Beamtree®

Beamtree Holdings Limited (ASX: BMT)

ASX Announcement

Sydney, Australia – 24 August 2023

FY23 Audited Financial Highlights

Beamtree Holdings Limited ("**Beamtree**" or "**the Company**") (ASX: BMT), a leading provider of AI decision support and data insights solutions, is pleased to publish the audited financial results and operational highlights for the 12 months ending 30 June 2023 ("FY23").

FY23 Financial Highlights

The table below summarises the audited financial results for the consolidated operations of Beamtree Holdings Limited for the 12 months to 30 June 2023.

	FY23 $M	FY22 (2) $M	Variance %
Licence, subscriptions and usage fees	21.6	14.2	51%
Consulting & other service fees	1.2	2.3	(48%)
Total Revenue	22.8	16.5	**38%**
Total Operating Expenses	(24.2)	(20.6)	18%
Operating Profit (1)	(1.4)	(4.0)	**(64%)**
Reported EBITDA	(1.2)	(2.3)	**(46%)**
Profit/(Loss) before Income Tax	(6.2)	(6.0)	**4%**
Income Tax Benefit/(Expense) (3)	(0.7)	1.5	(147%)
Profit/(Loss) after Income Tax	(6.9)	(4.4)	**55%**
Operating Cashflow	0.8	(2.3)	133%
Cash at Period End	8.8	6.4	**39%**

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) acqusition which completed on 30 September 2021.

(3) Income Tax Expense is the movement between Deferred Tax Asset and Deferred Tax Liability. Beamtree has not recognised any prior year losses to date.

The key financial highlights for FY23 are as follows:

- Annual recurring revenue (ARR) at the end of FY23 was $22.8M, a 25% year-on-year growth from $18.2M reported in FY22.
- Total group revenue rose 38% to $22.8M with revenue from recurring licensing, subscriptions, and usage fees of $21.6M, representing a 51% year-on-year growth from $14.2M in FY22.

Reported recurring revenue is now 95% of total revenue with renewal rates for software licenses exceeding 95%.

- Reported revenue from our international business was $7.3M in FY23, a 78% year-on-year growth from $4.1M reported in FY22.
- Operating expenses in FY23 grew by 18% to $24.2M from FY22 $20.6M or by 7% excluding the impact of acquisitions made in the first half of FY22.
- Operating loss for FY23 was $1.4M which is a 64% improvement from FY22 Operating loss of $4.0M. Driven by the strong revenue growth and the tempered cost growth during FY23.
- The cash balance at 30 June 2023 was $8.8M includes the proceeds of the $5M Capital Raise in May 23. The cash burn has been reduced throughout FY23 with operating cashflow delivering inflows of $0.8m compared to an operating cash outflow of $2.3m in FY22, a 133% improvement in operating cashflow.

Further detail can be found in the Annual Report.

FY23 Trading and Operational Highlights

Beamtree has delivered a strong set of financial results in FY23 with a 38% increase in reported revenue with recurring revenue increasing 51% year on year to $21.6M or 24% excluding the impact of acquisitions. Reported recurring revenue is now more than 95% of total revenue with renewal rates for software licences running at more than 95%. Approximately 52% of FY23 revenue growth was driven by the Company's international revenue following wins in a number of key markets including the Kingdom of Saudi Arabia, Canada and the United Kingdom.

For FY23, Beamtree continued to invest significantly into our core products (RippleDown®, Ainsoff Deterioration Index™, PICQ® and RISQ™) to provide quality and expert systems using machine learning and artificial intelligence. These investments, which totalled $2.5m in FY23, are aimed at supporting the competitive position of our products and international expansion.

Below are the key operational highlights across our four business areas:

Diagnostic Technology – Indirect sales via partnership with Abbott Laboratories Inc.:
- Dec 22 signed a new distribution partnership with Abbott.
  - Growing pipeline going into FY24.
  - Second co-sale (Tier 2 large licencing contract with revenue sharing economics) now agreed.
  - Significant tier 1 licence sales pipeline following 11 new tier 1 licences issued in FY23. Recent new sale in Mexico, August 23.
- Abbott recurring revenue doubled in FY23.

Diagnostic Technology – Direct sales:
- Q1 FY24, agreement to implement RippleDown® in Coventry & Warwickshire NHS Trust post pilot, providing a strong reference site in the United Kingdom.
- Supported the largest implementation of RippleDown® to date in South Africa and new large client in Australia.

![Beamtree]

- Pipeline growing in core markets (ANZ, United Kingdom, Canada, Europe) with several paid for offline analysis planned for 1H FY24.
- Diagnostic Technology grew its revenue in FY23 by 43% year on year.

Clinical Decision Support:
- Scientific endorsement of Beamtree AI in transforming patient safety
  - ADI research published in 'Resuscitation' journal confirming positive clinical and operational impact on adverse events and length of stay.
  - Publication coincides with improved management of deterioration emerging as global health priority.
  - Appointment of Beamtree AI professor at University of Sydney
- Sales momentum:
  - Australia – ADI technology implemented in South Australia and New South Wales.
  - Strategic partnership signed with Gold Coast with ADI targeted as first collaboration.
  - Asia Pacific – negotiating multi-hospital implementation.
  - United Kingdom – being implemented in two leading NHS hospitals.
- Clinical Decision Support's revenue growth for FY23 was 34%.

Coding Assistance & Data Quality Solutions ("Coding"):
- Audit & Advisory – lead generation toward product implementation
  - Saudi Arabia – awarded $1m health information management strategy contract alongside our partner Lean.
  - Saudi Arabia – tendering to 2 further significant audits in Saudi
  - Canada – awarded $0.5m contract to audit coding data for a group of hospitals in British Columbia
  - United Kingdom – ongoing negotiations around audit opportunities in NHS England
- Sales momentum:
  - Pre-procurement process for two national agency implementation of PICQ® in Middle East and Asia Pacific (following completion of audits)
  - Continued investment in international coding opportunities in core markets. Coding sales pipeline +$10m.
  - Implemented +20% price rise for PICQ® in Q4 (ANZ).
- Revenue growth for FY23 for Coding was ~10%.

Analytics & Knowledge Network Solutions:
- Sales momentum:
  - Revised contract with largest customer, Health Roundtable, to invest $2m in a new data platform and enhanced member services. Contract now in place to July 2031.
  - Continued new growth in Beamtree's analytics offering across ANZ.

- Growth focus
  - Aged Care
  - Disability and Mental Health
  - AI analytics
  - Consideration of international expansion
- Revenue growth for this segment was 23% for FY23 compared to FY22.

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.

Chair Rotation

Mike Hill has been the Chair of Beamtree for more than 4 years during a transformation period and strong track record of growth. Given this multi-year tenure, the Board has agreed to rotate the Chair role to Emma Gray after the Annual General Meeting in November 2023. Mike will remain on the board as a NED following the Chair rotation.

Emma Gray is an experienced global business executive with over 20 years' experience in operations, strategy and digital transformation specifically in the retail, consumer and banking sectors. Emma was with ANZ Banking Group for the last 5 years, most recently as Group Executive, Data and Automation having previously been its Chief Data Officer. Prior to joining ANZ, Emma was a Group Executive with Woolworths, where she focused on Loyalty, Data and Strategy. Prior to executive life, Emma was a partner with Bain & Company, where she specialised in the retail and consumer segments, working across Australia, the United States and the United Kingdom for 15 years.

Emma has an MBA from Harvard University and a BA in International Marketing and Languages (French and German) from Dublin City University.

Outlook for FY24

In relation to the new financial year the Company is targeting the following:

- Targeting FY24 organic revenue growth of +20%;
- Continued focus on cost management with cost growth % targeted to be lower than revenue growth %;
- Targeting to deliver a positive operating profit in FY24; and
- Divisional Growth:
  - **Diagnostic Technology:** Capitalise sales momentum on direct and indirect (Abbott) pipeline.

- **Clinical Decision Support:** Expand ANZ footprint and focus on sales momentum in international markets.
- **Coding Assistance & Data Quality:** Additional data quality audits leading to significant product sales.
- **Analytics & Knowledge Networks:** Upgrade data platform infrastructure and related services to drive growth.

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.

Management reaffirms the long-term outlook of delivering annual recurring revenue of $60m by 2026.

-ENDS-

Authorised for release by the Chairperson 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.