

Beamtree Holdings Limited (ASX: BMT) ASX Announcement

Sydney, 27 April 2023

Q3 FY23 results: Strong organic revenue growth

Beamtree Holdings Limited (“Beamtree” or “the Company”) (ASX: BMT), a leading provider of AI decision support and data insights solutions to the healthcare industry, is pleased to publish trading highlights for the nine months ending 31 March 2023 (“Q3 FY23”).

Q3 FY23 Trading Highlights:

Beamtree continued to deliver reported revenue growth of +51%¹ versus the prior corresponding period (‘pcp’), strong organic revenue growth of +24%, and an operating profit improvement of +25% pcp driven by the success of contract wins both in Australia and internationally. The third quarter delivered several notable wins, particularly in international markets, underlining confidence in the growth strategy of the business including:

Diagnostic Technology (RippleDown®) – Q3 Highlights

1. Abbott partnership continues to deliver to expectations with three new RippleDown® licenses in Q3 bringing the total to eleven new Tier 1₂ licenses (smaller licenses at US\$32k p.a.) since the partnership renewal in December 2022, an increase of 40% in the current year. Total licenses are 38 (27 original +11 in FY23), currently generating ~\$1m p.a. in recurring revenue.
2. The larger Abbott co-sales (‘Tier 2’) partnership pipeline continues to mature following the first co-sale license completed with Western Diagnostics Pathology, a Healius Company. Management expects a second co-sale license to be signed in Q4 FY23 with further wins to follow into FY24. Importantly as the Tier 1 renewals occur, a number are expected to convert to higher value Tier 2 customers.
3. Following an offline trial, Beamtree has been awarded an implementation of RippleDown® into the Coventry and Warwickshire NHS trust for an initial period of six months. This is expected to pave the way for a wider rollout of RippleDown® across the NHS in England.

¹ PotentialX was acquired October 2021

² Refer Abbott partnership pricing announcement, 16 December 2022

AI Clinical Decision Support (Ainsoff Deterioration Index “ADI”) – Q3 Highlights

4. Paid ADI trials were contracted with Milton Keynes University Hospital during Q3 with another NHS Trust expected to commence in Q4 FY23.
5. A second stage funded trial has now been installed in a large Asia Pacific Hospital Authority following the offline analysis of 50,000 patients in Q1. This trial involves integration with the hospital’s IT systems.

Coding Integrity and Data Integrity – Q3 Highlights

6. Commencement of a \$1m Saudi Arabia Health Information Management (HIM) project with our Saudi Arabian partner, Lean. This project will be completed through the remainder of calendar year 2023.
 - The Saudi HIM project follows Beamtree’s data audit project (circa \$2m contract) which was completed in FY22.
 - Beamtree has also begun a pre-procurement discussion for a future PICQ® subscription with the Saudi government. This is expected to be implemented in FY24 and is subject to contract.
7. Awarded preferred solution provider to audit coding data integrity for a large customer in a new international market for Beamtree. The indicative contract value is ~\$0.5m and is subject to final contractual terms.
8. Renewal of Beamtree’s contract with the Health Service Executive in Ireland (our largest PICQ® customer) for coding, data & quality tool PICQ®. Renewal included an upgrade to PICQ® 8, our latest version of the product which support financial optimisation of health systems. Terms confidential.

Health RoundTable – Q3 Highlights

9. Significant Australian hospital group joins the Health Roundtable during Q3. (\$400k p.a.)
10. 8-year contract term agreed with Health Roundtable, our largest customer, including investment into the Health Roundtable technology platform of \$1M.

FY23 Outlook

Overall, Beamtree continues to deliver attractive organic revenue growth of +24% in the nine months to 31 March 2023 whilst carefully managing its cost base. Operating costs have grown by around 10% year on an organic basis with the increase driven by investment in developing our products such as the AI driven ADI and our AI Diagnostics product RippleDown® plus investment in expanding our sales internationally. This investment has been made to ensure we enter FY24 in a strong position to deliver on our international growth strategy.

The Company expects full year organic revenue growth in FY23 to be similar to the growth experienced in the first nine months of the financial year with ongoing focus on cost management resulting in continuous improvement in profitability in the second half versus the first half of FY23. At the same time the company continues to invest with a view on delivering on its international growth strategy.

The following summary shows a pleasing continuation of progress across the three quarters from all four divisions of Beamtree.

Diagnostic Technology (RippleDown® software solution sold to pathology clients worldwide):

Q1 Highlights:

11. +29% revenue growth delivered in Q1 FY23 driven by new international contracts.
12. Ongoing pilot program with Coventry and Warwickshire pathology network with the aim of future expansion of this agreement happening in FY23.

Q2 Highlights:

13. Revenue growth was 39% in 1H FY23 vs. 1H FY22, driven by new international contracts.
14. Increased pipeline of direct and partner opportunities with the continuous growth of the international interest for RippleDown®.
15. Entered a new strategic distribution agreement with Abbott for RippleDown® product for three years with an option to extend for years four and five, which further solidifies Beamtree's international growth and ambition with strong outlook for revenue growth.

Q3 Highlights:

16. Revenue growth was 49% year on year driven by the additional revenue from the Abbott partnership and continued impact of large contract signed at the end of FY22.
17. Implementation of RippleDown® trial with Coventry and Warwickshire Pathology Network for another 6 months agreed.
18. Further investment of management time into the relationship with Abbott aimed at closing larger customer co-sales (Tier 2) pipeline into FY24.
19. Further progress in expanding use of RippleDown® in the Healius Group following implementation in Western Diagnostics Pathology earlier in FY23.

Clinical Decision Support (including the Ainsoff Deterioration Index™, “ADI”, an AI software solution sold to hospital clients)

Q1 Highlights:

20. ADI now operational in two hospitals in Australia.
21. Pilot programs ongoing in three other hospitals.
22. An offline analysis of 50,000 patients validated the superiority of ADI in comparison to existing standard early warning tools in predicting deterioration of patients up to 24 hours before acute deterioration occurs.

Q2 Highlights:

23. Growth in revenue for CDS was driven by revenue from pilot programs in hospitals in Australia and internationally.
24. The ADI solution is currently being trialled in three hospitals and is live in two other hospitals with a strong pipeline of sales opportunities & procurement progress.
25. Signed a memorandum of understanding with Milton Keynes University Hospital (MKUH) of the UK to create a centre of excellence that will promote the use of automation as a means to overcome many of the challenges currently faced by the UK NHS. The Trust is tasked to trial Beamtree’s AI products and implement where they believe these will make a significant impact and assist Beamtree to sell its products across the whole of the NHS.

Q3 Highlights:

26. Ongoing investment in the ADI product upgrade to deliver an easy to integrate and easy to use product.
27. Trial now installed in a large Asia Pacific Hospital Authority following the offline analysis of 50,000 patients in Q1. Trial involves integration with hospital’s IT systems.
28. ADI trial implementation commenced at Milton Keynes University Hospital.
29. Pipeline of potential prospects for ADI continues to grow in the NHS and other international markets.

Coding Assistance and Data Quality (“Coding”) (Products sold to Hospital customers such as PICQ®, RISQ™)

Q1 Highlights:

30. +11% revenue growth delivered in Q1 FY23 with strong renewals and price growth.
31. Large opportunities in the Middle East and Asia for PICQ® are being pursued.

Q2 Highlights:

32. Revenue growth is +10% in 1H FY23 vs. 1H FY22 with strong renewals and price growth across our two core data quality products, PICQ® and RISQ™.
33. Strategic partnership with Kingdom of Saudi Arabia with partnership with Lean Business Services.
34. Focus on developing the international sales pipeline, which is the largest across the company and has the target of closing opportunities in 2023.

Q3 Highlights:

35. Revenue growth for Q3 year to date was ~10% with continued strong renewals and commencement of pricing uplift to existing customers.
36. Award of health information management strategy contract in the Kingdom of Saudi Arabia (KSA) alongside our partner Lean. This contract is expected to help Beamtree continue to build its presence and reputation in a new core market with the aim of providing PICQ® to improve the data quality in the KSA healthcare system.
37. Further investment in progress in developing coding related opportunities in the UK, North America and Singapore.

Analytics & Knowledge Networks (“Analytics”) (includes Health Roundtable contract)

Q1 Highlights:

38. Acquisition of Potential(x) in October 2021.
39. +10% revenue growth on a like for like basis, driven by a strong renewal and growth rate in the Health Roundtable activities and wellbeing program sales.

Q2 Highlights:

40. Revenue growth is +10% in 1H FY23 vs. 1H FY22. Analytics & Knowledge Network represents around 45% of the Group’s total revenue.
41. New contractual terms with Health Roundtable, for a new long-term contract to Jul 2031 and a \$1m revenue project to modernise the data platform used to deliver Health Roundtable services.

Q3 Highlights:

42. Revenue growth continues at +10% in Q3 year on year driven by strong renewals.
43. Continued investment in developing a new 3-year strategy for our key customer, Health Roundtable based on investment in a new data platform infrastructure and enhanced member services.

-ENDS-

Authorised for release by the Chairman of the Board.

For further information, please email investor@beamtree.com.au

About Beamtree

A leading provider of AI decision support and data insights solutions, Beamtree supports healthcare providers globally. They believe in creating a better future for health by turning data into insights and action through automation. They help solve real-world problems in healthcare by developing smart tools that aim to improve patient outcomes. Their solutions and services offer customers an unrivalled range of analytics across four key product segments:

- **Diagnostic Technology:** Enabling the effective delivery of diagnostic services as they underpin the future of health and personalised medicine.
- **Clinical Decision Support:** Combining human and artificial expertise together to enhance decisions that improve care, value and experience.
- **Coding Assistance and Data Quality:** Digitising and automating workflows with data, classification, coding & technical expertise to improve information standardisation, quality and timeliness.
- **Analytics and Knowledge Networks:** Combining data analytics solutions with peer-to-peer alliances that accelerate innovation and knowledge diffusion.

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