Beamtree Holdings Limited (ASX:BMT)
Sydney, 30 August 2021

Beamtree to acquire Potential(x)

Creates Australia's largest health data and AI decision support platform

HIGHLIGHTS

- Beamtree has entered into a binding agreement to acquire 100% of the shares in Potential(x) Holdings Pty Ltd ("Potential[(x)]"), a complementary and market leading specialist health & human services data analytics firm.

- The acquisition will materially increase the scale, capability and global customer reach of Beamtree. On a pro-forma basis FY21 Revenue is circa $20m of which is 82% is recurring. The Beamtree team will more than double to 110+.

- 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. Potential[(x)] shareholders will own 9.6% of Beamtree. Management and the Board of Beamtree will own 34% of the company.

- The acquisition increases Beamtree's pro-forma FY21A EBITDA by 86% with only 9.6% dilution to existing Beamtree shareholders.

Beamtree Holdings Limited ASX:BMT (formerly PKS Holdings, "**Beamtree**" or the "**Company**"), a leading provider of health data insights and health coding solutions, advises that the Company has entered into a binding agreement to acquire 100% of the shares of Potential(x) Holdings Pty Ltd ("**Potential[(x)]**"), a market-leading specialist health and human services data analytics firm.

About Potential[(x)]
Potential[(x)] is an Australian pioneer in health data and provides most public and private hospitals in the country with cutting edge comparative analytics that support improvements in quality and in the value of care. Over the 26 years of its operations, it has developed unrivalled expertise in health data collection, standardisation and the benchmarking of clinical and financial outcomes.

Beamtree

The company's proven track record of impact on quality and efficiency in hospital care has seen it grow internationally and into other human services, including disability.

Potential(x) currently has client relationships with more than 300 health service providers including over 250 hospitals in Australia, New Zealand and the United Arab Emirates and 35 large disability providers, who represent ~40% of NDIS funding.

Potential(x) has a 26-year partnership as the full-service operator for The Health Roundtable Ltd – Australia and New Zealand's premier benchmarking and hospital improvement cooperative, which includes a network of 200 hospitals across Australia, New Zealand and the Abu Dhabi Health Services Authority (SEHA).

Potential(x) FY21 revenue is $11m and normalised EBITDA is $2.6m.

Transaction details

The transaction consideration to Potential(x) shareholders comprises up to 30m shares in Beamtree and $4m cash consideration.

The share consideration to be issued on completion of the acquisition comprises 12.7m ordinary shares and 6m performance shares. The performance shares will convert (1:1) into ordinary shares on satisfaction of a vesting condition based on the achievement of revenue targets for FY22. The issue of the remaining 11.3m shares will be deferred for 24 months as security against any warranty and indemnity claims. The warranties given are customary warranties for a private treaty transaction of this nature. The transaction is also subject to certain customary conditions precedent for a transaction of this nature, including no material adverse change in respect of Potential(x).

The transaction consideration 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).

Completion is expected to occur by the end of September 2021.

Compelling Strategic Rationale for Global Growth

- Accelerating growth in new global markets and adjacent sectors
- Add value and market access for existing solutions and software
- Reduced barriers to entry in ANZ market with Potential(x) currently serving the majority of large hospitals in Australia
- Complementary values, strategies, services and people
- Integration gains from empowering our people and optimising process through innovation
- Integration of Potential(x) analytics and insights to other software and markets
- Wide market respect for both companies as a result of long-term industry collaboration and a mission to improve service, patient and client outcomes

- Positioned to provide market leading solutions for the future of automation and machine learning in health

"This agreement marks a major milestone in the growth opportunity for Beamtree – it doubles the size of the company by revenue and employee numbers and makes it one of the largest health analytics and decision support platforms in Australia," said Tim Kelsey, CEO of Beamtree. "The new company already serves health services in more than 24 countries across four continents – we look forward to accelerating our global growth together with the Potential(x) team."

"We are thrilled to be bringing together two specialist big data technology pioneers who have long, proven histories in supporting improve health outcomes in Australia and around the world. We will be bringing our brilliant teams together, who have complementary skills, expertise and a collective vision to put data and technology to best use for improving the quality and value of global health and human services," said Duane Attree, CEO of Potential(x).

-ENDS-

Authorised for the release by the Chairman of the Board.

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About Beamtree
Beamtree (formerly PKS Holdings) is an Australian pioneer that works with health organisations around the world to better capture, manage and leverage human expertise. At Beamtree we make it simple for healthcare providers to access quality information, automate wherever possible and make informed decisions. Our products enable healthcare organisations to use data and insights in a continuous cycle of learning and improvement, driving quality, safety and efficiency:

- Automated clinical record coding and classification services that are the Australian standard for improving the quality of clinical data and now used internationally to support clinical outcomes and financial efficiency;
- Real time data analytic and benchmarking applications which have proven impact on reducing adverse clinical events and support best value health care;
- AI clinical decision support which automates clinical expertise to minimise data errors and provide real analysis and interpretation in more than 150 locations around the world.

Beamtree reported a record trading performance in its annual FY21 results which were released on 27 August 2021. It also announced the acquisition of Ainsoff Pty Ltd, a pioneer in AI decision support, a new partnership with the University of Sydney to accelerate health data research and the appointment of Dr Mark Britnell as chair of the Beamtree Global Impact Committee. Read more here: https://beamtree.com.au/wp-content/uploads/2021/08/Beamtree-AR2021-270821-web-1.pdf.