospitals.



Two ExtraMed customers upgraded to Miya Flow: Bolton and East Lancashire.



Bolton NHS Foundation Trust introduces Miya Flow to Greater Manchester ICS and extends Alcidion's footprint at Royal Bolton Hospital, complimenting existing Miya Observations module.

2.

New customers wins to increase market penetration



3-year \$2.8 million contract with University of Southampton NHS Foundation Trust, one of the largest teaching trusts in England, with over 1,000 beds and ~13,000 staff.



Contract won with NHS Fife for Smartpage, extending product reach across Scotland.



East Lancashire Hospitals deployment of Miya Precision, Assessments and Observations with Cerner EPR deployment go live. Representing a first of its kind in the UK.



Alfred Hospital Implemented Miya Precision, Flow, Access and Command across existing EMR and PAS solutions supporting better patient flow and more efficient access to care.

3.

Customer retention to grow revenues



3-year renewal by University Hospitals Derby & Burton of the Inpatient Flow Management (IPFM) product.



Royal Wolverhampton and University Hospitals Dorset NHS Foundation extend contract for Silverlink Patient Care System for 2 years and 3 years respectively. Combined renewal value of \$3.3M.

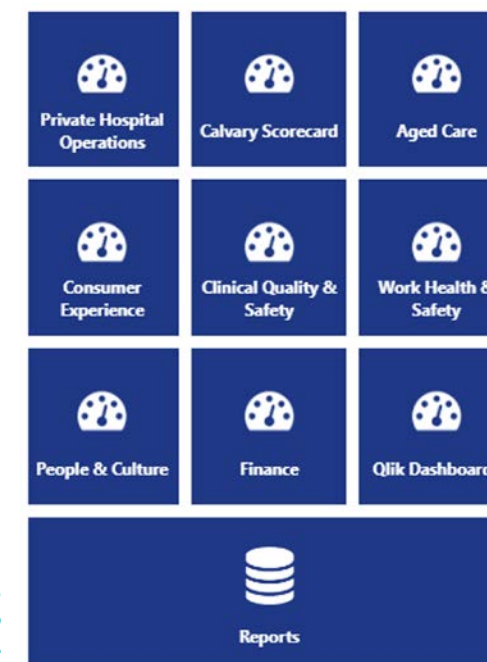
CUSTOMER SPOTLIGHT

Our customers enable us to deliver on our mission of improving patient outcomes. Highlighted here are some of the key engagements for Alcidion which showcase the use of Miya Precision and the resulting increase in productivity for our customers.

CALVARY HEALTH CARE

Established in 1885 by the Sisters of the Little Company of Mary, Calvary Health Care is a not-for-profit Catholic healthcare organisation. Calvary operates hospitals, residential aged care homes, retirement villages and provides home care services across Australia.

In late 2022 Calvary partnered with Alcidion to develop Calvary Data Hub, a platform that consolidates data from diverse sources into a centralised, reliable single source of truth to facilitate better decision-making. Alcidion has enabled Calvary's data analytics team to build their own performance and KPI dashboards and independently support their internal users.



38
SOURCE
SYSTEMS

CONSOLIDATED
TO DATE

17
DASHBOARDS

CREATED TO
STREAMLINE
ANALYSIS AND
DECISION
MAKING

346%
INCREASE

IN MONTHLY
USERS SINCE
OCTOBER 2022

'The Data Hub dashboard has made it easy to access the information I require in a timely manner making my time more efficient' – **Work, Health and Safety Advisor**

'The Data Hub has improved communication of outcome measures and has generated discussion about improvement opportunities' – **Risk, Safety and Quality Manager**

Calvary Health,
Data Hub
Landing Page

NT HEALTH

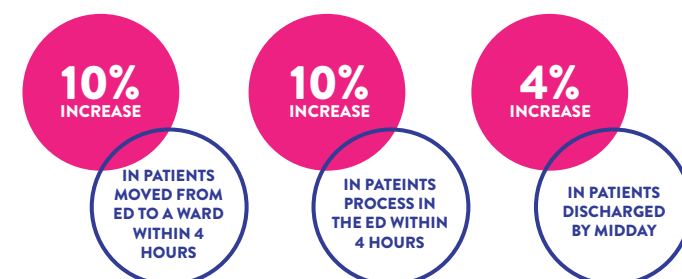
Miya Precision is deployed throughout the Northern Territory across six hospitals, including Royal Darwin Hospital (RDH), Palmerston Regional Hospital, Alice Springs Hospital, Katherine Hospital, Tennant Creek Hospital and Gove District Hospital.

The RDH is a 360-bed Australian teaching hospital located in Tiwi, a northern suburb of Darwin, Northern Territory. It is part of the Top End Health Service, which covers an area of 475,338 km² (183,529 sq mi). RDH is the only tertiary referral hospital in the Northern Territory, also providing complex, high-level clinical services for patients in parts of Western Australia and Southeast Asia.

NT Health upgraded to the newest version of Miya Precision in 2023 to consolidate information and generate insights that directly impact patient care decisions. NT Health uses core modules Miya Flow, Miya Access and Miya Command, as well as results ordering, results acknowledgement and missed results tracking capability.

Miya Precision provides NT Health with real-time information as to the hospital status, capacity and sources of bed block – improving decision-making capability and providing granular visibility to resolve flow challenges. Furthermore, Miya Precision contributes to patient safety through the inclusion of patient-risk information on electronic dashboards throughout the facilities, which were previously in the paper chart. It also enables tracking of at-risk patients on special dashboards by multi-disciplinary teams, allowing earlier intervention in case of patient deterioration.

Furthermore, the automation of manual and paper-based tasks has resulted in significant time savings for nurse unit managers at shift handover, as well as for nurses and clinicians throughout their shift through the elimination of phone calls and other manual tasks.



Paperwork saved per patient per day when Miya Precision went live

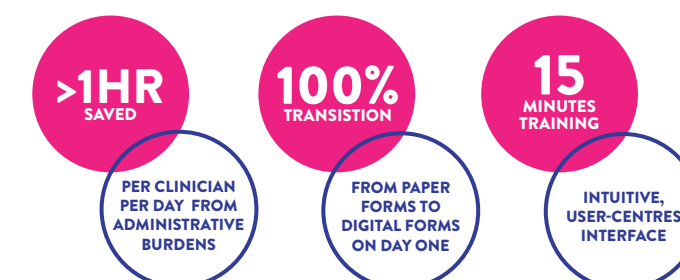
SOUTH TEES

South Tees NHS Foundation Trust is the largest trust in the Tees Valley, Northeast England, that serves a local population of over 1.5 million with over 1,000 beds and employs ~9,300 staff.

In May 2023, South Tees Foundation Trust was awarded an improved patient-care rating to 'Good' by the Care Quality Commission.

Significant improvement in management systems were made during FY23 with Miya Flow and Miya Noting solutions both being taken live. This led to immediate clinical time saving of 1hr per clinician per day and the real-time visibility of patient flow across the Trust. We continue to optimise the solutions and add value with clinical-decision-support tools and natural language processes to further demonstrate the impact on clinical care that Miya creates.

Miya Precision products in use: Miya Flow, Miya Observations, Miya Assessments, Miya Noting, Better OPENeP electronic prescribing and medicines administration (ePMA) system, Smartpage, cloud hosting, managed service for cloudhosting, and business change management services for a **fully integrated EPR system (less PAS).**



LANCASHIRE TEACHING HOSPITALS NHS FOUNDATION TRUST

Serving over 350,000 people in northwest region of England, Lancashire Teaching Hospital NHS Foundation Trust operates Royal Preston Hospital and Chorley and South Ribble Hospital and provides teaching for medical students from the University of Manchester and the University of St Andrews.

In 2021, the Foundation Trust implemented Alcidion's Smartpage to ensure effective communication between hospital staff whilst transitioning away from the use of pagers for non-emergency communicators.

Since going live, Smartpage has delivered at Lancashire Teaching Hospitals NHS Foundation Trust:



"Smartpage has revolutionised how we contact doctors. No more standing by a phone waiting for a return call after bleeping them. We now type in clinical information, choose the priority, see when the message has been read, message back in real time and action any tasks." - **Nurse, Lancashire Teaching Hospital NHS Trust, UK**

"Smartpage has been such a wonderful and welcome innovation. It's now easier and less distracting as the traffic light system alerts us to urgent requests so clinical tasks are ranked by priority as opposed to time order." - **Doctor, Lancashire Teaching Hospital NHS Trust, UK**

Q&A WITH KATE QUIRKE MANAGING DIRECTOR

What has been the focus for the year at Alcidion?

Our focus this year has been on consolidation and delivery. This means we have concentrated on completing the full integration of our acquisitions, cemented our competitive product advantage and ensured our growing product suite meets the evolving needs of our customers.

The three pillars of focus for our growth this year were:

- Leveraging our existing position with new module opportunities to existing and acquired customers
- Expanding our footprint with new customer wins
- Continued renewals with our customers consolidating our high retention rate

This strategy has delivered success, evidenced by our growing revenue, building on the foundations we have established over the past few years.

Further evidence of the success of our acquisition strategy has been the three ExtraMed customers upgrading to Miya Precision, creating opportunities for those customers to add additional Miya modules over time.

Contributing to our growth were the two Silverlink PCS contract renewals during the year - Royal Wolverhampton and University Hospitals Dorset NHS Foundation for 2 years and 3 years respectively. The PCS customers have become part of the Alcidion family, and we look forward to introducing the full capabilities of our solutions to them over time. During the year, we focused on the integration of the PCS solution with Miya Precision, and that has enabled us to position ourselves as full EPR providers in the UK market.



We have focussed on how our customer needs are changing and this has provided valuable insight into how we can leverage AI to improve, advance and expand our product suite to better support our customer needs.

What are the key highlights of success this year?

Total contract value of new sales equalled \$29.0M, and we delivered over \$40.4M in total revenues for FY23 – this is up 18% on FY22 and a great achievement amidst a challenging healthcare environment. We also delivered Q4 new sales of \$7.3M, providing a positive operating cashflow of \$6.0M which was up 81.8% when compared to Q4 FY22 and ensured an operating cash flow positive year for FY23, the third in a row.

We secured a number of Additional Miya Precision module contracts during the year which cements our confidence in our go-to-market strategy to build significant value not just from new customers but also existing customers in a manner that matches the customers' budget and resource availability. Our ability to build out the capability of the Miya Precision platform for customers through additional modules provides further validation of the benefits of our modular EPR strategy, as evidenced by the release of Miya Emergency (ED) during the year.

How do the FY23 results for Alcidion shape future success for FY24?

During the year, we have focussed on how our customer needs are changing, and this has provided valuable insight into how we can leverage AI to improve, advance and expand our product suite to better support our customer needs. The healthcare systems across the UK and ANZ have experienced great challenges following the Covid-19 years with staff shortages, increasing demand and record waiting times in emergency departments and for elective surgery.

We currently have at least one product in 38 NHS Trusts (~28%) and 20 ICSs (~48%), and we are leveraging this foothold to actively engage with our customers to inform them, using case studies, on the advancements of our platform and how much more value they can derive from Miya Precision.

Our strong cash balance with no debt puts us in a great position as we head into the new financial year, especially given that NHS Trusts and ICSs are now in possession of their funding under the NHS's digital transformation program.

Alcidion has focussed this year on building our pipeline through demonstrating the value of our platform and is well positioned to capitalise on the opportunities in our market.

What do you anticipate being the biggest drivers of growth over the next 12 months?

Hospitals are increasingly seeking ways to reduce the burden on their staff and look to automate some of the tasks through 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 support and funding for digital solutions such as Miya Precision to support care givers and reduce cognitive burden, across the UK, New Zealand and Australia.

Also being able to leverage the high level of engagement we have built with prospective customers. This with the increasing referenceability of our Miya solutions cements 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 at Dartford and Gravesham, Leidos, Derby and Bolton this year. Our foothold with just one product in a UK hospital provides a streamlined route to broader Trust and ICS engagement. ExtraMed customers are upgrading to Miya Flow, and our Leidos contract extension is further validation of the credibility of our Miya Precision platform and our ability to deliver larger-scale projects.

Alcidion's ability to deliver a total EPR solution was a critical element to winning new trusts in the UK during the year, 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. Whilst the procurement process in the UK was slower than published, this is now moving and we look forward to continued engagement.

Pressure on resources in healthcare will continue for the foreseeable future. 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 the year 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. We expect the demand for these types of solutions to continue to grow in FY24.

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 and out of hospitals 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, a strong recurring revenue profile and a committed revenue starting point of \$33.7M for FY24, Alcidion is well placed to continue our aim to be a major global digital health provider.

K Quirke

Ms Kate Quirke
Managing Director, Alcidion Group Limited



HOW IS AI AT THE CORE OF ALCIDION'S OFFERING & HOW IS IT LEADING TO BETTER PATIENT OUTCOMES?



"There are a variety of challenges when it comes to health data, including the labyrinth of information that lies beneath health applications and the complexity of drawing insights from the maze of information. However, the objective of understanding the data remains the same, accessing the right insights at the right time, and making this available to the right person to inform, accelerate and improve the quality of decision-making and care delivery. This is where the true value in health data lies.

To address the challenges in delivering valuable insights, Alcidion has incorporated artificial intelligence (AI) and machine learning as fundamental components of our solutions. Our platform, Miya Precision, improves the efficiency of patient care by consolidating data from disparate systems, organising it and then providing access and notifications within and across facilities. The integration of AI enables this platform to make sense of vast amounts of data and deliver appropriate insights precisely to the point of need, providing clinicians with near real-time, data-driven support at critical moments in patient care.

Advancements in AI will improve the power and precision of Alcidion's solutions to support clinical care teams. For instance, the potential of predictive analytics is already evident as it harnesses the power of AI to forecast potential health issues and Emergency Department presentations. This proactive approach enables healthcare providers to intervene early, preventing complications and improving patient outcomes. Beyond this, prescriptive analytics, which integrate patient data with evidence-based medical knowledge, are poised to produce recommended action plans, improving care journeys and releasing capacity. Ongoing advancements in AI promise to elevate the standard of care, improve patient outcomes, and create a more data-driven healthcare ecosystem...."

Nick White
Director of AI and Insights

ESG ROADMAP

Alcidion was founded with a strong purpose of making a positive difference to patient outcomes by working together with our customers to transform healthcare. A positive impact for patients and reducing the reliance that hospitals have on paper are at the core of what we do and the platform for our ongoing Environment, Social and Governance (ESG) initiatives.

Refining our focus and approach to ESG

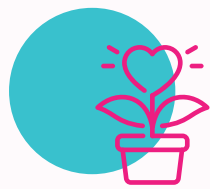
In FY22, Alcidion conducted a materiality assessment to identify the ESG topics that were most important to our internal and external stakeholders. From this a materiality matrix was undertaken and we identified six initial key topics most important to Alcidion:

a) Data privacy and cybersecurity; b) Employee recruitment, development, and retention; c) Business ethics; d) Diversity, equity and inclusion; e) Employee engagement, satisfaction and wellbeing; and f) Board composition.

In FY23, Alcidion reviewed these six key topics through our ESG working group with representation from cross functional teams, the Board and senior Alcidion leaders. We sought feedback on our employee experience through ongoing internal staff surveys. We also incorporated external stakeholder expectations arising from tenders, customer feedback and investor enquiries as well as changes to the regulatory landscape. These inputs have helped refine our focus into four core pillars:

- Taking sustainability action
- Nurturing growth in our people
- Safeguarding trust
- Strong business stewardship

For each pillar, we have set our high-level goal and have made tangible contributions against each of them this financial year as shown below.



TAKING SUSTAINABILITY ACTION

GOAL: EMBARKING ON OUR SUSTAINABILITY JOURNEY

We are committed to ongoing changes that will contribute positively to the sustainability of the planet.

CONTRIBUTION: FLIGHTS AND COMMUTING

We have taken steps to reduce the carbon intensity of our travel and commuting, including carbon offsets for flights globally and salary sacrifice for electric vehicle purchase in the UK.

LOCATION OF OUR WORKPLACES

We continue to support remote working and apply selection criteria to determine our office locations, including the proximity to public transport and the availability of low-emission electricity options.

FY24 FOCUS:

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



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

Our policies continue to promote diverse workforce participation. During FY23, we have improved our ability to develop and tailor our diversity program, by allowing staff the option to self-identify diversity information.

HEALTH AND WELLBEING

We have continued to enhance initiatives to support the physical and mental wellness of our people. Our employees enjoy an annual wellbeing allowance, wellbeing leave, counselling services for employees and their families, as well as access to various health services and schemes specific to the employee's location.

Employees set a wellbeing objective to support and enhance their physical, economic, social, emotional or psychological wellbeing.

VOLUNTEERING

We recognise that many of our employees want the opportunity to contribute to their communities to add social value. Alcidion staff are given time each year to give back to their community, and staff have taken up this opportunity in ways such as volunteering at local foodbanks and supporting community innovations and local sporting organisations.

FY24 FOCUS: Implement further initiatives from our 2022-2024 Belonging@Alcidion plan, including neurodiversity and LGBTIQ+ awareness sessions.



SAFEGUARDING TRUST

GOAL: FORTIFYING DATA SECURITY AND PRIVACY

As a digital health company, the protection of sensitive data to maintain the privacy of individuals and our customers is at the core of what we do.

CONTRIBUTION: RESOURCING

Our cybersecurity and privacy resilience continues to improve and adapt. A dedicated CIO role was created in FY23 with responsibility for internal IT operations, internal infrastructure, IT security and IT strategy. We grew our internal cybersecurity team and drew further on the expertise of third-party providers in our cyber resilience activities.

BUILDING CYBER RESILIENCE

A key part of our internal information architecture and strategy during FY23 has been improving our incident preparedness, including partnering with a leading external cybersecurity digital forensics and incident response team for 24 x 7 incident support. We have further expanded our programs of testing for our product suite and cloud hosting environments and our staff education program for cyber awareness.

FY24 FOCUS:

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



STRONG BUSINESS STEWARDSHIP

GOAL: BUILDING THE FOUNDATION TO FUTURE SUCCESS AND PROSPERITY

We are laying solid groundwork for sustained growth, achievement and wellbeing for the future to benefit all our stakeholders.

CONTRIBUTION: RISK FRAMEWORK

A focus during FY23 has been further embedding the risk methodology set by the Board throughout the Company's operations to ensure that frontline risks are appropriately escalated, assessed and treated.

OVERSIGHT OF ESG

The Board continues to oversee the direction and initiatives of Alcidion's formal ESG program set up in late FY22.

FY24 FOCUS:

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

ESG CASE STUDIES

1. DIVERSITY, EQUITY, AND INCLUSION

Alcidion is committed to providing an inclusive work environment that supports difference and encourages full participation of all employees in contributing to achieving our business objectives. We are opposed to all forms of discrimination and recognise that the differences our people bring to the workplace add to its strength. Following consultation with employees in 2022, we launched our 2022-2024 Diversity, Equality, and Inclusion (DEI) Plan, Belonging@Alcidion with a range of linked initiatives.

Our people are located in Australia, New Zealand and the UK, so whether they are juggling work in different time zones, school pickups, or other interests, we offer flexible start and finish times to help make things work. Australian public holidays can be worked with the holiday leave swapped for days that staff may prefer to take as leave for religious or cultural observance. The opportunity to work from almost any location in the world for up to 10 days each year has been embraced by many, including our staff that have family outside Australia. We have reviewed our approach to Acknowledgement of Country to show awareness and respect for Traditional Owners. We have updated our website to acknowledge Country and ensure that we include diversity messaging during recruitment to encourage a broader range of applicants.

We provide gender neutral paid parental leave for birth and adoptive parents and leave for miscarriage or pregnancy loss. Pregnancy and parenthood are properly incorporated into our workplace safety and diversity programs.

We received great responses this year to our International Woman's Day guest speaker from Girl Geek Academy and from the staff who took part in the women's leadership programs run by Australasian Institute of Digital Health and Minerva in the UK. Alcidion also lodged its inaugural report with the Workplace Gender Equality Agency (WGEA).

One of the tools to help deliver our 2022-2024 Belonging@Alcidion plan has been delivery this year of an HR system to provide an opportunity for staff to voluntarily disclose diversity data so that we can gain a deeper understanding of our people. We also use a continuous listening online survey tool to measure sentiments around DEI. These inputs will help us further tailor our diversity, equity and inclusion initiatives.



Lancashire Teaching Hospital NHS team sharing the Red Rose with Alcidion.

2. SOCIAL VALUE

Alcidion is proud to have its UK headquarters in Burnley, Lancashire. Twenty of our permanent staff live in the region and another will join us full time in 2023 having begun with us during a university placement. In 2023 Alcidion won the Digital Red Rose Award, showcasing our investment and pride in the region and our work over many years with Lancashire Teaching Hospitals - whose Health Service Journal award entry has centered around the successful deployment of Alcidion's Smartpage solution - and East Lancashire Hospitals.

A key part of our community engagement in the region focusses on initiatives to support the improvement of the health and wellbeing of residents, including engagement with Pendleside hospice and Padiham Community Foodbank, where our Managing Director volunteers on a weekly basis. In Blackpool, we support the key projects of the Innovation Catalyst to promote:

- **Heathy Housing** - monitoring and matching domestic air quality conditions with health outcomes.
- **Reduction of social isolation** - use of IT to develop better access health and other support.
- **"I'm all ears" support for volunteers** - to listen for and be aware of support needs of vulnerable local residents.

Alcidion has joined the 'Burnley Bondholders' focus group which focuses on improving opportunity and investment in Burnley. We are also engaging with the University of Central Lancashire where two medical students took part in a clinical safety review.

We support healthy lifestyles in the region. We will continue to support customer sporting events such as an upcoming London to Paris bike ride. This year we sponsored a local male netball player's sports trip to the southern hemisphere.

Students finding out how Alcidion products support clinical staff at Teentech at the University of Central Lancashire.



**Directors' report &
Financial statements
For the year ended 30 June 2023**

**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 2023. 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 and Board advisor in Australia, UK and US and has more than 25 years' experience working within the healthcare, technology and life science sectors. She provides advice on complex stakeholder communication, issues management, investor and corporate relations, and business strategy to private and public companies, corporations, governments, and asset managers. She has mature governance and risk management experience.

Rebecca is a Non-Executive Director of UK health and wellness public unlisted company Ateria Health, and Non-Executive Chair of ASX listed LBT Innovations. She is a member and graduate of the Australian Institute of Company Directors (AICD).

Special responsibilities:

Member of the Remuneration & Nomination Committee



Ms Kate Quirke
Managing Director
Executive Director
Appointed 3 July 2018

B. Applied Science

Kate has more than 25 years of experience in the healthcare information technology sector.

Kate has been CEO of Alcidion since 2018, prior to which she was CEO of MKM Health until it was acquired by Alcidion. She has been involved in large systems procurements and implementations of healthcare information technology across Australia, United Kingdom, New Zealand and Southeast Asia.

Kate's background involves holding leading management roles at some of the largest healthcare software firms where she has had an impact on strategic product direction across the health sector and believes astute application of information technology will support the transformation of healthcare delivery worldwide.

As Alcidion Managing Director, Kate leads the various elements of the business across Australia, New Zealand and the United Kingdom with a focus on sales and marketing and developing business relationships with customers, partners and investors across the world.



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:

Chairman 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 the immediate past 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 having led organisations through strategic issue management and transformational change, Victoria is a non-executive director of the Bendigo and Adelaide Bank (ASX: BEN) and Chairs their Board Risk Committee, Deputy Chair of the ASIC Markets Disciplinary Panel and a member of the Council of the State Library of NSW. Victoria is Deputy Chair of the ASIC Markets Disciplinary Panel, immediate past Chair of the NSW Treasury Audit & Risk Committee and immediate past President of the Financial Services Institute of Australasia (FINSIA).

Special responsibilities:

Chair of the Audit & Risk Committee
Member of Remuneration and Nomination Committee (from May 2023)



Mr Daniel Sharp
Non-Executive Director
Appointed 1 September 2021

B.Econ, LLB, CFA Charter Holder

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

From 2012-2020, Daniel 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, Daniel headed the corporate finance division at two of Australia's leading independent Investment Banking/Stockbroking firms.

Daniel 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.

Special responsibilities:

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

Dr Malcolm Pradhan
EXECUTIVE DIRECTOR

(MBBS, PhD, FACHI)

Appointed 22 February 2016, Malcolm was an executive director for the period 1 July 2022 to 30 November 2022.

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
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)	Since July 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, 5 board meetings, 4 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	5	5	-	-	3	3
Kate Quirke	5	5	-	-	-	-
Simon Chamberlain	5	5	4	4	3	3
Victoria Weekes	5	5	4	4	-	-
Daniel Sharp	5	5	4	4	3	3
Malcolm Pradhan	3	2	-	-	-	-

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 2023, 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
Non-Executive Directors		
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
Executive Directors		
Kate Quirke	Managing Director and Chief Executive Officer	Full Year
Malcolm Pradhan	Executive Director & Chief Medical Officer	To 30 November 2022
Executive Personnel		
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 2023:

Fee Type	Non-Executive Chair	Non-Executive Director	Chair of Committee	Committee Member
Fee	\$110,000	\$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 will set 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 FY23 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: Service Based: The Participant remains employed or engaged by a Group Company for 3 years from the date of grant. TSR: The Company's Total Shareholder Return (TSR) outperforms the S&P/200 All Industrial Index over the period and is a positive increase from the base year.

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 and Mr Sharp are members of the Committee. Ms Weekes joined the Remuneration and Nomination Committee on 1 May 2023.

The Remuneration and Nomination Committee works with Senior Leaders 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 Senior Leadership to continually review and revise remuneration targets and approaches to ensure they are contemporary and market leading.

The 2022 audited remuneration report received positive shareholder support at the 2022 Annual General Meeting (AGM) with a vote of 98.4% in favour (2022: 97.7%).

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 leaders 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	FY23	FY22	FY21	FY20	FY19
Revenue (\$000)	40,400	34,355	25,882	18,608	16,864
EBITDA (\$000)	(1,539)	(1,608)	(486)	(3,842)	(39)
Underlying EBITDA (\$000) (i)	(1,152)	856	510	(3,779)	63
Loss from ordinary activities after income tax expenses (\$000)	(3,617)	(4,412)	(2,244)	(3,077)	(84)
Basic earnings per share (cents)	(0.29)	(0.38)	(0.22)	(0.33)	(0.01)
Diluted earnings per share (cents)	(0.29)	(0.38)	(0.22)	(0.33)	(0.01)
Share price (as at 30 June) (\$)	0.095	0.110	0.400	0.145	0.125
Change in share price (\$)	(0.015)	(0.290)	0.255	0.020	0.073
% Change in share price	(14%)	(73%)	176%	16%	71%
Market capitalisation (Undiluted) (\$M)	120.5	139.5	419.2	143.7	100.7

(i) Underlying EBITDA excludes costs associated with 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 - 2023

Excluding the LTI, which is assessed over a 3-year period, Ms Quirke's remuneration in FY23 was structured as 76% fixed and 24% at risk.

FY23 remuneration outcomes for Ms Quirke are detailed below:

Component	Weighting	At risk %	Description	Performance assessment	% Earned
Base Salary	76%	-	Fixed cash salary	-	100%
On Target Earnings (OTE)	14%	100%	Cash	Achieving financial & KRA annual targets	66%
Stretch bonus	10%	100%	Cash	Exceeding financial targets	0%
LTI	-	100%	Performance rights	Continued employment/TSR	TBD (i)

(i) These performance rights expire on 31 October 2023

The LTI for Ms Quirke is assessed over a 3-year period. Ms Quirke is eligible to receive up to 100% of base salary as an LTI. Achieving the LTI component of salary is based on the Company's Total Shareholder Return (TSR) outperforming the S&P/200 All Industrials Index over the period of 1 July 2020 to 30 June 2023 as well as Ms Quirke's continuous employment. The Remuneration Table in section E has disclosed \$132,053 in relation to the LTI, this represents the pro rata accounting expense of the LTI in FY23.

Where the annual financial targets are not fully met the STI is based 70% on financial performance and 30% on personal Key Result Areas (KRA's) as set by the Remuneration and Nomination Committee at the beginning of the year.

A stretch bonus of up to \$65,300 is achievable based on exceeding the revenue target by up to 15%, reducing proportionally to \$Nil (where revenue does not exceed target).

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 2023 and 2022 figures for remuneration received by the Company's directors and key management personnel:

	Short Term		Post-employment	Long term benefits		Total
	Salary & Fees	OTE STI (i)	Superannuation	Share Based Payments	Long Service Leave	
	\$	\$	\$	\$	\$	\$
2023 Directors						
Rebecca Wilson	110,000	-	-	-	-	110,000
Kate Quirke	472,860	63,104	27,500	132,053	12,764	708,281
Simon Chamberlain	75,000	-	-	-	-	75,000
Victoria Weekes	67,881	-	7,119	-	-	75,000
Daniel Sharp	75,000	-	-	-	-	75,000
Malcolm Pradhan (ii)	469,337	-	22,916	(46,960)	40,659	485,952
Executives						
Matthew Gepp	284,500	27,974	27,500	13,096	271	353,341
2023 Total	1,554,578	91,078	85,035	98,189	53,694	1,882,574
2022 Directors						
Rebecca Wilson	105,833	-	-	-	-	105,833
Kate Quirke	398,360	45,600	27,500	132,053	7,112	610,625
Simon Chamberlain	73,333	-	-	-	-	73,333
Victoria Weekes (iii)	56,818	-	5,682	-	-	62,500
Daniel Sharp (iii)	62,500	-	-	-	-	62,500
Malcolm Pradhan	315,000	4,750	27,500	29,200	8,702	385,152
Nicholas Dignam (iv)	33,125	-	-	-	-	33,125
Executives						
Matthew Gepp	272,885	18,666	25,000	4,152	253	320,956
2022 Total	1,317,854	69,016	85,682	165,405	16,067	1,654,024

(i) Cash bonus 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. Included in Mr Pradhan's Salary & Fees is \$333,806 of termination benefits including annual leave and notice period

(iii) Ms Weekes and Mr Sharp were appointed as Directors on 1 September 2021

(iv) Mr Dignam resigned as a director on 17 November 2021

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	
	2023	2022	2023	2022
Non-executive Directors				
Rebecca Wilson	100%	100%	-	-
Simon Chamberlain	100%	100%	-	-
Victoria Weekes	100%	100%	-	-
Daniel Sharp	100%	100%	-	-
Executive officers				
Kate Quirke	76%	73%	24%	27%
Malcolm Pradhan (i)	100%	90%	-	10%
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 the current year. The above table for 2023 reflects the relative proportions for the period 1 July 2022 to 30 November 2022.

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 period ended 30 June 2023 (2022: Nil)

Performance Rights

Name	As at 1 July 2022	Granted as an LTI	Forfeited	Balance end of Year	Vested	Unvested
Kate Quirke	2,547,511	-	-	2,547,511	-	2,547,511
Malcolm Pradhan	563,309	-	(563,309)	-	-	-
Matthew Gepp	230,834	698,361	-	929,195	-	929,195
Total	3,341,654	698,361	(563,309)	3,476,706	-	3,476,706

The performance rights issued to Ms Quirke and Mr Pradhan in FY21 were authorised by shareholders at the 2020 AGM.

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.
2023 Directors					
Rebecca Wilson	1,662,489	-	250,000	-	1,912,489
Kate Quirke (ii)	47,561,285	-	-	-	47,561,285
Simon Chamberlain	517,308	-	-	-	517,308
Victoria Weekes	160,000	-	160,000	-	320,000
Daniel Sharp	328,572	-	800,000	-	1,128,572
Malcolm Pradhan	134,582,403	-	-	134,582,403	-
2023 Executives					
Matthew Gepp	-	-	-	-	-
	184,812,057	-	1,210,000	134,582,403	51,439,654
2022 Directors					
Rebecca Wilson	1,517,924	-	144,565	-	1,662,489
Kate Quirke (ii)	46,561,285	-	1,000,000	-	47,561,285
Malcolm Pradhan	134,582,403	-	-	-	134,582,403
Nicholas Dignam	-	-	-	-	-
Simon Chamberlain	295,000	-	222,308	-	517,308
Victoria Weekes	-	-	160,000	-	160,000
Daniel Sharp	-	-	328,572	-	328,572
2022 Executives					
Matthew Gepp	-	-	-	-	-
	182,956,612	-	1,855,445	-	184,812,057

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

(ii) Includes 100,000 shares held by a related party (2022: 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 \$110,000 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 \$499,860 gross inclusive of superannuation, any allowances and salary sacrifices. Ms Quirke is also entitled to an annual wellbeing allowance of \$500
- b) Annual performance-based cash short term incentive (STI) up to \$96,000 for achieving on-target financial performance and/or other personal performance targets with up to an additional \$65,300 for achieving stretch targets
- c) Eligible to participate in the Long-Term Incentive Plan (LTIP) with the issue of performance rights or options (subject to shareholder approval) up to the value of 100% of base salary
- d) 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 \$311,500 per annum inclusive of superannuation. Mr Gepp is also entitled to an annual wellbeing allowance of \$500
- b) Annual performance-based cash short term incentive (STI) up to \$41,250 for achieving on-target revenue and/or other personal performance targets with up to an additional \$20,600 for achieving 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 2023 revenue of \$40,400,000 (2022: \$34,355,000)
2. The 2023 loss after tax was \$3,617,000 (2022: loss after tax \$4,412,000)
3. The 2023 EBITDA loss was \$1,539,000 (2022: EBITDA loss \$1,608,000)
4. Cash at Bank at the end of the year was \$14,641,000 (FY22: \$17,339,000). 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 2023 of \$3,617,000 (2022: \$4,412,000 loss).

Included in the loss is \$1,988,000 of amortisation related to acquired intangibles as well as \$387,000 of non-cash share-based payment expense.

Cash at 30 June 2023 was \$14,641,000, a decrease of \$2,698,000 on the opening cash balance of \$17,339,000. With positive operating cashflow of \$169,000 for the year, the decrease in cash was largely attributable to the payment of \$2,687,000 in relation to the second tranche of the Silverlink contingent consideration, which was triggered by the third and fourth contract renewals of two of the acquired Silverlink customers during the year.

At 30 June 2023, the Group has current assets of \$20,978,000 (2022: \$26,262,000) and net assets of \$90,165,000 (2022: \$93,955,000).

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

Year ended 30 June:	2023 \$000	2022 \$000
(Loss) after tax attributable to the owners of the company	(3,617)	(4,412)
<i>Add:</i>		
Depreciation & amortisation expense	3,187	2,256
Income tax expense	-	504
Finance costs	125	68
<i>Less:</i>		
Income tax expense benefit	1,123	-
Interest revenue	111	24
EBITDA (loss)	(1,539)	(1,608)
<i>Add back:</i>		
Costs related to acquisitions	-	2,136
Non-cash cost of performance rights	387	328
Underlying EBITDA	(1,152)	856

Summary of financial information as at 30 June 2023

	Group FY23	Group FY22	YoY change	YoY change %
Revenue (\$000)	40,400	34,355	6,045	18%
Cash and cash equivalents (\$000)	14,641	17,339	(2,698)	(16%)
Net assets/equity (\$000)	90,165	93,955	(3,790)	(4%)
Net tangible assets (NTA) (\$000)	(6,668)	(4,863)	(2,595)	(53%)
Net tangible assets per security (cents)	(0.59)	(0.38)	(0.21)	(55%)
EBITDA (\$000)	(1,539)	(1,608)	69	4%
Underlying EBITDA (\$000)	(1,152)	856	(2,008)	NC
Loss from ordinary activities after income tax expenses (\$000)	(3,617)	(4,412)	(795)	18%
EPS (loss per share) (cents)	(0.29)	(0.38)	0.01	3%

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 look to automate some of the tasks through 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 support and funding for 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 Dartford and Gravesham, Leidos, Derby and Bolton this year. Our foothold with just one product in a UK hospital provides a streamlined route to broader Trust and ICS engagement ExtraMed customers are upgrading to Miya Flow and our Leidos contract extension is further validation of the credibility of our Miya platform and our ability to deliver on larger scale projects.

Alcidion's ability to deliver a total EPR solution was a critical element to winning new trusts in the UK during the year 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.

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 the year 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. We expect the demand for these types of solutions to continue to grow in FY24.

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 and committed revenue starting point of \$33.7M for FY24 Alcidion is well placed to continue our aim to be a major global digital health provider.

Significant contract wins

During the year Alcidion contracted new sales with a total contract value (TCV) of \$29.9M, \$9.9M of which was recognised as revenue in the current year.

Significant contract wins in the year include:

- An \$8.4M TCV extension over 57 months to the existing contract with Leidos Australia for delivery of a Health Knowledge Management system for the Australian Defence Force (ADF). This contract extension brings the TCV for the full contract to ~\$31.7M
- An initial 3-year contract (TCV of \$2.8M) with University Hospital Southampton NHS to implement the Miya Precision platform as the foundation for their Electronic Patient Record (EPR). Further options for additional Alcidion products will result in potential TCV of \$13.8M over 4 years
- Two contract renewals were signed in the year for the acquired Silverlink customers for the use of the Patient Care System (PCS) solution. Royal Wolverhampton NHS Trust renewed for two years, and University Hospitals Dorset NHS Foundation Trust renewed for 3 years. The combined TCV of these renewals is \$3.3M over the respective renewal periods

Significant deployments

- Alfred Hospital (AUS) - Implemented Miya Precision, Flow, Access and Command across existing EMR and PAS solutions supporting better patient flow and supporting greater access to care
- NT Health - Upgraded to Miya Precision from legacy Miya platform
- South Tees (UK) - Final phase of EPR deployment with Miya Precision platform (3 modules) now live in 3 hospitals
- East Lancashire Hospital (UK) - deployment of Miya Precision and Miya Flow with their Cerner EPR deployment moves into test - representing a first of its kind in the UK

Performance rights

On 16 December 2022 the Company issued 11,522,401 performance rights to employees in accordance with the Alcidion Group Limited Equity Incentive Plan (EIP).

A further 667,058 Performance rights were forfeited and cancelled during the period.

At the end of the period there were 20,334,755 (FY22: 9,479,412) 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

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

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

Revenue increased 18% in FY23 to \$40.4M and it is expected that revenue will continue to grow in FY24. The business starts the year with \$33.7M of contracted and scheduled renewal revenue (up 8% on the same time last year).

Alcidion will continue to pursue its growth strategy in FY24 which includes continuing to invest in scaling the business to support growth in existing markets with a program in place to review the potential to enter new markets in the future.

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 in FY23 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 2023 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 to take effect for the first full financial year commencing on or after 1 July 2020. The Company has early adopted the 4th 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.

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, 24 August 2023

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 2023 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.



William Buck (SA)
ABN: 38 280 203 274



G.W. Martinella
Partner

Adelaide, 24 August 2023.

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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, and
- d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001* for the year ended 30 June 2023.

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, 24 August 2023

Independent Auditor's Report



Alcidion Group Limited Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Alcidion Group Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 and 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.

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Independent Auditor's Report

WilliamBuck
ACCOUNTANTS & ADVISORS

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.

CARRYING VALUE OF INTANGIBLE ASSETS	
Area of focus Refer also to notes 2.13, 2.14 and 12	How our audit addressed it
As at 30 June 2023, the Group's statement of financial position included goodwill of \$67.8 million. 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. 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. 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.	We evaluated management's process around testing for impairment of intangible assets including goodwill and performed the following procedures: - we understood, evaluated and validated management's key controls over the impairment assessment process; - 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; - we evaluated management's assessment that the group operates as one cash generating unit; - we assessed the reasonableness of the revenue multiple used and obtained independent assessment for confirmation; - 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; - we also considered the appropriateness and reviewed the disclosures in the consolidated financial statements; and - we performed a cross check using an alternative method to support management's conclusion. We found the Group's impairment assessment of intangible assets to be supported by the available evidence.

Independent Auditor's Report

WilliamBuck
ACCOUNTANTS & ADVISORS

REVENUE RECOGNITION	
Area of focus Refer also to notes 2.11	How our audit addressed it
The Group derives income from the following: - Sale of software licence - Implementation fees - Support and maintenance Each revenue stream requires a bespoke revenue recognition model to ensure that revenue is only recognised - When a performance milestone is achieved; and - It can reliably be measured. The performance obligation for the sale of software licence is satisfied at a point in time, on the delivery of the product. In the case of implementation fees and support and maintenance revenue, over the contracted term of the services. The application of AASB 15 can require judgement, thus we considered this area to be a key audit matter.	Our audit procedures included: - determining whether revenue recognised is in accordance with the Group's accounting policies and AASB 15; - identifying and verifying the achievement of performance milestones and recognition of revenue relative to that achievement; - examining the existence of revenue by testing both the contract and subsequent receipt of invoicing of the revenue to the customer; and - substantively testing revenue cut-off and the income in advance balance to determine whether revenue has been recognised in the correct period. We also assessed the appropriateness of disclosures attached to revenues as required by AASB 15.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Independent Auditor's Report



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 has 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 these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 38 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Alcidion Group Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

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, 24 August 2023.

Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June

CONSOLIDATED

	Note	2023 \$000	2022 \$000
Revenue	3	40,400	34,355
Direct costs		(5,629)	(4,862)
Gross profit		34,771	29,493
Interest income		111	24
Employee benefits expense	4	(30,330)	(23,942)
Professional fees		(977)	(1,100)
Marketing expenses		(840)	(577)
Costs related to acquisitions		-	(2,136)
Other expenses		(4,163)	(3,346)
Depreciation and amortisation	5	(3,187)	(2,256)
Finance costs		(125)	(68)
Loss before income tax expense		(4,740)	(3,908)
Income tax benefit/(expense)	6	1,123	(504)
Loss after tax attributable to the owners of the Company		(3,617)	(4,412)
Other comprehensive income/(loss) net of tax			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(560)	875
Total comprehensive loss for the year attributable to the owners of the Company		(4,177)	(3,537)
(Loss) per share			
Basic & diluted loss per share (cents)	22	(0.29)	(0.38)

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

Statement of Financial Position

As at 30 June

CONSOLIDATED	Note	2023 \$000	2022 \$000
Assets			
Current assets			
Cash and cash equivalents	27	14,641	17,339
Trade and other receivables	10	4,735	7,251
Other assets - prepayments		1,602	1,672
Total current assets		20,978	26,262
Non-current assets			
Plant and equipment	14	729	638
Intangible assets	12	96,833	98,824
Right of use assets	16	2,144	2,630
Total non-current assets		99,706	102,092
Total assets		120,684	128,354
Liabilities			
Current liabilities			
Trade and other payables	11	5,874	5,227
Employee provisions	18	2,989	2,516
Lease liabilities	17	693	616
Income tax payable		108	488
Unearned revenue	15	11,609	12,906
Contingent consideration	13	-	2,638
Total current liabilities		21,273	24,391
Non-current liabilities			
Employee provisions	18	83	141
Other provisions		494	-
Deferred tax liabilities	6	7,207	7,999
Lease liabilities	17	1,462	1,868
Total non-current liabilities		9,246	10,008
Total liabilities		30,519	34,399
Net assets		90,165	93,955
Equity			
Issued capital	19	110,511	110,511
Share based payment reserve	19	942	555
Foreign currency translation reserve		315	875
Accumulated losses	20	(21,603)	(17,986)
Total equity		90,165	93,955

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
Balance as at 1 July 2021	58,569	227	-	(13,574)	45,222
Loss for the period	-	-	-	(4,412)	(4,412)
Other comprehensive income net of tax	-	-	875	-	875
Total comprehensive income	-	-	875	(4,412)	(3,537)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued - Placement	55,000	-	-	-	55,000
Share issue costs	(3,058)	-	-	-	(3,058)
Share-based payments	-	328	-	-	328
Balance as at 30 June 2022	110,511	555	875	(17,986)	93,955
Balance as at 1 July 2022	110,511	555	875	(17,986)	93,955
Loss for the period	-	-	-	(3,617)	(3,617)
Other comprehensive income net of tax	-	-	(560)	-	(560)
Total comprehensive income	-	-	(560)	(3,617)	(4,177)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	387	-	-	387
Balance as at 30 June 2023	110,511	942	315	(21,603)	90,165

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

Statement of Cash Flows

For the year ended 30 June

CONSOLIDATED

Note	2023 \$000	2022 \$000
Cash flows from operating activities		
Receipts from customers	46,901	41,449
Payments to suppliers and employees	(46,728)	(40,275)
Interest received	111	24
Finance costs	(115)	(68)
Income tax paid	-	(134)
Net cash from operating activities	169	996
Cash flows from investing activities		
Payments for plant and equipment	(454)	(311)
Acquisition of business, net of cash acquired	(2,687)	(59,432)
Net cash (used) for investing activities	(3,141)	(59,743)
Cash flows from financing activities		
Net proceeds from issues of equity securities	-	51,942
Payment for principal portion of lease liabilities	(616)	(609)
Net cash (used) for/from financing activities	(616)	51,333
Net (decrease) in cash and cash equivalents	(3,588)	(7,414)
Effect of exchange rate changes on cash and cash equivalents	890	(274)
Cash and cash equivalents at the beginning of the year	17,339	25,027
Cash and cash equivalents at the end of the year	14,641	17,339

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

Notes to the Financial Statements

For the financial year ended 30 June 2023

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. Summary of significant accounting policies

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 24 August 2023.

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 2022 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 Geometric Brownian Motion model followed by a Monte Carlo Simulation and 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 either a Geometric Brownian Motion model followed by Monte Carlo Simulation or 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

	2023	2022
	\$000	\$000
Recurring revenue	28,143	23,274
Non-recurring revenue	12,257	11,081
	40,400	34,355

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 work and product implementation.

4. Employee benefits expense

	2023	2022
	\$000	\$000
Wages and salaries	24,957	20,097
Superannuation/pension	2,030	1,556
Leave provisions	507	392
Other employee benefits expense	2,449	1,569
Share-based payment expense	387	328
Total Employee benefits expense	30,330	23,942

5. Depreciation and amortisation

	2023	2022
	\$000	\$000
Depreciation of plant and equipment	381	213
Depreciation of right of use assets	815	795
Amortisation of intangible assets	1,991	1,248
Total Depreciation and amortisation	3,187	2,256

6. Income tax

Income tax recognised in loss

Tax expense comprises:

Current year tax expense

Prior year adjustment

Deferred tax liability

Total tax (benefit)/expense

2023 \$000	2022 \$000
83	515
(414)	-
(792)	(11)
(1,123)	504

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

(Loss) from operations

Income tax (benefit) calculated at 25% (2022: 25%)

Effect of different tax rates of group entities operating in different tax jurisdictions

Effect of non-assessable income

Effect of non-deductible expenses

Effect of current year tax losses and temporary differences not brought to account

Effect of temporary differences de-recognised/(recognised) as deferred tax assets/deferred tax liabilities

Prior year adjustments

Income tax expense / (benefit)

2023 \$000	2022 \$000
(4,740)	(3,908)
(1,185)	(1,016)
(589)	(196)
-	-
743	879
1,114	726
(792)	(11)
(414)	122
(1,123)	504

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% (2022: 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% (2022: 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% (2022: 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 (2022: \$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

Deferred Tax Liability	2023 \$000	2022 \$000
Opening balance	7,999	-
Deferred tax liability recognised on recognition of intangible assets in the acquisition accounting	-	7,999
(Credited) to profit or loss	(792)	-
	7,207	7,999

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 \$15,570,000 (2022: \$12,411,000).

The Australian and New Zealand operations carried forward tax losses are \$15,570,000 (2022: \$12,411,000) and have not been recognised as a deferred tax asset.

Franking account deficit: \$5,293,206 (2022: \$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
Professor Malcolm Pradhan (resigned 30 November 2022)

Executives

Mr Matthew Gepp

Key management personnel compensation

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

	2023 \$	2022 \$
Short-term employee benefits (i)	1,646,656	1,386,870
Long Service Leave	53,694	16,067
Post-employment benefits	85,035	85,682
Share-based payments	98,189	165,405
	1,882,574	1,654,024

(i) Included in Short-term employee benefits is \$333,806 of termination benefits including annual leave and notice period for Mr Pradhan

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 - 1 July 2020

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
- 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 (i)	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
Total	22,810,682				
Less forfeited as at 30/06/2022	(1,808,869)				
Forfeited during the year	(667,058)				
Total performance rights remaining	20,334,755				

- (i) At the 19 November 2020 AGM shareholders approved the granting of 3,110,820 performance rights to executive directors Kate Quirke and Malcolm Pradhan

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 2023 movement of all rights issued and forfeited is as follows:

	2023		2022	
	Number of performance rights	Weighted average exercise price \$	Number of performance rights	Weighted average exercise price \$
Rights outstanding as at 1 July	9,479,412	-	8,667,793	-
Rights granted	11,522,401	-	1,640,147	-
Rights forfeited	(667,058)	-	(828,528)	-
Rights outstanding as at 30 June	20,334,755	-	9,479,412	-

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:

Rights granted 16 December 2022

Exercise price:	\$Nil
Life of the right at issue date:	2.9 years
Expected share price volatility:	77.3%
Risk-free interest rate:	3.41%
Fair value of rights granted	\$447,069

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 \$387,000, which represents the expensed pro rata portion of the total fair value of all rights granted relevant to the reporting period (2022: \$328,000).

9. Remuneration of auditors

	2023	2022
Audit and review of the financial report for the Group		
William Buck	68,700	72,000
DSG UK	65,000	55,586
Non-audit services - William Buck	-	-
	133,700	127,586

The auditor of Alcidion Group Limited is William Buck (2022: William Buck)

The auditor of the UK incorporated subsidiaries is DSG UK (2022: DSG UK)

10. Trade and other receivables

	2023	2022
	\$000	\$000
Trade receivables	3,304	7,251
Accrued income	1,431	-
	4,735	7,251

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 2023 (2022: 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

	2023	2022
	\$000	\$000
Trade payables	2,127	1,648
Goods and services tax / value added tax	2,309	2,456
Other payables	1,438	1,123
	5,874	5,227

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	Intellectual property \$000	Customer contracts \$000	Acquired Software \$000	Patents & Trademarks \$000	Total \$000
Cost						
At 1 July 2021	25,460	1,714	-	-	341	27,515
Measurement period adjustment (ii)	(2,520)	-	2,610	1,720	-	1,810
At 1 July 2021 - revised	22,940	1,714	2,610	1,720	341	29,325
Additions – Silverlink (i)	43,109	-	12,985	14,679	-	70,773
Re-allocation (iii)	1,714	(1,714)	-	-	-	-
At 30 June 2022	67,763	-	15,595	16,399	341	100,098
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
Accumulated amortisation						
At 1 July 2021	-	-	-	-	26	26
Amortisation expense	-	-	859	378	11	1,248
At 30 June 2022	-	-	859	378	37	1,274
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
Carrying value						
At 30 June 2022	67,763	-	14,736	16,021	304	98,824
At 30 June 2023	67,763	-	14,659	14,167	244	96,833

- (i) Additions in 2022 relate to the finalisation of the Silverlink PCS Software Limited acquisition accounting
- (ii) Adjustments in 2022 relate to the finalisation of the ExtraMed acquisition accounting. ExtraMed goodwill was originally reported in 2021 as a preliminary balance. It was subsequently adjusted down in 2022 and reallocated to customer contracts and acquired software following an independent valuation. The 2022 comparative information was not revised and there was no material impact on the amortisation in 2021 or 2022
- (iii) Intellectual Property assets recognised on the acquisition of MKM Health Group in 2019 have the same attributes as Goodwill and are subject to annual fair value testing – as such these assets were re-classified to goodwill in 2022

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 ASSB 136, 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.

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 AASB136 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.

Due to the current investment for growth phase that the company is in, 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 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 21 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, 14 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 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 average revenue multiple for Australian listed healthcare software companies for example was 33.7 times.

The table below provides a summary of this analysis:

Company type	Median revenue multiple	Value \$000
Australian listed healthcare software companies	4.0x	161,600
Australian listed healthcare companies	2.9x	117,160
Australian listed software companies	3.3x	133,320
Assessed Fair Value (average)	3.4x	137,360
Estimated costs to sell		1,000
Carrying value of intangible assets being assessed for impairment		96,833
Carrying value of non-cash assets being assessed for impairment (i)		6,177
Headroom/(Impairment)		33,350

(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 materially 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 2023 (2022: Nil).

13. Contingent consideration

	2023	2022
	\$000	\$000
Opening balance: contingent consideration - current liability	2,638	-
Origination of contingent consideration	-	5,646
Settlement of contingent consideration	(2,687)	(2,626)
Impact of foreign exchange differences recorded in OCI	-	(185)
Impact of foreign exchange differences recorded in the profit & loss	49	(197)
Closing balance: contingent consideration - current liability	-	2,638

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 current financial year.

14. Plant and equipment

	Computer equipment \$000	Furniture and fittings \$000	Total \$000
Cost			
At 1 July 2021	569	302	871
Additions	265	46	311
Acquired assets	168	-	168
Disposals	(190)	(134)	(324)
At 30 June 2022	812	214	1,026
At 1 July 2022	812	214	1,026
Additions	313	148	461
Foreign exchange adjustment	23	3	26
At 30 June 2023	1,148	365	1,513
Accumulated depreciation and impairment			
At 1 July 2021	346	154	500
Depreciation expense	167	46	213
Acquired accumulated depreciation	3	-	3
Disposals	(192)	(136)	(328)
At 30 June 2022	324	64	388
At 1 July 2022	324	64	388
Depreciation expense	281	100	381
Foreign exchange adjustment	11	4	15
At 30 June 2023	616	168	784
Net book value			
At 30 June 2022	490	148	638
At 30 June 2023	532	197	729

15. Unearned revenue

	2023 \$000	2022 \$000
Opening balance as at 1 July	12,906	7,107
Amount recognised upon acquisition	-	2,457
Amount recognised in revenue during the year	(31,234)	(20,771)
Contracts entered into in the year	29,303	24,531
Effect of exchange rate changes	634	(418)
Closing balance as at 30 June	11,609	12,906

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 4.0 years (2022: 3.7 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:

Right-of-use assets

	2023 \$000	2022 \$000
Leased buildings	3,307	3,236
Accumulated depreciation	(1,163)	(606)
	2,144	2,630
Movement in carrying amounts:		
Opening balance Leased buildings:	2,630	178
Additions	329	3,247
Depreciation expense	(815)	(795)
Net carrying amount	2,144	2,630

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

	2023 \$000	2022 \$000
Depreciation charge related to right-of-use assets	815	795
Interest expense on lease liabilities	125	68
Low-value asset lease expense	46	48

17. Lease liabilities

	2023 \$000	2022 \$000
Lease liability (current)	693	616
Lease liability (non-current)	1,462	1,868
	2,155	2,484

18. Employee provisions

	2023 \$000	2022 \$000
Current		
Annual leave	1,458	1,198
Long service leave	769	642
Other - bonus and commissions payable	762	676
	2,989	2,516
Non-current		
Long service leave	83	141
Total employee provisions	3,072	2,657

19. Issued capital

(a) Issued capital

	2023		2022	
	Number of shares	\$000	Number of shares	\$000
Balance at 1 July	1,268,069,053	110,511	1,048,069,052	58,569
Shares issued during the year	-	-	220,000,001	51,942
Balance at 30 June	1,268,069,053	110,511	1,268,069,053	110,511

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)

	2023 \$000	2022 \$000
Balance at beginning of financial year	555	227
Rights forfeited	(48)	(46)
Share based payments expense	435	374
Balance at end of financial year	942	555

(c) Movements in performance rights on issue

	2023 Number of rights	2022 Number of rights
Beginning of the financial year	9,479,412	8,667,793
Rights granted	11,522,401	1,640,147
Rights forfeited	(667,058)	(828,528)
Rights exercised	-	-
End of the financial year	20,334,755	9,479,412

20. Accumulated losses

	2023 \$000	2022 \$000
Balance at beginning of financial year	(17,986)	(13,574)
(Loss) attributable to members of the Company	(3,617)	(4,412)
Balance at end of financial year	(21,603)	(17,986)

21. Dividends

There were no dividends paid or proposed during the year (2022: \$Nil)

22. Loss per share

	2023	2022
	Cents per share	Cents per share
Basic earnings (loss) per share (cents):	(0.29)	(0.38)
Diluted earnings (loss) per share (cents):	(0.29)	(0.38)
	\$000	\$000
Loss after tax used in calculating basic and diluted earnings per share	(3,617)	(4,412)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	1,268,069,053	1,164,271,633

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

WE Communications was paid \$28,655 (2022: \$82,236) for Investor Relation services, a company in which non-executive director Rebecca Wilson has an interest. Balance payable as at 30 June 2023 is \$37,255 (2022: \$3,960).

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, the Group did not have any contingent liabilities or contingent assets as at 30 June 2023 (2022: \$Nil).

At 30 June 2023, credit card balance used is \$16,000 (2022: \$Nil) (Unused: \$134,000 (2022: \$10,000)).

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 were no intersegment sales during 2023 (2022: \$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

	2023 \$000	2022 \$000
Australia / New Zealand	20,429	18,079
United Kingdom	19,971	16,276
Total revenue	40,400	34,355

Major customers

In 2023 the Group had one customer that accounted for more than 10% of total group revenue:

Leidos Australia Pty Limited \$8,000,000 (19.8%) (2022: Leidos \$4,066,000 (11.8%)).

Timing of revenue recognition

	2023 \$000			2022 \$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	10,472	9,957	20,429	10,215	7,864	18,079
United Kingdom	17,671	2,300	19,971	13,059	3,217	16,276
Total revenue	28,143	12,257	40,400	23,274	11,081	34,355

26. Subsequent events

The Company has had no subsequent events post 30 June 2023.

27. Notes to the Statement of Cash Flows

Reconciliation of cash and cash equivalents

	2023 \$000	2022 \$000
Cash and cash at bank	14,641	17,339

Reconciliation of loss for the year to net cash flows from operating activities:

(Loss) for the year after income tax	(3,617)	(4,412)
Add back non-cash items:		
Depreciation and amortisation	3,187	2,256
Share based payment expense	387	328
Net unrealised foreign currency differences and other non-cash items	(755)	-
Changes in assets and liabilities, net of effects from business combinations		
(Increase)/decrease in assets:		
Trade and other receivables	2,516	(1,302)
Other Assets	70	(259)
Increase/(decrease) in liabilities:		
Trade and other payables	377	942
Provisions	473	(269)
Current tax liabilities	(380)	381
Deferred Tax Liabilities	(792)	(11)
Income in advance	(1,297)	3,342
Net cash flow from operating activities	169	996

28. Financial instruments

(a) Financial risk management objectives

The Group's financial instruments consist mainly of deposits with banks, accounts receivables 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:	2023	2022
	\$000	\$000
Within trade terms	2,759	6,356
Past due but not impaired	545	895
Total trade receivables	3,304	7,251

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	60-90days	>90 days	Total
	\$000	\$000	\$000	\$000
2023	2,759	232	313	3,304
2022	6,356	681	214	7,251

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 2023, there were no expenses recognised during the financial year for the write-off of receivables or provision for doubtful debts (2022: 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	
2023					
Financial assets:					
Cash and cash equivalents	14,068	573	-	-	14,641
Trade and other receivables	-	4,735	-	-	4,735
	14,068	5,308	-	-	19,376
Financial liabilities:					
Trade and other payables	-	5,874	-	-	5,874
Lease liabilities	-	693	1,462	-	2,155
	-	6,567	1,462	-	8,029
2022					
Financial assets:					
Cash and cash equivalents	17,035	304	-	-	17,339
Trade and other receivables	-	7,251	-	-	7,251
	17,035	7,555	-	-	24,590
Financial liabilities:					
Trade and other payables	-	5,227	-	-	5,227
Lease liabilities	-	616	1,868	-	2,484
Contingent consideration	-	2,638	-	-	2,638
	-	8,481	1,868	-	10,349

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

	2023 \$000	2022 \$000
Assets		
Current assets	2,290	4,982
Non-current assets	119,060	110,215
Total assets	121,350	115,197
Liabilities		
Current liabilities	495	746
Non-current liabilities	-	24
Total liabilities	495	770
Net assets	120,855	114,427
Equity		
Issued capital	136,010	136,010
Reserves	942	555
Accumulated losses	(16,097)	(22,138)
Total equity	120,855	114,427

Statement of profit or loss & other comprehensive income

Total Profit/(Loss) for the year	6,042	(777)
Total comprehensive Profit/(Loss) for the year	6,042	(777)

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 (%)	
		2023	2022
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 2023 of \$573,000 (2022: \$304,000) to various landlords.

32. Capital commitments

As at 30 June 2023, the Group had no contracted capital commitments for capital purchases (2022: NIL)

Additional shareholders' information

The information in this report is current as at 7 August 2023.

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
Balance at the beginning of the year	1,268,069,053
Movement of share capital during the year and to the date of this report	-
Total number of shares at the date of this report	1,268,069,053

Performance rights

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

	Number of rights
Balance at the beginning of the year	9,479,412
Unlisted Performance rights issued during the year	11,522,401
Unlisted Performance rights forfeited during the year	(667,058)
Movements of performance rights during the year and to the date of this report	10,855,343
Total number of performance rights outstanding at the date of this report	20,334,755

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 7 August 2023:

Name	Number of shares	Percentage of issued capital
Malcolm Pradhan	134,582,403	10.61
AustralianSuper Pty Ltd	114,116,042	9.00
Mr Raymond Blight	75,801,020	5.98

Range of shares as at 7 August 2023

Range	Total Holders	Units	% Issued Capital
1 - 1,000	179	22,468	0.00
1,001 - 5,000	2,156	6,765,888	0.53
5,001 - 10,000	1,907	14,960,945	1.18
10,001 - 100,000	5,003	177,984,167	14.04
> 100,001	1,254	1,068,335,585	84.25
Total	10,499	1,268,069,053	100.00

Unmarketable parcels as at 7 August 2023

	Minimum parcel size	Holders	Units
Minimum \$500 parcel at \$0.12 per unit	4,167	1,869	4,548,933

Top 20 holders of ordinary shares as at 7 August 2023

	Name	Units	%
1	J P Morgan Nominees Australia Pty Limited	139,803,795	11.02
2	Mr Malcolm Pradhan	134,582,403	10.61
3	Mr Raymond Howard Blight	75,801,020	5.98
4	Citicorp Nominees Pty Limited	58,449,895	4.61
5	Rewmicman Pty Ltd <Smallman Family A/C>	29,810,441	2.35
6	Mrs Katrina Elizabeth Doyle	27,793,199	2.19
7	Caledonia Nominees Pty Ltd <Caledonia A/C>	19,976,377	1.58
8	MNMD Pty Ltd <Quirke Super Fund A/C>	18,668,086	1.47
9	Rangiora-London Pty Limited <Rangiora-London A/C>	9,800,000	0.77
10	Sandhurst Trustees Ltd <Cyan C3G Fund A/C>	9,469,114	0.75
11	BNP Paribas Noms Pty Ltd <Drp>	9,129,104	0.72
12	HSBC Custody Nominees (Australia) Limited	8,651,688	0.68
13	Mr Dean Anthony Mackenzie	8,270,080	0.65
14	Mr Paul John Van Dyk	7,277,866	0.57
15	Isle Of Wight Pty Limited <Mackinnon Family A/C>	6,980,867	0.55
16	Emerald Shares Pty Limited <Emerald Unit A/C>	6,850,000	0.54
17	Hudson Retirement Pty Ltd <Seagulls Super A/C>	6,524,244	0.51
18	Mr Vivek Ramakrishnan + Miss Nisha Srinivasan	6,033,121	0.48
19	Superhero Securities Limited <Client A/C>	5,602,157	0.44
20	Beale & Co Pty Ltd	5,066,134	0.40
Total of Top 20 holders of ORDINARY FULLY PAID SHARES		594,539,591	46.89

* 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 Limited advises that its Annual General Meeting will be held on or about Thursday 26 October 2023. 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 14 September. Any nominations must be received in writing no later than **5.00pm (Melbourne time) on Thursday 14 September 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 2023 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

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

DSG

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

☎ +44 151 294 5400

Securities exchange

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

ASX Code: **ALC**

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