

Sydney, 27 July 2023

FY23 Results, Strong Momentum

Beamtree Holdings Limited (“Beamtree” or “the Company”) (ASX:BMT), a leading provider of AI decision support and data insights solutions for the health care sector, is pleased to release an unaudited financial summary for the financial year ending 30 June 2023 (“FY23”) and a fourth quarter (“Q4”) trading update for FY23.

Unaudited Financial Summary for FY23

The table below summarises the unaudited financial results for the operations of Beamtree Holdings Limited and all its subsidiaries (together “Beamtree” or “the Company”) for the 12 months to 30 June 2023.

\$m	FY23	FY22	Change
Annual Recurring Revenue at period end	22.8	18.2	25%
Revenue	22.8	16.5	38%
Operating expenses	(24.2)	(20.6)	18%
Operating profit/ (loss)	(1.4)	(4.0)	64%
Non-operating income (expenses)	0.2	1.7	(88%)
Reported EBITDA	(1.2)	(2.3)	47%
Operating cashflow	0.5	(2.3)	+2.8m
Cash at 30 June	8.8	6.4	38%

Note:

1. Operating profit/loss is revenue less operating expenses (including property lease costs) and excludes FX gains or losses, share based payments and any non-operating expenses including restructuring, transaction costs and fair value adjustments which are treated as non-operating expenses.
2. FY22 includes 9 months of contribution from the Potential(x) acquisition which completed on 30 September 2021.

Beamtree has delivered a strong set of financials results in FY23 with a 38% increase in reported revenue with recurring revenue increasing 43% year on year to \$22m. Reported recurring revenue is now more than 95% of total revenue with renewal rates for software licences running at more than 95%.

The increase in revenue is driven by the Company's international expansion as well as strong growth in the domestic Australian market. Excluding the impact of acquisitions, the underlying recurring revenue growth rate was 24.5% for FY23. Quarterly highlights on new customer contracts across all four product divisions are summarised below.

The material reduction in the operating loss of the Company has been driven by the 38% increase in revenue and by the focus on cost management throughout the year with operating expenses increasing 18% year on year or 7% excluding the impact of acquisitions. Strong cost management is an ongoing focus going into the next financial year.

The Board and Management continue to focus on the pathway to continued profitable growth, cashflow generation and EPS accretion via both prudent cost control, price increases where appropriate and new customer wins. Across all divisions, substantial progress has been delivered and sets up a positive outlook for FY24.

FY23 Trading and Operational Highlights

- 25% growth in annual recurring revenue in FY23.
- International customers added in FY23 including material wins in Saudi Arabia, Canada, Asia and the United Kingdom.
- Domestically, Beamtree has secured important new material contract wins with Gold Coast Hospital and Health Service, and the Central and North Adelaide Local Health Networks to name a few.
- Renewal rates for all our products continue to be in excess of 95%.
- Cost growth, excluding the impact of FY22 acquisitions, was 7% with management focused on cost management as well as improving the overall capability of the team within the cost budget.

Divisional highlights include:

- **Diagnostics** – Indirect sales: New global distribution contract with Abbott signed in December 2022 with ~40% increase in new licenses issued in FY23 compared to those licences issued over the previous six years. Abbott also signed the first large sale co-sale revenue share agreement with Beamtree in FY23 and remains focussed on an encouraging pipeline moving into FY24 in Europe, Middle East and more recently North America. Abbott has now integrated RippleDown into its product suite.
- **Diagnostics** – Direct sales: RippleDown® sales momentum continues. Material renewal contracts signed in FY23 with a strong direct pipeline now in place with the team dedicated to execution and procurement opportunities. Overall Diagnostics grew its revenue in FY23 by 43% year on year.

- **Clinical Decision Support:** The Ainsoff Deterioration Index™, a Beamtree AI technology product is now live in hospitals in New South Wales and South Australia and being trialled in Queensland. Internationally, trials and procurement negotiations have commenced with customers in the Asia Pacific, NHS Trusts in the United Kingdom and the Middle East. Noteworthy was the significance of the published paper on ADI in a leading academic journal, Resuscitation, confirming significant impact on reduced adverse events and hospital length of stay. Clinical Decision Support's revenue growth for FY23 was 34%.
- **Coding Assistance & Data Quality Solutions ("Coding"):** Secured a second material Health Information Management (HIM) contract in Saudi Arabia as Beamtree continues to develop its presence in this core market. Beamtree also secured its first ever contract in Canada to audit the coding data quality for a number of hospitals in British Columbia with the project commencing in June 2023. This follows similar lead generation contracts delivered in the past in Australia, Ireland, Saudi Arabia and Singapore, which is aimed at the follow-on sale and deployment of various Beamtree software licensed solutions such as PICQ®. Revenue growth for FY23 for Coding was 9%.
- **Analytics & Knowledge Network Solutions:** During FY23 the Company agreed revised terms with the Board of Health Roundtable to invest more than \$1m in new digital infrastructure to support transformation of analytic services for members. The contract with Health Roundtable, our largest customer, is now in place until July 2031. Revenue growth for this segment was 23% for FY23 compared to FY22.

Q4 FY23 Trading Highlights

- **Saudi Arabia** – Formal public announcement that Beamtree has won the contract with the Centre for National Health Insurance, an agency of the Ministry of Health, to develop the national Health Information Governance Strategy (Total Contract Value ~\$1m) in partnership with Lean Business Services. This is a key strategic priority for the Saudi government. Beamtree and Lean also completed pre-procurement process for a tender for implementation of coding audit technology with the Ministry of Health and is participating in a range of other government tenders for data quality services.
- **Canada** – Beamtree announced its first contract in North America (TCV \$0.5m) to audit coding in public hospitals in British Columbia, Canada as a potential precursor to implementation of its coding technology (PICQ®). This first contract also potentially opens the way to expansion across Canada.
- **Abbott** – Abbott and Beamtree prepare for launch of RippleDown® into the US in Q1 FY24 along with continued pipeline development in Europe, Middle East and Latin America.
- **South Africa** – Successful implementation of RippleDown® with large client in South Africa.
- **United Kingdom** – Trials of computer assisted coding and ADI continue with three leading NHS Hospital Trusts. Encouraging pipeline development across all our products particularly around the opportunity to undertake a coding audit using PICQ® with an Integrated Care Board in the NHS in England.

- **Ireland** – Republic of Ireland extends its country wide PICQ® contract until 2024.
- **Australia/ New Zealand** – Beamtree agreed a partnership agreement with Gold Coast Hospital and Health Service to implement the Ainsoff Deterioration Index™ – the third major health service in Australia to do so. RippleDown® was implemented in our newest client site Western Diagnostics Pathology (Perth) part of the Healius group. In addition to these notable new contracts, we secured +95% renewal rate for our coding products despite material product price rise (+20%) being implemented in Q4 FY23.

The following summary shows a pleasing continuation of progress across all four divisions of Beamtree.

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

Q1 Highlights:

1. +29% revenue growth delivered in Q1 FY23 driven by new international contracts.
2. Ongoing pilot program with Coventry and Warwickshire Pathology Services network with the aim of future expansion of this agreement happening in FY23.

Q2 Highlights:

3. Revenue growth was 39% in 1H FY23 vs. 1H FY22, driven by new international contracts.
4. Increased pipeline of direct and partner opportunities with the continuous growth of the international interest for RippleDown®.
5. 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.
6. Western Diagnostics Pathology (part of the Healius group) goes live with RippleDown®.

Q3 Highlights:

7. Revenue growth was 49% year on year driven by the additional revenue from the Abbott partnership and continued impact of contracts signed at the end of FY22.
8. Implementation of RippleDown® trial with Coventry and Warwickshire Pathology Services for another 6 months agreed.
9. Further investment of management time into the relationship with Abbott aimed at closing larger customer co-sales (Tier 2) pipeline into FY24.

Q4 Highlights:

10. Eight of the 11 new licenses secured through Abbott in the second half of FY24 go live.
11. Management focus on co-sales (Tier 2) pipeline development in Europe, Middle East, Asia Pacific and Latin America. Initial offline analysis agreed with three major Abbott laboratory clients.
12. Preparations for launch of RippleDown® by Abbott in the United States in Q1 FY24
13. RippleDown® now live with client in South Africa
14. Ongoing investment in RippleDown® work has commenced to add machine learning for automated rules prompts to existing AI capabilities.

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

Q1 Highlights:

15. ADI now operational in two hospitals in Australia.
16. Pilot programs ongoing in three other hospitals.
17. 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:

18. Growth in revenue for CDS was driven by revenue from pilot programs in hospitals in Australia and internationally.
19. Signed a memorandum of understanding with Milton Keynes University Hospital (MKUH) NHS Foundation Trust of the United Kingdom 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 NHS in the United Kingdom. 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:

20. Ongoing investment in the ADI product upgrade to deliver an easy to integrate and easy to use product.
21. 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.
22. ADI trial implementation commenced at Milton Keynes University Hospital NHS Foundation Trust.
23. Pipeline of potential prospects for ADI continues to grow in the NHS and other international markets.

Q4 Highlights:

24. Gold Coast Hospital and Health agree to innovation partnership.
25. Peer-reviewed paper published in international journal 'Resuscitation' which confirms that in a ten-month trial of ADI in Sydney hospital major adverse events and length of stay were materially reduced because of advance warning of deterioration.
26. Agreement with Asia-Pacific Hospital Authority to move to procurement of ADI.
27. Development of new dashboard visualisations mean ADI can support whole of hospital critical care and resource management – this is stimulating pipeline development in all our key markets.

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

Q1 Highlights:

28. +11% revenue growth delivered in Q1 FY23 with strong renewals and price growth.
29. Large opportunities in the Middle East and Asia for PICQ® are being pursued.

Q2 Highlights:

30. 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™.
31. Strategic partnership with Kingdom of Saudi Arabia with partnership with Lean Business Services.
32. 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:

33. Revenue growth for Q3 year to date was ~10% with continued strong renewals and commencement of pricing uplift to existing customers.
34. 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.
35. Further investment in progress in developing coding related opportunities in the United Kingdom, North America and Singapore.

Q4 Highlights

36. Formal announcement of new contract win in Saudi Arabia with the Center for National Health Insurance to develop national Health Information Strategy. Implementation underway.
37. Successful completion of pre-procurement process for national tender for coding audit technology in the Middle East.
38. First contract announced in North America with Provincial Health Services Authority (PHSA) to complete a coding quality review and provide education and training services for the health information manager and coder teams for several hospitals in British Columbia, Canada as a baseline to support plans for automation of clinical record coding audit in the future. This is our first major project in North America and was awarded via a public procurement.
39. Rolled out material price increases (+20%) across customers in ANZ with renewals at +95%

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

Q1 Highlights:

40. Acquisition of Potential(x) in October 2021.
41. +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:

42. Revenue growth is +10% in 1H FY23 vs. 1H FY22. Analytics & Knowledge Network represents around 45% of the Group’s total revenue.
43. 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:

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

Q4 Highlights:

46. First state government contract to provide analytic services.
47. Continued success in implementation of digital transformation program for Health Roundtable

Release of Annual Report

Beamtree will be publishing its Annual Report on 24th August 2023. A webinar will be held on the morning of results for investors to listen to a live update from management and with an opportunity for questions. Further details and a link to the webinar will be released shortly before the release date.

CEO of Beamtree, Tim Kelsey, commenting on the results, said, *“Beamtree has made great progress in building its international market presence – particular in Saudi Arabia, Canada and the United Kingdom as well as growing our business in Australia and New Zealand. We expect the strong rate of growth reported in FY23 to be maintained this year. Beamtree’s products meet vital client need, particularly as health systems respond to the pressures of workforce capacity and financial constraint – automation technologies to improve productivity and reduce waste are key.”*

Outlook

Beamtree is well placed going into FY24. The Q4 result saw recurring revenue growth of +\$1.5m which was ahead of internal forecast with Q4, which traditionally is our strongest quarter, delivering a break-even operating profit result.

July 2023 has started strongly with strong revenue from recurring licensing contracts and staged milestones delivered for some of the lead generation projects such as in the Middle East. The board and management are confident with the significant wins achieved throughout FY23 that the trend of growth and profitability will continue for the FY24 year. A further update will be made at the time of the AGM on 21 November 2023.

-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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