

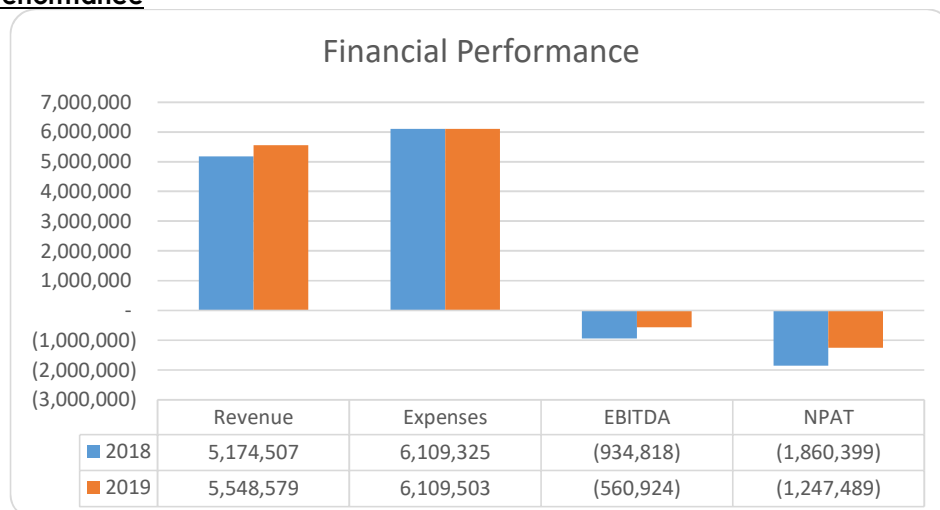
For Immediate Release: 2 April 2019

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## CEO Operations Report

- ✓ Financial turnaround
  - ❖ 40% improvement in EBITDA from (\$934,818) to (\$560,924)
  - ❖ 33% improvement in Net Profit from (\$1,860,399) to (\$1,247,489)
  - ❖ Debt reduced by \$527K to \$1.165M
  - ❖ 62% reduction in R&D as new SaaS platforms achieve MVP (Minimum Viable Product) status
- ✓ Positive market feedback for new Connected Health Record (CHR) SaaS platforms
  - ❖ New CHR SaaS platforms achieve Annualised Recurring Revenue (ARR) in excess of \$280K
  - ❖ Total ARR (On-Premises + SaaS) now over \$4M p.a.
- ✓ High demand for MasterCare EMR for Mental Health Case Management
  - ❖ Over 1000 new MasterCare EMR end-users
- ✓ Forecast return to profitability in FY19/20

## Financial Performance



The Company had a strong second half-year with revenue up 37% on the first six months (to Dec-18) and up 14% on the prior year second-half. Over the full 12 months to Jun-19, revenue was up 7% (+\$374K) on the prior year. Annual operating expenses remained constant resulting in a 40% (\$374K) EBITDA improvement from the prior year. Net Profit After Tax improved by 33% or \$613K from (\$1,860K) to (\$1,247K) for the full year.

## Financial Position

The Company generated an operating cash surplus of \$497K over the reporting period which was a \$743K improvement on the prior year (2018: operating cash deficit of \$246K). Net investing cashflow reduced by over \$1M from the prior year to a net cash outflow of approximately \$324K. Overall, cash + equivalents reduced by \$354K primarily due to repayment of approximately \$527K of borrowings.

	2018	2019	Change
<b>Net operating cashflow</b>	(\$245,765)	\$497,151	+\$742,916
<b>Net investing cashflow</b>	(\$1,357,521)	(\$323,894)	+\$1,033,627
<b>Net Financing cashflow</b>	\$217,410	(\$526,803)	-\$744,213
<b>Net decrease in cash and equivalents</b>	<b>(\$1,385,876)</b>	<b>(\$353,546)</b>	<b>+\$1,032,330</b>

A significant change on the balance sheet is an increase of \$476K in "Contract Liabilities" in accordance with the new AASB-15 accounting standard. Contracted Liabilities is the value of contracted subscriptions invoiced or paid with a subscription period that includes future months.

	2018	2019	Increased Liability
<b>Committed Contracts</b>	\$2,113,409	\$2,589,866	\$476,457

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As a software business, the Company's assets are intangible in nature (Intellectual Property, Copyright etc.). Paradoxically, the more success the Company has in acquiring new long-term sales, the lower the "Net Assets" of the Company due to increasing "Contract Liabilities".

This apparent anomaly will be rectified as the Company transitions to increased monthly subscriptions from the new SaaS platforms, and accumulates cash reserves. Given the poor returns from cash in the foreseeable future, the Company is inclined to achieving improved returns through continuous investment in innovation, predictable long-term cashflows and long-term contracts.

Prior to the Dec-18 half-year audit, R&D grants were recognised as "Other Income" within the Profit & Loss statement.

This was reassessed in the current reporting period such that R&D grants were recorded in the Balance Sheet against the capitalised intangible software asset. The net impact was a reduction in Net Assets of approximately \$3.6 million being the cumulative effect relating to over 6 years of R&D grants recognised in the P&L in prior periods.

### **Investments in Innovation (R&D)**

Continuous innovation is crucial in the technology business.

The Company's R&D roadmap comprises four SaaS platforms that are collectively referred to as "Connected Health Records" (CHR).

The goal of CHR is to deliver improved productivity and efficiency for healthcare organisations, streamlining the patient's journey through the healthcare system, and improving patient outcomes through more collaboration and connectivity between patients and their care teams.

Over the last 18 months, our new SaaS platforms have gradually been market tested with selected early adopters and achieved minimum commercial viability.

Over the last six years, the Company has invested close to \$8M generated from normal operations rather than new equity raisings, to develop the CHR suite of SaaS platforms.

	2014	2015	2016	2017	2018	2019	6Y Total
Investment in Intangibles Assets	1,100,460	1,156,469	1,457,457	1,154,170	1,848,829	1,156,087	7,873,472

Over the reporting period, R&D investments reduced by approximately \$693K to \$1,156K which was 37% less than the prior year.

As a percentage of revenue, this represents approximately 21% of revenue which is significantly lower than in the prior year when R&D expenditure was \$1,849K or 36% of the prior year revenue.

Investment in R&D is forecast to remain around 20% of revenue over the near future.

### ***5% per month increase in Lifecard SaaS consumer accounts***

Through the reporting period, our focus within the CHR portfolio was on the LifeCard Personal Health Record ([www.lifecard.com](http://www.lifecard.com)) for consumers with the initial deployment of Patient Portals (<https://www.lifecard.com/patient-portal/>) to selected hospital customers and larger mental health service providers.

In April the Company announced a new partnership with Diabetes Victoria which provides diabetes education and monitoring of diabetes-specific observations and measures to a potential market of over 300,000 Victorians living with diabetes.

One in four Australian adults over the age of 25 years either have diabetes or have impaired glucose metabolism. With no cure, an app such as Lifecard can significantly assist with managing and maintaining a healthy lifestyle, and the management of diabetes to avoid developing additional complications.

Digital marketing activities were undertaken over the year for smaller healthcare organisations and solo practitioners to engage online with their clients using the Company's HotHealth patient engagement platform ([www.hothealth.com](http://www.hothealth.com)) within our CHR SaaS portfolio.

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The key focus in this early stage for our Consumer platforms is to continue to shape the solution and maximise product/market fit. For the next 15-18 months to Dec-20, this focus will continue to ensure good market adoption and high satisfaction levels before scaling sales and marketing.

***12% per month increase in ReferralNet Secure Messaging SaaS volumes***

In the connectivity & collaboration segment, the volume of documents exchanged between our ReferralNet Secure Message Delivery (SMD) platform and Telstra Health's Argus SMD platform grew in excess of 12% per month.

The Company is close to finalising interoperability with the other major SMD platform in Australia with the goal of providing our customers a connectivity network to the majority of the Australian healthcare provider community.

As interchange and interoperability is achieved the goal is to increase the volume of documents exchanged between healthcare providers to improve patient outcomes and business productivity.

The steady increase in message volume has resulted in a steady increase in monthly subscription fees through the reporting period.

***Delayed release of MasterCare+ SaaS platform for Allied Health Providers***

In April, the Company announced an agreement with the Adelaide and Country South Australia Primary Health Networks (PHN) whereby any Allied Health Provider (AHP) in South Australia can enjoy 6 months free use of the MasterCare+ package for Allied Health including the ability to contribute to the national health data collection infrastructure known as "My Health Record" (<https://www.mastercare.net.au/mastercare-plus/allied-health/>).

This required the re-prioritisation and inclusion of new features within MasterCare+ to support the My Health Record functionality and consequently a nine-month delay of the MasterCare+ for AHP market release. The enhanced release is now expected in September with subscription revenue commencing 6 months later.

Over the reporting period, MasterCare+ subscription revenue was restricted to Referral Management (<https://www.mastercare.net.au/mastercare-plus/referralmanagement/>) and Secure Messaging functionality (<https://www.mastercare.net.au/mastercare-plus/secure-messaging/>).

***Revenue doubles for new Connected Health Record SaaS platforms***

It is pleasing to note in these early days, that the Company's portfolio of Connected Health Record (CHR) SaaS platforms has more than doubled over the reporting period to over \$280K p.a. as at June 2019.

The early potential of our SaaS portfolio for Connected Health Records is additional to our core business revenue sourced from the licensing of our non-SaaS apps across the healthcare industry particularly the MasterCare EMR application that supports a variety of Mental Health services across Australia.

***1000 new MasterCare EMR end-user across Mental Health, Alcohol and Other Drug Services***

Last year the World Health Organization declared mental health to be one of the greatest areas of ill health and disability worldwide, affecting at least 450 million people at any given time. In Australia Mental Health is recognised as a significant issue socially and economically as both Commonwealth and State Governments struggle to meet the demand for appropriate care. This will continue to be the major growth market for Global Health.

MasterCare EMR continued its market-leadership in supporting the multi-disciplinary clinical and allied health teams that look after people with Mental Health conditions. MasterCare's support for the seamless collection of data required by the many and varied State and Commonwealth funding programs has been key to the growth in customers over the reporting period.

In September, Windana Drug & Alcohol service, a not for profit organisation offering residential and community-based services to more than 2,000 clients annually, went live with MasterCare EMR. Windana is a leading Melbourne-based drug and alcohol treatment centre specialising in holistic, client-focused recovery services programs.

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In October, MasterCare EMR was successfully deployed at Bass Coast Health Community Services - the major public healthcare provider in South Gippsland, Victoria that provide a wide range of allied health, clinical nurse assessment and treatment services to clients within the Gippsland South Coast.

In January, Justice Health Victoria successfully deployed MasterCare EMR to support the clinical workflow of the mental health services, primary care, alcohol and drug services for persons in justice centres in Malmesbury, Parkville and other community outlets around Melbourne across the Youth Justice sector. Justice Health is a business unit of the Department of Justice & Community Safety responsible for the delivery of health services for persons in the Youth Justice Custodial and adult Correctional space in Victoria

In early March, the prestigious and internationally recognised Black Dog Institute in Sydney selected MasterCare EMR to support their Mental Health services. The Black Dog Institute in Sydney is a world-renowned research centre, where the collection and analysis of data is essential with multiple research projects being conducted at any given time. Among its other services, the Institute conducts various educational programs and diagnoses, supports and treats patients and is a strong advocate for the mental health sector.

This was followed by Monash Health, Victoria's largest public health service that selected MasterCare EMR for deployment across their Mental Health, Drug and Alcohol community Services.

In June, Sunraysia Community Health Service in North-West Victoria, went live with MasterCare EMR to support their Community Health Program, Commonwealth Home Support Program, Home and Community Care Program for Younger People, Alcohol and Other Drug programs, National Disability Insurance Scheme, Primary Health Networks and more.

***Retirement of Practice2000 (P2K) Practice Management System***

As the Company modernises the technology for our customers, outdated systems need to be retired.

In December 2018, the Company ceased support and maintenance of the P2K Practice Management System due to the aged and unsupported 20-year-old technology from Microsoft. The retirement was relayed to our customers over 2 years ago and resulted in a reduction of approximately \$400K in Annual Recurring Revenue (ARR) over the last 24 months.

The replacement product, PrimaryClinic Practice (<https://www.primaryclinic.com.au/practice-management-software/>) was released 12 months ago together with a fully featured clinical module (<https://www.primaryclinic.com.au/medical-software/>). The PrimaryClinic software is integrated to the Company's CHR Consumer (Lifecard, HotHealth) and Connectivity (ReferralNet) platforms and is targeted at the Australian General Practice, Specialist and Allied Health private market.

**Forward Outlook**

Demand for disruption in healthcare is strong in all markets.

The cost of healthcare services has created enormous pressure on healthcare providers and consumers. Global Health's consumer platforms enable individuals to become actively involved with their own healthcare management. We see this as an area of significant growth as the "age of chronic disease" impacts on the delivery of healthcare services. The Company's involvement with Diabetes Victoria is a good example this. During the next year we expect this consumer involvement in the management of their own healthcare and chronic conditions to increase significantly.

Our website: <https://www.global-health.com/> sets out the comprehensive range of innovative healthcare platforms we provide across the various segments of the healthcare sector. Subject to market and general external factors, the Company is forecasting a return to profitability this financial year ending 30 June 2020.

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ENDS

**For more information:**

Mathew Cherian  
Chief Executive Officer  
T: 61 3 9675 0688

**About Global Health Limited**

Global Health (ASX:GLH) is a leading provider of Digital Health solutions to the Australasian Healthcare Industry. Innovation, consumer-centricity and connectivity are the foundations of the Company's vision of 'Connecting Clinicians and Consumers.'

Global Health helps streamline the delivery of healthcare services and provide better health outcomes across various health sectors, including acute and community settings.

Global Health offers a range of solutions to help health businesses be more efficient and deliver excellent patient care. These include: electronic medical records, patient administration systems, practice management systems, clinical records, secure message exchange, patient engagement platforms and consumer health records.

Find out more about Global Health Solution's at [www.global-health.com](http://www.global-health.com) or visit any of the product websites.

