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Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Alcidion H1 FY24 Results

Melbourne, Australia – Alcidion Group Limited ('Alcidion' or the 'Company') today releases its financial results for the six-month period ending 31 December 2023 (H1'24) and a business update detailing operational highlights.

Highlights:

- H1'24 revenue of \$19.1M, in-line with pcp; 74% recurring revenue
- Gross profit of \$16.7M, representing 87.8% gross profit margin
- EBITDA loss of \$2.9M (H1'23: (\$1.2M))
- FY24 contracted revenue as of 31 December of \$35.5M, up 4% on pcp
- \$24.3M of new contracted sales in 1H'24
 - \$23.3M South Tees contract extension (\$20.5m included in new contracted sales) for additional 8 years (to 2033) for Miya Precision EPR, with further upside potential
 - Additional new sales of \$3.8M
- Annualised cost savings of \$6.4M currently being implemented primarily via reduction in employee expenses
- Realigned cost base will not impact ability to win larger contracts and service existing customers which remain a key part of the future growth profile
- As a result of the costs savings, expect H2'24 operating cashflow to be positive
- In the absence of larger contract wins (which are progressing but timing unpredictable), expect to achieve H2'24 revenue similar to H1'24
- \$126M of sold and renewal revenue already committed over the next five years (excl. FY24)
- Cash balance of \$7.9M and no debt at 31 December 2023, strengthened further by receipt of \$3.9M in early January 2024.

Alcidion's Group Managing Director Kate Quirke said, "The first half of FY24 has been a mixed result for Alcidion as we continue to operate in a challenging healthcare environment that has seen procurement delays and budget constraints.

Nevertheless, in H1 we increased our forward 5-year (FY25-29) sold and renewed revenue by extending our contract with South Tees out to 2033 which also includes the potential for further modules to be taken with a potential upside total value of \$54M from the initial contract of \$23.3M.

Our five year forward revenue now stands at \$126M, noting negligible customer churn, validating the underlying strength of our long-term financial profile.

Recognising the need to balance our current revenue with the cost base and having completed several major customer project deliverables in 2023, we are implementing a program to reduce our annual cost

base by \$6.4m p.a, principally through a reduction in headcount. We have structured this in such a way as to avoid compromising our ability to win new contracts or deliver on existing customer commitments and support. This will reduce our annualised cost base to approximately \$34m ensuring on the current revenue run rate, the business will be profitable in future years. Given the associated costs of the restructure and the timing of the redundancies coming later in the financial year, the full annualised cost reduction impact will not be recognised in this financial year. As a result, it will not be possible to deliver positive EBITDA in FY24.

Whilst we continue to be frustrated by the delays in contracts being awarded, we are comforted by the number and size of ongoing tender processes. For example, Alcidion is currently tendering for several large EPR contracts with a total aggregate lifetime contract value of over \$200 million, with more tenders expected to be released before financial year end. Whilst we may not be successful in all tenders, we believe that we are well positioned to compete in these opportunities and that the tendering pipeline demonstrates the overall sizable market opportunity available to Alcidion.

Financial Update

| Profit & loss (A\$000) | H1'24 | H1'23 | % change |
|---------------------------|-----------------|-----------------|------------|
| Recurring revenue | 14,045 | 13,856 | 1% |
| Non-recurring revenue | 5,014 | 5,128 | (2%) |
| Total revenue | 19,059 | 18,984 | 0% |
| Direct costs | (2,322) | (2,647) | (12%) |
| Gross profit | 16,737 | 16,337 | 2% |
| <i>Gross profit %</i> | <i>87.8%</i> | <i>86.1%</i> | |
| Salaries & wages | (16,137) | (14,474) | 11% |
| Professional fees | (541) | (540) | 0% |
| Marketing | (456) | (407) | 12% |
| Other operating expenses | (2,391) | (1,982) | 21% |
| Operating expenses | (19,525) | (17,403) | 12% |
| Underlying EBITDA | (2,788) | (1,066) | na |
| Share based payments | (136) | (132) | na |
| EBITDA | (2,924) | (1,198) | na |

Alcidion delivered revenue in H1'24 of \$19.1M, in-line with the prior corresponding period (pcp). Recurring revenue - License, Subscription and Maintenance & Service fees - represented 74% (\$14.0M) of total revenue and underpins the sustainability of the business model heading into future periods.

Gross profit for H1'24 was \$16.7M, up 2% on pcp, representing a gross profit margin of 87.8%, slightly up on pcp driven by a higher weighting of Alcidion's own product sales compared to third-party resold products.

Alcidion tightened the cost base throughout Q2'24, both through redundancies and by not replacing a small number of staff who left the business through natural attrition. This resulted in annualised cost savings of \$2.4M, of which approximately \$1.1M will be realised in FY24. A program delivering further cost savings of \$4.0M p.a will be implemented over the next month, reducing the cost base by an aggregate of \$6.4m p.a.

The EBITDA loss for the period was \$2.9M, compared to the EBITDA loss of \$1.7M on pcp.

The cash balance as at 31 December 23 was \$7.6M, with no debt, strengthened further by receipt of \$3.9M in early January 2024.

Business Update

During the half, the Company signed new and renewed contracts and deployed modules with the following customers:

- **South Tees NHS Trust (South Tees):** Signed \$23.3M contract extension for an additional 8 years (to 2033 with 2 years remaining on current contract) for Miya Precision Electronic Patient Record (EPR). Further options to extend to 2038 and add further Alcidion modules which, if taken, would result in a total TCV of up to \$54M over the next 15 years.
- **Hampshire Hospitals trust:** Signed a contract for Miya Precision Emergency modules and associated hosting and support following a competitive tender process. Miya Emergency is one of several new product releases from Alcidion this year.
- **Te Whatu Ora – Waikato NZ:** Successfully implemented Smartpage non-clinical to improve resource allocation and streamline workflows between orderlies and attendants. Allowing rapid, reliable messaging and dispatching of tasks across the health service including for cleaning services
- **Hereford and Worcester:** First community and mental health trust in the UK to go live with Miya Precision modules – Flow, Access and Command, opening up a new market opportunity for Alcidion with a demonstrable reference site.
- **NHS Tayside:** Rolled out Patientrack observations and assessments across all wards including community, creating first rollout of observations and assessments in a community setting.
- **Post the reporting period, Dartford and Gravesham NHS trust (DGT):** DGT signed a contract with Alcidion initially for Miya Precision as an eNoting and Nursing Observations platform in 2019 which expires early March 2024. DGT have officially notified the UK market of their intention to renew this contract, prior to the expiration date, for three years and we expect this to be signed in the coming days. The contract value will be \$3.4M over 3 years.

Outlook

As at 31 December 2023, contracted revenue able to be recognised in FY24 was \$35.5M, up 4% on pcp. We expect further new revenue to be signed and booked in 2HFY24 in the ordinary course of business.

Recognising continued procurement delays across both ANZ and UK markets, as well as the need to appropriately balance future growth potential against the current cost base, Alcidion will implement further annualised costs savings, primarily via the reduction of staff headcount, resulting in:

- \$2.4M p.a cost savings in H1'24 (already implemented and announced in the Q2 update); and
- \$4.0M p.a of additional cost savings, to be implemented over the coming month

Given the various timings for the cost savings, coupled with required restructure and redundancy costs, Alcidion will realise approximately \$2.2M of the proposed costs saving in FY24.

The cost savings have been implemented to streamline specific business operations and will not impact Alcidion's ability to win larger contracts, which continue to remain a key part of the future growth profile. There are several large EPR contracts currently in tender, which collectively have a total aggregate lifetime contract value of over \$200m. We also remain entirely focussed on ensuring we can continue to provide the high-quality support and service that our customers expect.

Cash flow for H2'24 is expected to be positive.

In the absence of larger contract wins (which are progressing but timing highly unpredictable), Alcidion expect to achieve H2'24 revenue similar to H1'24. Furthermore, whilst the Company expects to achieve an improvement in H2'24 Underlying EBITDA, given the reduced revenue outlook, it does not expect to be Underlying EBITDA positive for full year FY24.

Whilst short term revenue growth has been impacted by a challenging healthcare procurement environment, the business has seen an increased number of tender processes for contracts recently, which demonstrates the overall sizeable market opportunity available to Alcidion.

Alcidion remains well positioned in the long-term with \$126M of sold and renewal revenue already committed over the next five years (excl. FY24). We have a broad, high quality customer base, giving us numerous large reference sites in both Australia and U.K, a history of strong customer satisfaction with negligible churn and many contract extensions, and we remain strongly positioned with a growing pipeline of over \$200m of tender opportunities.

The Company retains a cash balance is \$7.9M with no debt at 31 December 2023, which was further strengthened further by receipt of \$3.9M in early January 2024.

Investor Webcast

Alcidion Group Managing Director Kate Quirke will host a webcast with investors via Zoom [this morning at 11.00am](#) Australian Eastern Daylight Time (AEDT).

To register for the webcast, please follow this link:

https://us06web.zoom.us/webinar/register/WN_VMa4XGsMRbK_Ilfh6bBS1g

Registered participants will receive an email containing the Zoom access link and phone dial-in details.

ENDS

Authorised for ASX release by the Board of Directors of Alcidion Group Limited

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About Alcidion

Alcidion Group Limited (Alcidion) has a simple purpose, that is, to transform healthcare with proactive, smart, intuitive technology solutions that improve the efficiency and quality of patient care in healthcare organisations, worldwide.

Alcidion offers a complementary set of software products and technical services that create a unique offering in the global healthcare market. Based on the flagship product, Miya Precision, the solutions aggregate meaningful information to centralised dashboards, support interoperability, facilitate communication and task management in clinical and operational settings and deliver Clinical Decision Support at the point of care; all in support of Alcidion's mission to improve patient outcomes.

Since listing on the ASX in 2011, Alcidion has acquired multiple healthcare IT companies and expanded its foothold in the UK, Australia, and New Zealand to now service over 400 hospitals and 87 healthcare organisations, with further geographical expansion planned.

With over 20 years of healthcare experience, Alcidion brings together the very best in technology and market knowledge to deliver solutions that make healthcare better for everyone.

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