Beamtree

Beamtree Holdings Limited (ASX: BMT)
ASX Announcement

Sydney, February 14, 2024

Beamtree 1H FY24 results and trading update

Beamtree Holdings Limited ("**Beamtree**" or "**the Company**" or "the Group") (ASX: BMT), a leading provider of AI decision support and data insights solutions for the healthcare sector, is pleased to release a trading and operational update for the first half of the current financial year to 31 December 2023 ("1H" or "1H FY24").

1H FY24 Trading Highlights:

Beamtree continues to perform in line with previously disclosed FY24 outlook guidance driven by strong customer renewal rates at historical levels in excess of 95%, deepening our relationships with key partners Abbott Laboratories Inc and Lean in Saudi Arabia plus continued success in penetrating our core international markets, the United Kingdom ("UK"), Canada and Saudi Arabia. The Company's sales pipeline remains strong, supported by significant opportunities in core overseas markets, and provides a foundation for the goal of achieving $60m of ARR by the end of 2026.

Key highlights for 1H FY24 were:

- Group Revenue for 1H FY24 was +23% versus the prior corresponding period ("pcp");

- International revenue growth was 45% pcp with geographic expansion achieved in target markets in the UK, Canada and Saudi Arabia. We have, for example, doubled our footprint in the UK following four contract wins in 1H. International revenue now accounts for over one-third of the Company's total revenue;

- Significant pipeline wins and milestones achieved in 1H across all four core divisions (refer to segment highlights below);

- Annual recurring revenue ("ARR") at the end of 1H FY24 was $24.2m up 20% from $20.1m 1H FY23);

- Operating loss for the period was $0.5m versus $0.9m loss in 1H FY23, a 38% improvement during a period where Beamtree continues to invest in its international sales strategy. The Company continues to target a break-even position for FY24.

- Reported EBITDA loss for 1H FY24 was $0.8m versus a loss of $2.1m in 1H FY23.

- Strong cash position, ahead of budget, with $5.1m of cash at 31 December 2023. This excludes $1.0m from an international client of which $0.6m was received post 1H FY24 close.

1H FY24 Financial Highlights

The table below provides summarised financial information for 1H FY24.

	1H FY24 $000	1H FY23 $000	Variances %
Total revenue	**12,948**	**10,500**	**23%**
Total operating expenses	(13,494)	(11,379)	19%
Operating profit	**(546)**	**(879)**	**38%**
Reported EBITDA	(778)	(2,095)	63%
Cash at period end	**5,099**	**5,423**	**(6%)**
Annual recurring revenue at period end	24,190	20,133	20%

Key financial highlights for 1H FY24 included:

- Total group revenue of $12.9m in 1H FY24 represented a 23% growth versus the prior year. Revenue delivered from recurring licensing, subscription and usage fees was $10.8m in 1H FY24, representing ~11% growth year on year. Revenue from consulting and advisory activities, often a precursor to recurring revenue, was $2.1m versus $0.7m in 1H FY23, driven by engagement in two core international markets, Saudia Arabia and Canada.

- Reported revenue from our international business was $4.7m in 1H FY24, growing 45% compared with 1H FY23 driven by contract wins in core overseas markets.

- Annual recurring revenue (ARR) at the end of 1H FY24 was $24.2M, a $4.1m or 20% growth over the last 12 months.

- Operating expenses in 1H FY24 were $13.5m, which represented a 19% or $2.1m year-on-year growth. This expense growth has been mainly driven by increased employment costs of $1.3m or 16% aimed at enhancing the team's capabilities such as the appointment of a new Chief Growth Officer, a new Head of Data and Insights and a Cyber Security operations individual. Non-employment costs rose by $0.8m or 24% to support international growth and included new cyber software tools ($0.2m), higher cloud hosting costs ($0.2m, FX driven) increased insurance costs ($0.1m) and increased travel costs $0.25m.

FY24 Outlook Re-affirmed

Beamtree continues to target organic revenue growth of +20% for FY24 with the sales pipeline, particularly for international sales of our core products (RippleDown®, Ainsoff Deterioration Index™ and PICQ®), remaining strong for 2H FY24 and FY25. The Company expects full year revenue growth in FY24 to exceed 20% with the Company on target to deliver a positive operating profit in FY24.

Outlined below are key achievements in 1H FY24 across our four business segments including previously disclosed progress in Q1 FY24.

Diagnostic Technology *(The RippleDown® software application sold to pathology customers worldwide)*

Q1 Highlights

1. Our distribution partnership with Abbott Laboratories continues to build momentum with:

2. Three new licenses secured since the beginning of the new financial year in Greece, Mexico and Italy (Tier 1*);

3. A number of larger co-sales revenue share (Tier 2*) opportunities with Abbott. We have finalised procurement of a second revenue share license in Q1 FY24 and are on track to close more revenue share deals before the end of the calendar year;

4. Four existing Abbott licenses have also rolled over in Q1 onto the new pricing structure, one of which is likely to be a revenue share Tier 2 customer;

5. The Beamtree/Abbott partnership has also been engaged to undertake a number of additional offline analyses in South East Asia and Europe aiming to demonstrate the efficiency impact of using RippleDown® in a laboratory environment, which are expected to drive further revenue share licensing sales. Q1 also saw the first implementation of RippleDown® in India (licence sold in prior year).

6. Positive progress also continues for Beamtree direct RippleDown® sales, with a number of positive pipeline developments in Germany, Belgium and the UK for new RippleDown® sales.

7. A number of new software releases were made during the quarter to meet customer demand, including a site dashboard upgrade allowing customers to track value and activity through RippleDown®, a new API for RippleDown® to connect to local machine learning tools and integration with local active directory to automate reporting and communications internally.

8. Development of a new web version of RippleDown® continues and will be made available to customers early in 2H FY24, enabling customers to perform all RippleDown® functions remotely.

Q2 Highlights

9. Further progress made with our distribution partner, Abbott Laboratories:

    a. A second revenue–sharing co–sale licence sale was confirmed in Australia with St Vincent's Hospital Melbourne. This follows the co–sale contract win at Western Diagnostics in Western Australia in FY23.

    b. The first half saw a 100% renewal rate for existing Abbott licences including customers in the UK, Taiwan, Saudi Arabia and Colombia and a number of co–sales revenue share opportunities with Abbott are forecast for 2024.

10. Progress also continues for direct RippleDown® sales, with a number of positive pipeline developments including the first contract implementation in University Hospital Coventry and Warwickshire NHS Trust. We have a 100% RippleDown® direct client renewal rate and have agreed a new five–year contract with the Tasmanian government health service.

11. We have continued to enhance RippleDown® with multiple new features including new machine–learning features that empower intelligent rule–building, integration with Active Directory for single sign–on capabilities, and a new dashboard providing all customers real–time insights.

*Tier 1 licenses are US$32k pa and represent smaller laboratories and Tier 2 licenses are co–sales with revenue share pricing for contracted values of >$300k pa (refer ASX announcement Dec 2022)

Clinical Decision Support *(The Ainsoff Deterioration Index™ software application sold to hospital customers)*

Q1 Highlights

12. Beamtree continues to invest in its AI– based clinical decision support product – the Ainsoff Deterioration Index™ ("ADI") – a machine–learning tool used to predict the risk of patient deterioration in acute care. ADI is operational in hospitals in NSW and SA with programs ongoing in three other international hospitals.

13. During Q1, we agreed a new contract with Gold Coast Hospital and Health Service in Queensland to install ADI with the aim of acting as a reference site for the rest of Queensland.

14. In NSW, we are in discussions with a landmark Sydney hospital for an ADI trial.

15. Finalising contract terms for ADI rollout in H2 FY24 in a large Southeast Asian market.

Q2 Highlights

16. During Q2 we agreed with two new public hospitals in the UK to implement ADI – bringing the total number of participating providers in the UK to four. The focus for the next 12

months in the UK will be to implement and demonstrate the value of the ADI product as well as progress with the CE regulatory approval process.

17. During Q2, we continued to finalise contract arrangements for roll out in 2H FY24 in a large Southeast Asian market with approximately 20 hospitals.

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

Q1 Highlights

18. Revenue growth across our Coding segment grew via strong renewals and price growth across our two core data quality products, PICQ® and RISQ™ in our core domestic markets in Australia and New Zealand.

19. The sales pipeline for this segment is the largest across the company, with large opportunities in the Middle East and Asia for PICQ® which we aim to implement in FY24.

20. Beamtree and Lean, Saudi Arabia's leading health technology provider, have entered into a collaborative agreement to develop an innovative coding solution aimed at revolutionising the precision and efficiency of clinical record coding. This new platform leverages Beamtree's PICQ® and the parties will co-develop, operate, and resell the new solution globally. Anticipated for release in 2024, the forthcoming integrated coding platform will first be introduced in Saudi Arabia and the Gulf states, followed by expansion into global markets, such as Australia, the United Kingdom, and Canada.

Tim Kelsey, CEO of Beamtree said: "Beamtree and Lean share a vision to improve patient outcomes and the more effective use of data in health services. This investment marks the start of a new global commercial partnership between our companies as we expand together globally to deliver world-class technology to better support our customers."

Mohanned AlRasheed, CEO of Lean said: "Lean and Beamtree's working relationship continues to grow, and we are excited to bring our product offerings now together globally. This partnership will bring new technology to health institutions and health care services and supports Lean's mission to work as a key enabler of e-health innovation."

21. The completion of this co-development and distribution agreement will support Beamtree's FY24 target of organic revenue growth of +20% and more importantly the long-term goal of achieving $60m of ARR by the end of 2026.

22. Beamtree is also partnering with Lean on a number of other coding-related contract opportunities in the Saudi Arabian public sector, with a number of opportunities in the procurement negotiation phase.

23. Beamtree is also in the final stages of procurement negotiations with a Middle East private hospital provider for audit of data quality and implementation of PICQ® technology.

24. In Canada, the number of hospitals in British Columbia participating in the first PICQ® coding data quality for hospitals has increased from 10 to 14, paving the potential for implementation of PICQ® technology in these hospitals.

25. In the UK, Beamtree has agreed key terms for its first contract in the NHS for a PICQ® driven coding audit by Lancashire and South Cumbria Integrated Care Board. Two further regional audits have been agreed and contract terms are being finalised.

Q2 Highlights

26. Revenue growth across our Coding segment in Australia and New Zealand grew 21% in 1H FY24 via strong renewals and price growth across our two core data quality products, PICQ® and RISQ™ in our core domestic markets in Australia and New Zealand.

27. In the UK, Beamtree has now agreed contracts with three NHS Integrated Care Boards (ICBs) for PICQ® driven coding audits, as a precursor to a potential subscription to the PICQ® software to support continuous improvement in coding quality. The three ICBs coding audits will include PICQ® driven coding audits for at least five hospitals in the UK.

28. Beamtree is also partnering with Lean on a number of other coding-related contract opportunities in the Saudi Arabian public sector, with a number of opportunities in the procurement negotiation phase.

29. In Canada, Beamtree continues to make progress with 14 hospitals in British Columbia participating in the first PICQ® coding data quality audit.

Analytics & Knowledge Networks ("Analytics") *(Health Roundtable analytics and advisory)*
Q1 Highlights

30. Revenue growth in Q1 for Analytics was consistent with the prior year's growth profile, driven by a +95% renewal rate and growth rate in new members of the Health Roundtable.

31. Work is ongoing to upgrade the data platform infrastructure for Health Roundtable which delivers customer and operational improvements in the analytics service offering. The platform is expected to go live in 2H FY24.

Q2 Highlights

32. Revenue growth in 1H for Analytics was 9%, consistent with the prior year's growth profile, driven by a +97% renewal rate and growth rate in new members of the Health Roundtable.

33. Work to upgrade the data platform infrastructure for Health Roundtable continues and remains on track.

34. The new analytics platform will be leveraged for other analytics offerings in FY25 including planned use for the Ability Roundtable and potentially leveraged for use in the aged care sector.

Authorised for release by the Chair of the Board.

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

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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.

Beamtree

As a historical record, the following summary shows a continuation of progress across all four divisions of Beamtree for FY23
This is a copy of what has been previously released and is disclosed for convenience.

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Diagnostic Technology:

Q1 FY23 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 FY23 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 FY23 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 FY23 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
Q1 FY23 Highlights:

15. ADI now operational in two hospitals in Australia.
16. Pilot programs ongoing in three other hospitals.
17.
18. 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 FY23 Highlights:

19. Growth in revenue for CDS was driven by revenue from pilot programs in hospitals in Australia and internationally.
20. 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 FY23 Highlights:

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

Q4 FY23 Highlights:

25. Gold Coast Hospital and Health agree to innovation partnership.
26. 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.
27. Agreement with Asia-Pacific Hospital Authority to move to procurement of ADI.
28. 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")

Q1 FY23 Highlights:

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

Q2 FY23 Highlights:

31. 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™.
32. Strategic partnership with Kingdom of Saudi Arabia with partnership with Lean Business Services.
33. Focus on developing the international sales pipeline, which is the largest across the company and has the target of closing opportunities in 2023.

Q3 FY23 Highlights:

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

Q4 FY23 Highlights

37. Formal announcement of new contract win in Saudi Arabia with the Center for National Health Insurance to develop national Health Information Strategy. Implementation underway.
38. Successful completion of pre-procurement process for national tender for coding audit technology in the Middle East.
39. 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.
40. Rolled out material price increases (+20%) across customers in ANZ with renewals at +95%

Analytics & Knowledge Networks ("Analytics")

Q1 FY23 Highlights:

41. Acquisition of Potential(x) in October 2021.
42. +10% revenue growth on a like for like basis, driven by a strong renewal and growth rate in the Heath Roundtable activities and wellbeing program sales.

Q2 FY23 Highlights:

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

45. Revenue growth continues at +10% in Q3 year on year driven by strong renewals.
46. 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 FY23 Highlights:

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

Better has no limit