

Beamtree

Beamtree acquisition with Potential^(x)

Beamtree Investor Presentation

Creating Australia's largest health analytics and innovation knowledge platform

Transaction highlights

Acquisition of Potential(x)

- Beamtree will acquire **Potential(x) Holdings Pty Ltd** ("Potential(x)"), a complementary and market leading specialist health & human services data analytics firm
- The acquisition is **fully funded** and on attractive terms for Beamtree shareholders, with consideration to Potential(x) shareholders comprising up to 30m shares in Beamtree and \$4m cash consideration. This implies an enterprise value for Potential(x) of \$19.6m on a debt free, cash free basis (1.8x F21 revenue and 7.4x FY21 operational EBITDA)
- Potential(x)'s Managing Director and majority shareholder, **Duane Attree, will join Beamtree's executive team** and become a substantial shareholder of Beamtree

Potential(x) overview

- Potential(x) is an **Australian pioneer in health data** and provides most public and private hospitals in the country with cutting edge comparative analytics which supports delivery of quality care outcomes
- Currently has client relationships with more than 300 service providers including **250+ hospitals in Australia**, New Zealand and the Emirates and **35 large disability providers** representing 40% of NDIS funding
- Potential(x) has a 26 year partnership as the **full service provider for The Health Roundtable Ltd** – Australia and New Zealand's premier benchmarking and hospital improvement cooperative
- Potential(x) FY21 revenue of **\$11m** and operational EBITDA of **\$2.6m**

Compelling strategic rationale

- The acquisition will **materially increase the scale and customer reach of Beamtree**. On a pro-forma basis FY21 revenue will grow to circa \$20m of which is 82% is recurring and proforma EBITDA of \$5.7m
- Delivers immediate market share, expertise and **insight to public hospital sector**
- **Integration of Potential(x) analytics** and insights to other Beamtree software offerings and markets
- Positioned to be a **market leader driving the future of automation and machine learning in health**

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Transaction highlights


Funding summary

- The **majority of the consideration will be equity** in Beamtree Limited comprising up to 30m shares including 12.7m ordinary shares and 6m performance shares issued at completion and 11.3m shares deferred for 24 months as security against warranty and indemnity claims
- The majority shareholders of Potential^(x)'s, managing Director Duane Attree and The Health Roundtable, will own 8.4% and 0.5% of Beamtree's total shares, respectively.
- Strong **ongoing alignment** with Beamtree Management and the Board owning **34% of Beamtree**
- The transaction is **fully funded** and after upfront cash consideration of \$4m, Beamtree will have \$10m of cash on balance sheet

Potential^(x) financial highlights

- Long established 26 year relationship with The Health Roundtable with 5+5 years contract extension signed in May 2021
- Potential^(x) ARR as at FY21 of \$9.5m and has grown 30% in FY21 with over 92% recurring revenue in FY21
- Positive normalised EBITDA margin of 24% for FY21
- The acquisition increases Beamtree's pro-forma FY21 EBITDA by 86% with only 9.6% dilution to existing Beamtree shareholders

FY21 pro-forma P&L

| (\$,000) | Beamtree | Potential  | Beamtree Pro-forma |
|--|--------------|---|--------------------|
| | FY21A | FY21A | FY21PF |
| Recurring – Software Subscription & Licenses | 6,138 | 1,061 | 7,199 |
| Recurring – Data Analytics Platform | - | 8,591 | 8,591 |
| Recurring – Service | 448 | - | 448 |
| Non recurring – Consultancy & Advisory | 1,800 | 818 | 2,618 |
| Other income | 554 | 533 | 1,087 |
| Total Revenue | 8,940 | 11,003 | 19,943 |
| COGS | (2,656) | (3,694) | (6,350) |
| Gross profit | 6,284 | 7,309 | 13,593 |
| Total Opex | (3,220) | (4,673) | (7,893) |
| Operational EBITDA | 3,064 | 2,636⁽¹⁾ | 5,700 |
| % margin | 34% | 24% | 29% |

Commentary

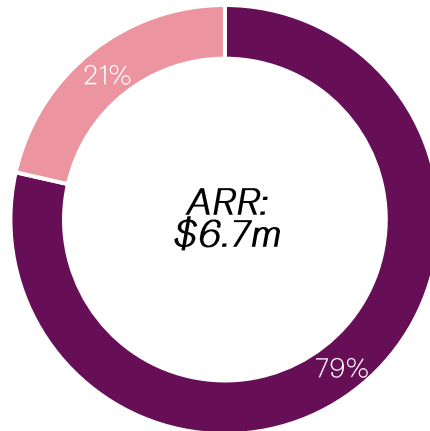
– The acquisition of Potential^(x) significantly increases Beamtree's scale with the combined business having \$20m of total revenue of which 86% is recurring revenue

– Combined group's ARR as at 30 June 2021 of \$16.2m

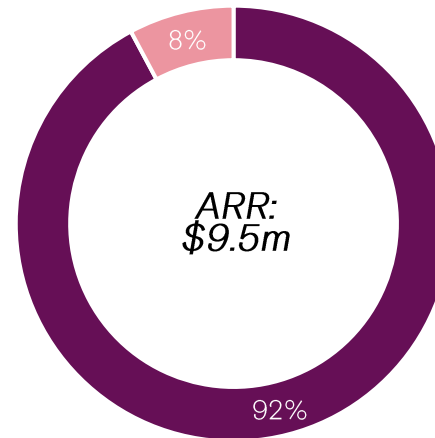
– Group remains strong Operational EBITDA at 29%

FY21 revenue composition

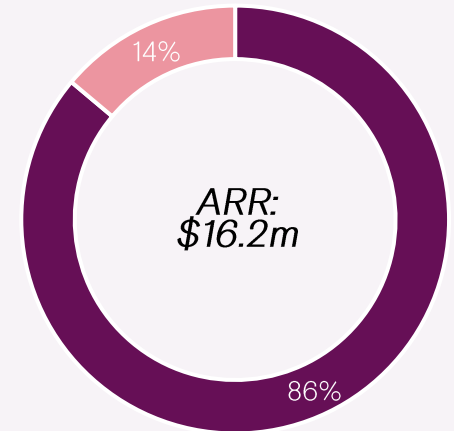
Beamtree



Potential



Beamtree *Pro-forma*



Legend

Recurring revenue

Non-recurring revenue

Commentary

- The acquisition of Potential^(x) will increase Beamtree's recurring revenue to 86% of total revenue (79% pre-acquisition)

Beamtree

Beamtree overview

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Beamtree

**Better has no limit:
the problems we solve**

We empower the learning health system – turning data into insight and action through automation.

Beamtree is in a unique position to offer enterprise-wide knowledge management solutions – deploying cutting edge AI and analytics to support development of automated and assisted coding, global quality and efficiency benchmarking services and innovation in clinical decision support.

Beamtree can help:

Tackle unwarranted variation

Address equity of access and resource allocation

Offer revenue assurance

Promote transparency

Drive Automation

The best health services deliver value for money by reducing **avoidable mortality, waste, length of stay, readmissions and cost of care.**

Complications are costly. **One in nine patients** who go to hospital suffer a complication, which costs Australian hospitals more than **A\$5 billion a year.**

15 per cent of hospital expenditure in high-income countries is due to **human error or patients being adversely affected** while in hospital.

Beamtree

Record growth and global impact FY21

Beamtree a proud Australian company supporting customers globally

1000+ locations

155+ labs

705+ hospitals

4 continents

22 countries

140+ customers

50.4m+

people touched by Beamtree implementations every year

International expansion

Winning first national data quality audit in Kingdom of Saudi Arabia (TCV AUD\$2.25m), following success in Ireland and Singapore.

Key acquisition

Ainsoff impacting patient care through AI.



Abbott: Strategic Partner

FY21 saw global healthcare giant Abbott deepen its relationship with Beamtree, with more RippleDown® installations across its sites than ever before.

Lancet Laboratories committed to RippleDown®

More than a decade of expanded use created more workforce efficiencies, savings and revenue enhancement for Lancet supporting error correction and guiding clinicians.

Growth at home

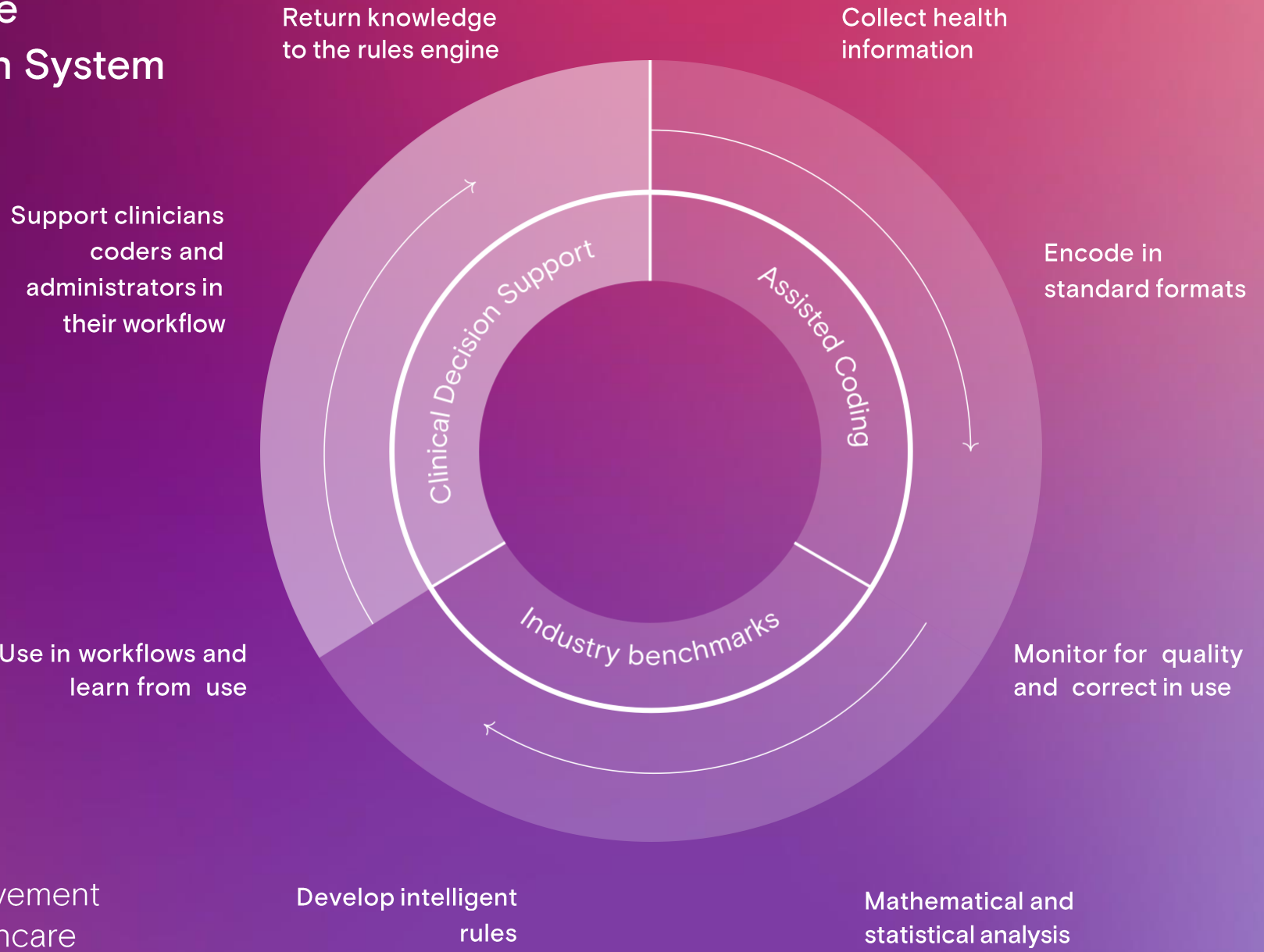
Australian government deals saw Beamtree products reaching more places than ever before, with significant expansion in South Australia, Victoria and Queensland.

Across the nation, new products are being tested in clinical decision support to enable better patient care.

Beamtree

How we create value The Learning Health System

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Driving continuous improvement by better access to healthcare information – towards safety, quality and efficiency.

Our products

We make it simple for healthcare providers to access quality information, to automate wherever possible and make informed decisions

“Achieving high value to patients and health providers must become the overarching goal of health care delivery, with value improving the outcomes achieved for the investment made.”

Michael E Porter



Data



Insight



Action



Data Quality

Fix errors in near real-time



Clinical Quality & Safety

Benchmarking clinical outcomes



High Value Healthcare

Ensure best-practice resource allocations



Evidence-Based Decisions

Best in class clinical decision support

codexpert™

Q Coding Platform

picq®
PERFORMANCE INDICATORS
FOR CODING QUALITY

risq™
RELATIVE INDICATORS
FOR SAFETY AND QUALITY

Insights platform^{NEW}

Global Benchmarking^{NEW}

RippleDown™

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Overview

Potential



Potential^(x) business overview

End user

There's too much data, how do I get meaningful information to improve?

How are we performing relative to peers?

Who is performing best, and what can I learn?

How can we implement and sustain?

Go to market

Collaborative Partnerships

the ability roundtable

HEALTH ROUNDTABLE

HBN
Hospital Benchmarking Network

Australian Private Hospitals Association







Partner (or create) "By Industry, For Industry" collaboratives

Potential^x

People, Products & Services

Potential^(x) derives the majority of its recurring revenue from the delivery of analytics, business intelligence and benchmarking collaborations based on access to and participation Potential^(x)'s data platforms and knowledge sharing service

Potential^(x) core clients

| Client | # of end user organisations | Estimated share (large providers) | Estimated # of end users (staff) | Tenure | Contract | Product penetration |
|---|-----------------------------|--|----------------------------------|-----------|-------------------------|---|
|  | 200 | AU: 60%+ Public Eps NZ: 100% DHBs AD: 100% Public | 1,000+ | 25+ years | 2026 + 5 year extension |  |
|  | 25 | SIL: 40% NDIA \$ AH: 30% providers AC: 15% providers | ~40 each product | 6 years | 2023, +3 year extension |  |
|  | ~35 | 2020: 30%+ private episodes | ~100 | 7 years | Annual |  |

Potential^(x) products & services



Core Benchmarking & Analytics: suite of reports against national standards and improvement targets.
Insights Platform: supporting online analysis and evidence based decision support for improvement programs.
Improvement Programs: 20 niche analytic dashboard modules, communities of practice & advisory support.
Workforce Wellbeing Program: exclusive ANZ license for Wellbeing Index, created by the Mayo Clinic, to measure and benchmark health worker mental health, burnout and wellbeing.
CodeCheck: coding integrity and benchmarking insights on clinical documentation and coding audit support.



Allied Health: Benchmarking dashboard for Allied Health services delivered to NDIS clients focusing on clients, service delivery, efficiency and workforce.
Supported Independent Living: Benchmarking dashboard for Supported Independent Living services delivered to NDIS clients focusing on residents, workforce, dwellings and efficiency.
Assistance with Daily Life & Community Support: Benchmarking dashboard for NDIS funded at home support care focusing on detailed financial and workforce analysis.



Core Benchmarking & Analytics: suite of reports against national standards and improvement targets.
Hospital Acquired Complications: identifies revenue impact against payer contracts and provides targeted auditing insights to inform and optimise clinical and financial performance.



ABC platform, hardware & licensing: easily acquires and aggregates clinician activity into meaningful information using individually issued scanners and a custom configured data platform.
Designed to be highly configurable, allowing a tailored solution to capture and easily report on the daily workload, tasks and time of activity of clinicians – typically Allied Health workers.
Integrates with existing PAS & EMR software to eliminate data entry and duplicate information entry – improving job satisfaction by substantially reducing paperwork and the time required to manually record patient and other clinical activities.

Health Roundtable overview


Overview

- Established in 1995, Health Roundtable is a not for profit benchmarking and knowledge-sharing organisation
- Members include 90% of large (300+ bed) hospitals across every state and territory in Australia, all of New Zealand and the Abu Dhabi Health Authority
- Independent Board provides oversight & governance
- Under contract, Potential^(x) delivers:
 - Strategic advice & services management
 - Product & service delivery (under the The Health Roundtable brand)
 - Finance functions
 - Member support, communities of practice & networking.
- Commercial model including co-investment in new products and services
- Potential^(x) contracted until 2026, with +5 year extension.


The Health Roundtable's large and diverse membership base




- 10 health jurisdictions
- 3 countries
- 7 time zones
- Public and private systems




- 95 personal members
- 200+ benchmarking facilities




- 300+ on site 'Executive Briefings', customised for each Member



- 137,000+ reports downloaded
- 270,000 website views
- 1,000+ end users p.a.



- 3,500+ attendees to 100+ virtual events across 2020



- 1,100 member enquiries
- 200+ ad-hoc analysis queries completed



- 300+ hours of video content and 3,500+ innovations shared and collected on the Innovation Library

Potential^(x) highly experienced and engaged team

The entire highly experienced and skilled team at Potential^(x) will join Beamtree led by Managing Director, Duane Attree



Managing Director
Duane Attree

- Principal & National Health Lead, Dupont
- Director & Health Economy Lead, KPMG
- Director National Health Practice, PwC
- Hospital CEO and executive roles across NSW & VIC health systems.



Co-Chief Technology Officer
Aman Dayal

- 10+ years with Potential^(x)
- Experience in hospital technology and digital health product commercialisation
- Computer Science, UTS



Chief Operating Officer
Jenni Dore

- Extensive experience in Program & IT management in health insurance & innovation programs
- 10+ years with Medibank as Manager Business Systems & Solutions



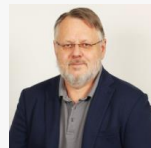
Chief Data Scientist
Dr Rohan Cattell

- 10 years experience with Potential^(x)
- PhD in Mathematics (graph theory & data structures)
- Software developer, RDP.



Co-Chief Technology Officer
Katerina Andronis

- 10+ years leading Deloitte Health IT practice
- Director Information Management, Peter MacCallum Cancer Centre
- CIO, IT & Transitional Services Manager, Ramsay Healthcare



Executive Director Sales & Business Development
Thomas Vargoczky

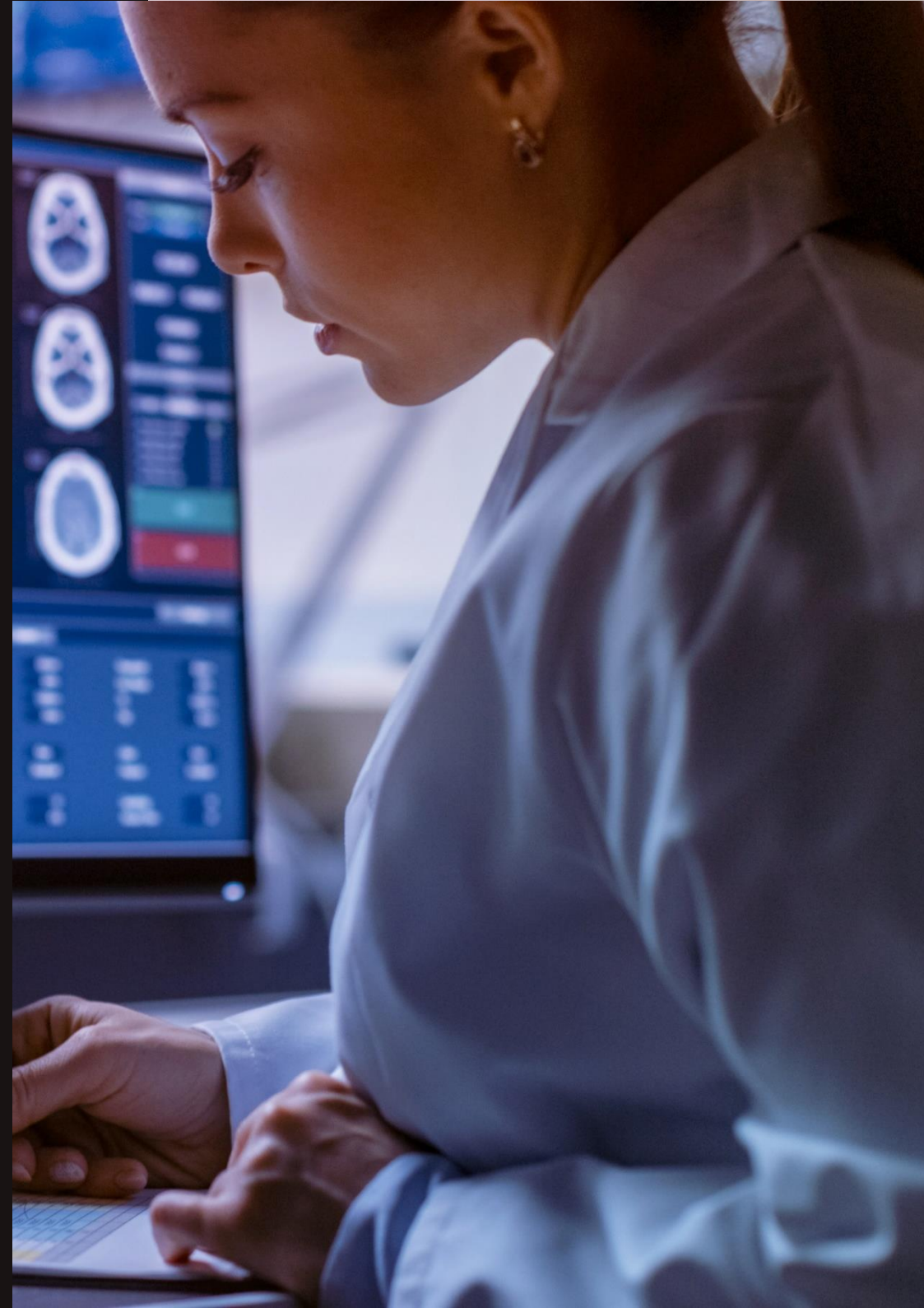
- Director Asia-Pac Kanteron Biomedical Informatics
- Director Asia-Pac IBM Watson Imaging
- Vice President Business Development, Merge Health
- Masters in Clinical Data Management



Chief Financial Officer
Richard Hutchinson

- Co-Founder, Emerging Health Systems (now Telstra Health)
- Finance Integration Lead – Telstra Health
- Finance Manager, Adventist Health

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Potential^(x) transaction highlights

Beamtree is acquiring one of Australia's leading specialist health sector analytics firm

Metrics as at 30 June 2021

▶ ARR of \$9.5m with 30% YoY growth in FY21

▶ EBITDA of \$2.6m with 24% margin

▶ 66% Gross profit margin

▶ 92% recurring revenue

▶ \$68m lifetime value of customer base

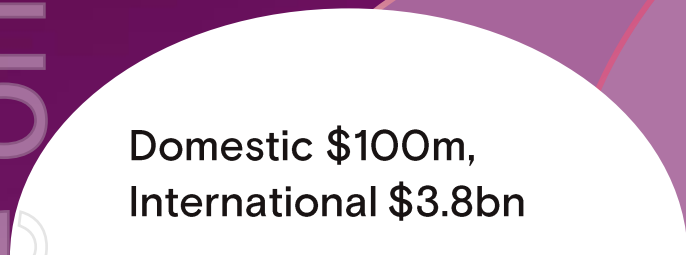
▶ 50+ employees

Attractive financial profile with strong recurring revenue metrics

Strategic rationale for Beamtree



The acquisition of Potential^(x) drives Beamtree's three pillars of growth



Partnering globally, shared expansion footprint | Coalesce and scale technical expertise for new products

Pillar 1: Scale the Core – expansion

- Expand existing products across shared and new markets
- Cross customer opportunities to value add through expanded product range
- Exporting Australian and NZ health expertise and insights to new and existing global clients

Pillar 2: Leverage the Core – innovation

- Best in class international analytic and benchmarking services for hospitals
- AI assisted clinical record classification services
- Ainsoff Clinical Decision Support applications
- Global communities of practice for health outcome improvement

Pillar 3: Expand the Core – transformation

- New data tools
- Automated coding
- Real time analytics transforms automation of clinical decision making
- Person centred analytics for personalised medicine and genomics

New and expanded markets, including: Aged care, community, disability

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Aligned growth strategy

Automation of coding

- ✓ Potential^(x) and Beamtree combine existing capabilities in clinical record coding and classification to deliver fully integrated platform for data management to existing and new customers and drive rapid innovation in automation.

Global analytics

- ✓ Potential^(x) and Beamtree currently operate in 24 countries around the world – building on these foundations, we will accelerate sales of new global analytics and benchmarking services to hospitals and other care providers to existing and new international clients.

New markets

- ✓ Potential^(x) and Beamtree have unique collective expertise in clinical coding, classification, analytics and decision support in health, community and disability services – we will grow those markets and expand as a priority into aged care and mental health.

Global leadership in decision support

- ✓ Beamtree is already field leader in decision support in pathology automating clinical process in Australia and internationally. Acquisition of Ainsoff and Potential^(x) facilitates accelerated growth in new applications of RippleDown in pathology and in other areas of clinical practice.

Global communities of best practice

- ✓ Potential^(x) and Beamtree have long histories in building membership networks in clinical practice, and providing subscription education and training services. These will now expand globally to support expert knowledge sharing between clinical professionals and information specialists.

Personalised analytics

- ✓ New tools incorporating automation into alerts, insights and learning cycles that will enable real time action, including expansion to genomic and other diagnostic data.
- ✓ Tailored analyses to support clinical decision making, evidence and outcomes sharing.

Key risks

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Key risks

| Risk | Summary | Mitigation |
|-----------------------------|--|--|
| <p>Integration Risk</p> | <ul style="list-style-type: none"> Integrating the business may prove difficult with competing products and differing opinions of management towards future company growth targets. | <ul style="list-style-type: none"> Both companies offer complementary products in different areas of health which will only enhance the offerings of a combined company. Senior management will be integrated to form a strengthened and enhanced united team. |
| <p>Channel Partner Risk</p> | <ul style="list-style-type: none"> Beamtree distributes its products via two key channels, being direct sales and through three global channel partners. Any disruption may lead to sales decrease. | <ul style="list-style-type: none"> Combining sales channels with Potential^(x)'s existing channels whilst enhancing management to better exploit an increase in channels across disability and aged care. Need for Business Development managers across all products. |
| <p>Key Customer Risk</p> | <ul style="list-style-type: none"> If the company were to lose any of its key customers and channel partners, this would have a significant impact on revenue and sales. | <ul style="list-style-type: none"> Expansion into new markets and geographies with the help of the acquisition of Potential^(x). This not only opens up Beamtree to even more of the health sector, but also provides new data on which to leverage product development. |
| <p>Revenue Growth Risk</p> | <ul style="list-style-type: none"> The two companies may not combine their sales strategies resulting in missed revenue and targeted customers. | <ul style="list-style-type: none"> Potential^(x) and Beamtree offer complementary products in similar markets. The strategy developed by the combined management team is focused on cross-selling and utilising existing customers and increase available products to grow revenue. |

Key risks (continued)

| Risk | Summary | Mitigation |
|--|--|--|
| <p>COVID-19</p> | <ul style="list-style-type: none"> • Broader macroeconomic factors, especially those impacting the global economy, may have a negative impact on demand for Beamtree’s products and services. | <ul style="list-style-type: none"> • The company proactively reviews current global economic conditions and will make necessary operational adjustments in response to the company’s assessment of potential risk to level of demand. This also represents an opportunity for both companies as patient separations increase. |
| <p>Key Personnel Risk</p> | <ul style="list-style-type: none"> • The loss of senior management personnel without suitable replacements or the inability to attract and retain personnel can adversely affect company performance. | <ul style="list-style-type: none"> • Beamtree will have a significantly stronger management team with aligned interests to grow and pursue complementary markets through Potential^(x). |
| <p>Data Management and Security Risk</p> | <ul style="list-style-type: none"> • Advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, and other developments may result in software breaches and failures. | <ul style="list-style-type: none"> • The preventative measures which the Company takes in safeguarding its software and data may become more costly in the future. Together, Beamtree and Potential^(x) will leverage off each others security system and look at ways of improving security. |
| <p>Regulatory and Overseas Operations Risk</p> | <ul style="list-style-type: none"> • Government regulations may change in any of the existing and target territories, which could make the Company’s current business model ineffective. | <ul style="list-style-type: none"> • Constant research and update of new policies to ensure the Company will be in line with various government regulations. |

Beamtree

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Thank you

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