

Beamtree Holdings Limited (ASX:BMT)  
Sydney, 30 September 2021

## Cleansing notice under sections 708A of the Corporations Act

This cleansing notice is given by **Beamtree Holdings Limited** (ASX: BMT) (the **Company**) under section 708(A) of the Corporations Act 2001 (Cth) (Corporations Act).

On 30 August 2021, the Company announced that it had entered into a binding agreement to acquire 100% of the shares in Potential(x) Holdings Pty Ltd (**Potential(x)**), with the consideration payable to the shareholders of Potential(x) (**Potential(x) Shareholders**) comprising:

- \$4 million cash;
- 12.7 million fully paid ordinary shares in the capital of the Company (**Shares**) (**Completion Shares**) and 6 million performance shares (**Performance Shares**) to be issued on completion of the acquisition (**Completion**); and
- up to 11.3 million Shares (**Deferred Shares**) to be issued 24 months after Completion.

The Completion Shares, Performance Shares and Deferred Shares were offered to Potential(x) Shareholders without disclosure under Part 6D.2 of the Corporations Act.

The Company advises that the acquisition of Potential(x) has completed today and accordingly it has issued the Completion Shares and Performance Shares to the Potential(x) Shareholders.

The Company provides the following cleansing notice under subsections 708A(5)(e) and 708A(12G)(e) of the Corporations Act (as inserted by ASIC Instrument 21-0822). The purpose of this cleansing notice is to enable the Completion Shares, the Shares that may be issued on vesting of the Performance Shares and the Deferred Shares to be on-sold to retail investors without further disclosure.

This cleansing notice is an important document and should be read in its entirety. Neither the Australian Securities and Investments Commission (**ASIC**) nor ASX Limited (**ASX**) takes any responsibility for the contents of this cleansing notice.

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**1. Overview**

Sections 2, 3 and 4 of this notice set out the specific information required by subsections 708A(12G)(e) and (12H) of the Corporations Act (as inserted by ASIC Instrument 21-0822) in respect of the Performance Shares and Deferred Shares.

The requirement to disclose this information is a condition of relief granted by ASIC to the Company, which enables holders of Deferred Shares or Shares issued on vesting of the Performance Shares to on-sell those Shares without the need for further disclosure (or the Company giving further cleansing notices at the time of the issue of those Shares).

Sections 5 and 6 of this notice set out the information required by subsection 708A(6) of the Corporations Act.

**2. Rights and liabilities attaching to the Deferred Shares**

The Deferred Shares will be fully paid ordinary shares in the capital of the Company (**Shares**) and will rank equally in all respects with existing quoted Shares. The Company intends to apply to ASX for quotation of any Deferred Shares.

The key rights and liabilities attaching to Shares are summarised in Annexure A. Full details of the rights and liabilities attaching to Shares are set out in the Company’s constitution (**Constitution**), a copy of which can be downloaded from the announcements section for the Company on the ASX website, accessed directly via this [hyperlink](#) or inspected, free of charge, at the Company’s registered office during normal business hours.

The following table summarises the key terms of the issue of the Deferred Shares. The summary is not exhaustive and does not constitute a definitive statement of the terms of the issue of the Deferred Shares. As described below, the total number of Deferred Shares ultimately issued may vary from zero (at a minimum) to 11.3 million (at a maximum) Shares.

<b>Company’s set-off right</b>	<p>Most (if not all) of the Deferred Shares will be issued shortly after the second anniversary of Completion (i.e. 30 September 2023) (<b>Issue Date</b>). However, the Company has a “set off right” against the Deferred Shares, which entitles the Company to reduce the number of Deferred Shares by such number of shares as has a value equal to the relevant liability (applying an agreed issue price of \$0.52 per Share) if the Company:</p> <ul style="list-style-type: none"> <li>• makes a warranty or indemnity claim under the agreement for the acquisition of Potential(x) (whether that claim has been settled or remains unsettled); or</li> <li>• incurs any costs or expenses on behalf of the Potential(x) Shareholders after Completion,</li> </ul> <p><b>(Set-off Right).</b></p> <p>The warranties and indemnities given are customary warranties and indemnities for a private treaty transaction of this nature.</p> <p>If the Company has exercised its Set-off Right in respect of an unsettled warranty or indemnity claim, and that claim is subsequently settled in favour of the Potential(x) Shareholders such that</p>
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no payment is due to the Company, the Company must issue the Shares that it previously deducted in respect of such claim.

**Reorganisation** If there is a reorganisation (including a consolidation or sub-division, but excluding a return of capital) of the issued capital of the Company, the rights of the P(x) Shareholders to be issued Deferred Shares will be varied (as appropriate) in accordance with the ASX Listing Rules which apply to reorganisation of capital at the time of the reorganisation.

**Takeover provision** If the issue of the Deferred Shares will result in any P(x) Shareholder or its Associates (as defined in section 12 of the Corporations Act) being in contravention of section 606(1) of the Corporations Act then the issue of each Deferred Share that would cause the contravention will be deferred until such time or times thereafter that the Company determines will not result in a contravention of section 606(1).

**Acceleration on change of control** If:

- a takeover bid under Chapter 6 of the Corporations Act is made in respect of the Company and the bidder and its Associates obtain a relevant interest in at least 90% of the Shares on issue and any defeating conditions have been satisfied or waived; or
- a Court grants orders approving a scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which a bidder and its Associates will have a relevant interest in 100% of the Shares on issue after the scheme is implemented,

then the Company must issue all outstanding Deferred Shares to the Potential(x) Shareholders (less any Shares in respect of which the Company is entitled to exercise its Set-Off Right, other than in respect of unsettled claims). The above only applies if the bidder and its associates do not control Beamtree prior to Completion.

### 3. Rights, and liabilities attaching to the Performance Shares

In short, a Performance Share confers no substantive rights on the holder, other than limited information rights and the right to be issued a Share (on a 1 Performance Share = 1 Share basis) if and when the Vesting Condition (described in the table below) is met. The following table below summarises the key terms of the Performance Shares. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities attaching to the Performance Shares.

<b>Vesting Condition</b>	<p>The vesting condition will be satisfied if:</p> <ul style="list-style-type: none"> <li>(i) the gross annual revenue of Potential(x) and its subsidiaries (<b>P(x) Group</b>) for FY22 (<b>P(x) Gross Revenue</b>) is equal to or exceeds \$7,794,241, as derived from the Management Accounts for the Group for the 12 months to 30 June 2022; and</li> <li>(ii) the pro forma gross annual revenue of the Company (including the P(x) Group) for FY22 (<b>Pro Forma Group Revenue</b>) is equal to or exceeds \$20,965,167. The Pro Forma Group Revenue will be calculated as: <ul style="list-style-type: none"> <li>a. the gross annual revenue of the Company and its subsidiaries as reported in the audited consolidated financial statements for FY22; and</li> <li>b. the gross revenue of the P(x) Group for the period from 1 July 2021 to the date of Completion as reported in the Completion Accounts.</li> </ul> </li> </ul> <p>After Beamtree's audited consolidated financial statements for FY22 are released to ASX, Beamtree will instruct its external auditor to confirm in writing the amount of the P(x) Gross Revenue and the Pro Forma Gross Revenue.</p>
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<b>Expiry and conversion</b>	<p>The Performances Shares will expire on the date when Beamtree provides notice of whether the Vesting Condition has been met to the representative of the Potential(x) Shareholders (which notice must be provided promptly after receipt of the auditor's confirmation).</p> <p>If the Vesting Condition is satisfied, then each Performance Share will convert into one Share on the Expiry Date.</p> <p>If the Vesting Condition is not satisfied, then all of the Performance Shares will expire and cease to be capable of conversion.</p>
<b>Deemed vesting on change of control</b>	<p>The Vesting Condition will be deemed to be satisfied if, prior to the Expiry Date:</p> <ul style="list-style-type: none"> <li>• a takeover bid under Chapter 6 of the Corporations Act is made in respect of the Company and the bidder and its Associates obtain a relevant interest in more than 50% of the Shares on issue and any defeating conditions have been satisfied or waived; or</li> <li>• a Court grants orders approving a scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which a bidder and its Associates will have a relevant interest in more than 50% of the Shares on issue after the scheme is implemented.</li> </ul> <p>The above only applies if the bidder and its Associates do not control Beamtree prior to the issue of the Performance Shares.</p>
<b>General meetings</b>	<p>Each Performance Share confers on a holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders of the Company. A holder has the right to attend general meetings of shareholders of the Company.</p>
<b>No voting rights</b>	<p>The Performance Shares do not entitle a holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.</p>
<b>No dividend rights</b>	<p>A Performance Share does not entitle a Holder to participate in the surplus profits or assets of Beamtree upon winding up of Beamtree.</p>
<b>No right to surplus profits or assets</b>	<p>A Performance Share does not entitle a Holder to a return of capital, whether upon winding up of Beamtree, upon a reduction of capital or otherwise.</p>
<b>Not transferable</b>	<p>The Performance Shares are not transferable.</p>
<b>No entitlement to new issues</b>	<p>A Performance Share does not entitle a Holder to participate in new issues of capital offered to shareholders of Beamtree, such as bonus issues and entitlement issues.</p>
<b>No other rights</b>	<p>A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.</p>
<b>Reorganisation</b>	<p>If there is a reorganisation (including a consolidation or sub-division, but excluding a return of capital) of the issued capital of the Company, the rights of a holder will be varied (as appropriate) in accordance with the ASX Listing Rules which apply at the time of the reorganisation.</p>

<b>Takeover provision</b>	If the vesting of the Performance Shares will result in any P(x) Shareholder or its Associates (as defined in section 12 of the Corporations Act) being in contravention of section 606(1) of the Corporations Act then the issue of each Share on vesting of a Performance Share that would cause the contravention will be deferred until such time or times thereafter that the Company determines will not result in a contravention of section 606(1).
<b>No quotation</b>	The Performance Shares will not be quoted on ASX. The Company may apply to ASX for official quotation of the fully paid ordinary shares issued upon the conversion of each Performance Share within the time period required by the ASX Listing Rules.
<b>Amendment of terms</b>	The terms of the Performance Shares must not be changed except pursuant to an ordinary resolution of Beamtree ordinary shareholders at a general meeting of Beamtree or as ASX otherwise permits in writing.

#### 4. Rights and liabilities attaching to Shares issued on vesting of the Performance Shares

If the Vesting Condition (as described in section 3 above) is met, an aggregate of 6,000,000 Shares will be issued to the holders of the Performance Shares (on a 1 Performance Share = 1 Share basis) and the Performance Shares will be cancelled. This is referred to in this notice as the “vesting” of the Performance Shares.

The Shares to be issued upon vesting of the Performance Shares will be Shares in the capital of the Company and will rank equally in all respects with existing quoted Shares in the capital of the Company.

The key rights and liabilities attaching to Shares (including any Shares that are issued on vesting of the Performance Shares) are summarised in Annexure A. Full details of the rights and liabilities attaching to Shares are set out in the Company’s constitution (Constitution), a copy of which can be downloaded from the announcements section for the Company on the ASX website, accessed directly via this [hyperlink](#) or inspected, free of charge, at the Company’s registered office during normal business hours.

The Company intends to apply to ASX for quotation of any Shares issued on vesting of the Performance Shares.

#### 5. Effect of the issue of the Deferred Shares and the Performance Shares on the Company

##### *Capital structure*

The table below sets out the capital structure of the Company:

- (a) immediately prior to Completion;
- (b) immediately following Completion;
- (c) on vesting of the Performance Shares; and
- (d) at the time of the issue of the Deferred Shares.

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This is intended to show the impact on the current capital structure of the Company and does not take into account any subsequent issues of Shares, options, performance rights or other securities in the Company.

	Immediately prior to Completion	Immediately following Completion	On vesting of Performance Shares (assuming vesting condition is met)	On issue of Deferred Shares
<b>Shares</b>	230,236,400*	242,936,400**	248,936,400***	248,936,400 (min) – 260,236,400 (max)****
<b>Unlisted options</b> (with variable expiry dates and exercise prices)	8,200,000	8,200,000	8,200,000	8,200,000
<b>Performance rights</b>	12,300,000	12,300,000	12,300,000	12,300,000
<b>Performance Shares</b>	Nil	6,000,000	Nil	Nil

\*Includes 34,031,279 Shares subject to escrow.

\*\* Includes 46,731,279 Shares subject to escrow.

\*\*\* Includes 14,325,000 Shares subject to escrow (certain shares on escrow prior to Completion will have been released from escrow, assuming vesting is not accelerated).

\*\*\*\* Assuming issue is not accelerated and occurs 24 months after Completion, no Shares will be subject to escrow.

*No control impact*

Immediately following Completion, the P(x) Shareholders will hold an aggregate relevant interest in the Company of 5.22% (all numbers in this section are rounded to two decimal points) as a result of the issue of the Completion Shares.

Depending on whether the Vesting Condition is satisfied and whether the Company exercises its Set-off Right in respect of the Deferred Shares, the P(x) Shareholders will ultimately hold an aggregate relevant interest in the Company of between:

- (a) 5.22% at a minimum, which assumes that the Vesting Condition is not satisfied and no Deferred Shares are issued (due to the Company exercising its Set-off Right); and
- (b) 11.53% at a maximum, which assumes that the Vesting Condition is satisfied and all Deferred Shares are issued.

This is based on the number of Shares in the Company that will be on issue immediately following Completion and does not take into account any future Share issues, which may dilute (or, if the P(x) Shareholders participate in the new issue) increase the P(x) Shareholders' aggregate relevant interest in the Company.

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*Assets and liabilities*

The issue of the Performance Shares and the agreement to issue the Deferred Shares form part of the consideration for the acquisition of Potential(x) (as described on the first page of this notice). Neither the Company's cash at bank nor its net asset position will change as a direct result of the issue of the Performance Shares or the agreement to issue the Deferred Shares, as no further funds were or will be received by the Company for the issue or agreement to issue these securities, and other miscellaneous costs incurred by the Company (such as legal and other related fees) in respect of the issue or agreement to issue these securities were not material. Further, the terms of the Performance Shares and the agreement to issue the Deferred Shares do not give rise to any liability that would be entered on a statement of financial position under the Corporations Act applicable accounting standards under the Corporations Act and generally accepted accounting principles and practices in Australia.

**6. Compliance with continuous disclosure obligations and copies of documents**

The Company is a disclosing entity as defined in section 111AC of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under the Corporations Act. These obligations include compliance with the requirements of the ASX Listing Rules and the Corporations Act concerning notification of information to the ASX.

As at the date of this notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
- (b) section 674 of the Corporations Act.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office. Copies of announcements made to the ASX by the Company may be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au).

The Company will provide a copy of any of the following documents free of charge, to any person on request during normal business hours:

- (a) the annual financial report of the Company for the financial year ended 30 June 2021 (**2021 Annual Financial Report**), being the most recent annual financial report of the Company lodged with ASIC; and
- (b) any continuous disclosure notices given by the Company after the lodgment of the 2021 Annual Financial Report and before the lodgment of this cleansing notice.

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A list of those continuous disclosure notices is set out in the table below:

Date	Announcement
30 September 2021	BMT and CALHN partner to pioneer AI for safer patient care
22 September 2021	Change of Director's Interest Notice
21 September 2021	Change of Director's Interest Notice
10 September 2021	Ceasing to be a substantial holder
10 September 2021	Change of Director's Interest Notice
7 September 2021	Appendix 3H (Notification of cessation of securities)
7 September 2021	Change of Director's Interest Notice
7 September 2021	Change of Director's Interest Notice
2 September 2021	Cleansing Notice
2 September 2021	Appendix 2A
1 September 2021	Ceasing to be a substantial holder
31 August 2021	Appendix 2A
30 August 2021	Company Presentation and Asset Acquisition (Beamtree acquisition presentation)
30 August 2021	Appendix 3B (Proposed issue of securities) and Trading Halt Lifted
30 August 2021	Asset Acquisition (Beamtree to acquire Potential(x))
27 August 2021	Investment Webinar Notification
27 August 2021	Trading Halt
27 August 2021	Appendix 4G and Corporate Governance Statement
27 August 2021	Investor Presentation Financial Year 2021
27 August 2021	Preliminary Final Report
27 August 2021	2021 Annual Report
27 August 2021	Preliminary Final Report

## 7. Information excluded from continuous disclosure notices

As at the date of this cleansing notice, the Company is not aware of any other information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities attaching to the Completion Shares, the Performance Shares (or the Shares to be issued on vesting of the Performance Shares) or the Deferred Shares.

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Authorised for the release by the Board of Directors of Beamtree Holdings Limited.

For further information please contact:

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## About Beamtree

Beamtree (formerly PKS Holdings) is an Australian pioneer that works with health organisations around the world to better capture, manage and leverage human expertise. At Beamtree we make it simple for healthcare providers to access quality information, automate wherever possible and make informed decisions. Our products enable healthcare organisations to use data and insights in a continuous cycle of learning and improvement, driving quality, safety and efficiency:

- Automated clinical record coding and classification services that are the Australian standard for improving the quality of clinical data and now used internationally to support clinical outcomes and financial efficiency;
- Real time data analytic and benchmarking applications which have proven impact on reducing adverse clinical events and support best value health care;
- AI clinical decision support which automates clinical expertise to minimise data errors and provide real analysis and interpretation in more than 150 locations around the world.

## Annexure A

### Key rights and liabilities attaching to the Company's ordinary shares

A summary of the key rights and liabilities attaching to ordinary shares in the Company is set out below. This summary is qualified by the full terms of the Constitution and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek independent legal advice.

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#### Voting

At a general meeting of the Company, on a show of hands every Shareholder present has one vote. At the taking of a poll, every Shareholder present and whose shares are fully paid has one vote for each of his or her shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

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#### General meetings

Each Shareholder entitled to vote at a general meeting of the Company is entitled to receive notice of any such meeting and to receive all financial statements as required by the Corporations Act or the ASX Listing Rules.

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#### Dividends

Subject to and in accordance with the Corporations Act and the ASX Listing Rules, the directors may determine that a dividend is payable on all Shares (in proportion to the amount paid). Unless otherwise specified in the resolution determining the dividend, all dividends are payable to members on the register on the day the resolution declaring the dividend is passed or on the date fixed for payment, as applicable. The directors may set aside out of the profits any amounts that they determine as reserves. Except as permitted by the Corporations Act and the Listing Rules, the directors may direct payment of the dividend to be made wholly or in part by the distribution of specific assets or documents of title, or to particular shareholders wholly or partly out of any particular fund or reserve or out of profits derived from any particular source.

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#### Transfer of shares

Generally, all shares in the Company are freely transferable, subject to the Constitution, and to the provisions of the Corporations Act, the ASX Settlement Operating Rules and the ASX Listing Rules. The Company may decline to register any transfer of shares (other than an ASX Settlement Transfer) where the Listing Rules permit the Company to do so, the Listing Rules require the Company to do so, or the transfer is a transfer of Restricted Securities which is or might be in breach of the Listing Rules or any escrow agreement entered into by the Company in relation to such Restricted Securities pursuant to the Listing Rules. If the Company declines to register a transfer, the Company must give notice of the refusal as required by the Constitution.

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#### Variation of rights

The Company may only vary the rights attaching to any shares by a special resolution of the Company, and with the written consent of the holders of 75% of the votes in the class or, if authorised by a special resolution passed at a meeting of the holders of shares of the class.

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## Directors

The minimum number of directors is three and the maximum is nine. Currently, there are six directors. Directors must retire on a rotational basis so that one-third of directors must retire at each annual general meeting. Any other director who has been in office for three or more years must also retire, except a managing director. A retiring director is eligible for re-election. The directors may appoint a director either in addition to existing directors or to fill a casual vacancy, who then holds office until the termination of the next annual general meeting.

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## Decisions of directors

Questions arising at a meeting of directors are decided by a majority of votes. The Chairman has a second or casting vote if necessary.

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## Issue of further securities

Subject to the Corporations Act, the ASX Listing Rules and the Constitution:

- the issue of securities in the Company is under the control of the directors; and
- any preference shares may be issued on the terms that they are, or at the option of the Company are, liable to be redeemed.

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## Officers' indemnity

To the extent permitted by the Corporations Act, the Company may indemnify every person who is or has been an officer of the Company and, where the directors consider it appropriate to do so, any person who is or has been an officer of a related body corporate of the Company, against any liability incurred by that person in his or her capacity as an officer of the Company or of the related body corporate, provided that liability does not arise in respect of conduct involving a lack of good faith on the part of the officer.

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## Alteration to the Constitution

The Corporations Act provides that the Constitution can only be amended by a special resolution passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution. At least 15 business days' notice of the intention to propose the special resolution must be given.

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## ASX Listing Rules prevail

To the extent that there are any inconsistencies between the Constitution and the ASX Listing Rules, the ASX Listing Rules prevail.