

## Global Health achieves turnaround results

Positive EBITDAR of \$1.47M excluding growth related R&D initiatives

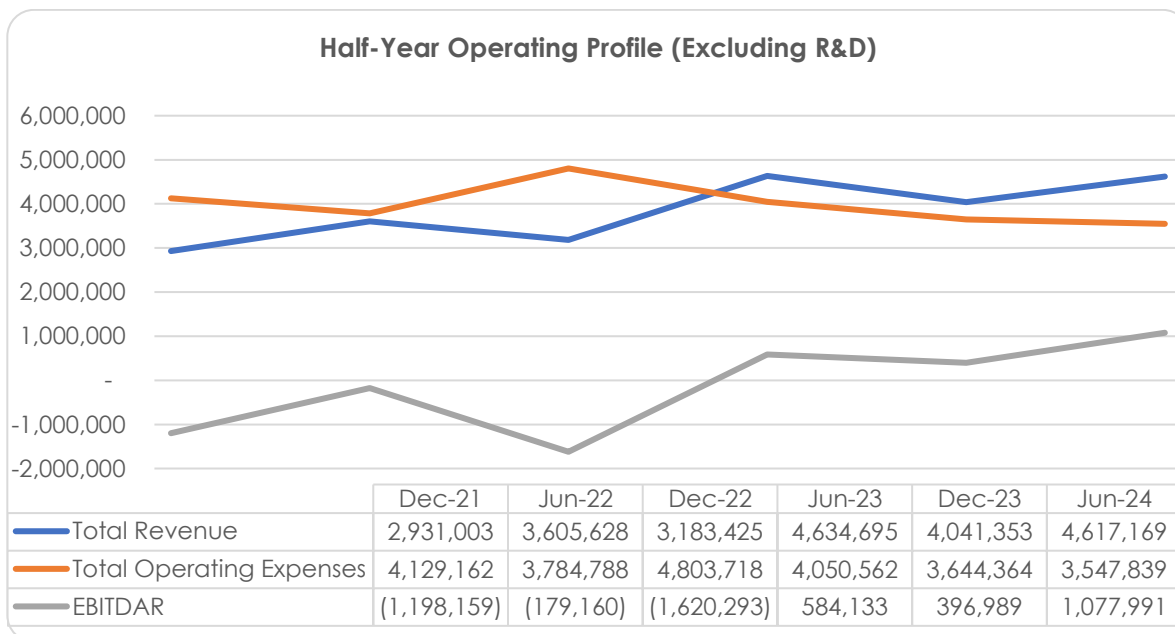
### Investment highlights

- \$1.66M reduction in operating expenses delivers \$1.47M positive EBITDAR
- R&D investment in new growth initiatives increased by 21.8% to \$2.68M
- EBITDA after fully expensed growth-related R&D improves by \$2.06M to (\$1.24M), including a substantially stronger 2H24

**Global Health Limited (ASX:GLH) (“Global Health” or “the Group”)** is pleased to announce a transformational 12 months to June 2024 completing a turnaround which positions the group to transition back into sustainable profitability and positive cashflows.

### 18 months of improving and positive EBITDAR

Over the last six half-year reports, on a normalised basis with all Research and Development fully expensed, the Group has progressively improved Earnings Before Interest, Depreciation, Amortisation and Research & Development (EBITDAR).



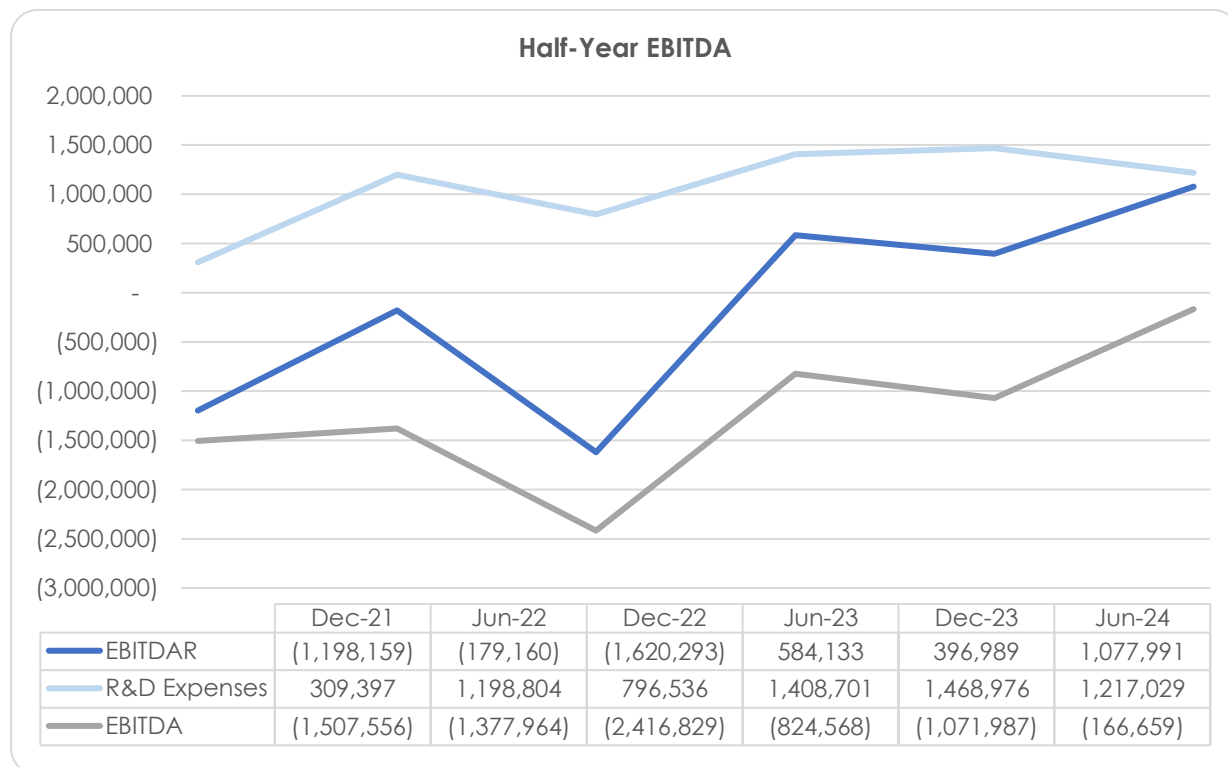
The improvement Year on Year has been particularly pleasing with EBITDAR for the 12 months to June 2024 of \$1.47M compared to (\$1.04M) in the Previous Corresponding Period (PCP). This represents a 242% improvement (up \$2.51M) over the PCP.

The Company is presenting EBITDAR as a means to highlight to investors the underlying profitability of the business when R&D spend on new growth initiatives (i.e. currently non-revenue generating initiatives) are stripped out, such as the move to a composable SaaS architecture and the incorporation of Artificial Intelligence (AI). In FY2024, the Company invested \$2.68m in growth-related R&D initiatives, up 21.8% on the prior year.

Maintenance development spend related to supporting existing, revenue generating products is included in the Cost of Goods Sold and Cost to Service lines, as outlined below.

### EBITDA after fully expensed growth R&D improves by \$2.06M

At an EBITDA level, with Research and Development fully expensed, the trend was similarly positive.



EBITDA for the 12 months to June 2024 was (\$1.24M) compared to the PCP EBITDA result of (\$3.29M) representing an improvement of over 62% (up \$2.06M).

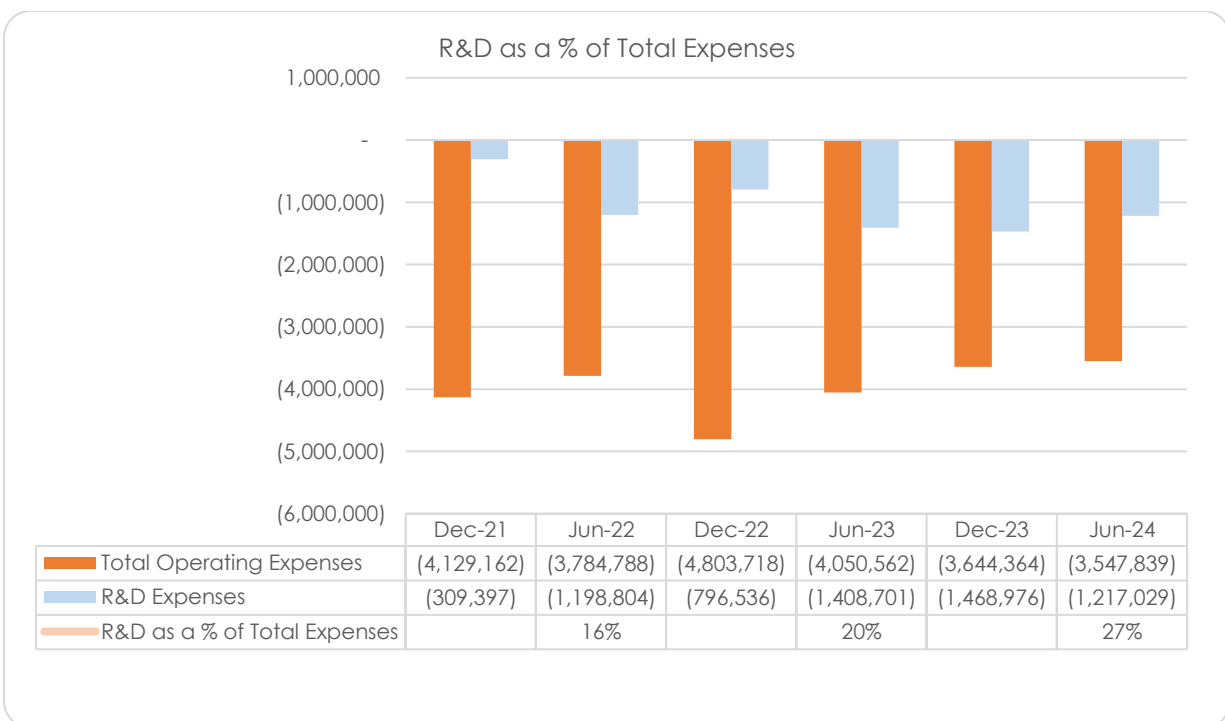
### Research and Development investment up to 27% of total expenses

The need to upgrade product technology and architecture was fast-tracked to deliver significant workflow optimisation opportunities through a composable SaaS architecture that enables pay-for-use value models.

Where appropriate, Artificial Intelligence (AI) is being incorporated further driving the significant short-term increase in expenditure related to Research and Development.

The focus was directed at investments in our portfolio of SaaS platforms designed to streamline the patient journey, delivering improved productivity to healthcare operators and improved outcomes for patients.

The composable SaaS architecture of our MasterCare Plus (M+) platform as an upgrade to our mature MasterCare EMR, MasterCare PAS and Primary Clinic healthcare provider applications is key to delivering further cost savings for the Company as the need to support multiple provider platforms will reduce to the one MasterCare Plus SaaS platform within 5 years.



The unplanned, unfunded, government-imposed requirement to transition Pharmacy Dispensing Services (PDS) to Telstra's monopoly Fred / eRX platform was a significant distraction for our developers and has delayed our planned completion of the SaaS transition by approximately 6 months, to June 2025.

The percentage of total expenses spent on Research and Development is forecast to return from its current (outlier) level of 27% this reporting period, to industry best practice levels of 20% by December 2025.

Detailed highlights are reflected in our financial KPI comparison to the Previous Corresponding Period (PCP) as further described in the following paragraphs.

### ***Annualised Recurring Revenue (ARR) up 3.36% to \$5.93M with Guidance For Growth in FY25***

ARR subscriptions and associated expansion revenue for the 12 months to June 2024 was up 3.36% to \$5.93M, representing 73% of customer revenue. ARR derived from our cloud hosting and SaaS platforms now represents over 37% of total ARR.

Based on current contracts, the forecast ARR for FY2025 is forecast at approximately \$7M.

The Company's management accounts provides further granularity on KPIs and follows:

### ***Gross Margin up 12.9% to \$4.66M***

The Company's management accounts identify expenses directly related to revenue as the "Cost to Service" or "Cost of Goods Sold".

The Cost to Service includes:

- 3rd party software such as Atlassian, Zendesk, Hubspot, Amazon Web Services, Microsoft Azure, MIMS, SMS providers and more.
- Staff and contractor costs for Customer Support, Product Maintenance development and Professional Services.

Net Revenue or Gross Margin (Customer Revenue less Cost to Service) improved by 12.9% (up \$533K) to \$4.66M.

### ***Overhead expenses reduced by 28.7% to \$2.94M***

Overhead or Shared Service expenses comprise General, Administrative, Sales and Marketing expense which were reduced by 28.7% (down \$1.18M) to \$2.94M.

### **Forward Outlook**

There have been multiple media reports over the last 12 months that paint a challenging outlook for the healthcare industry and general macro environment. Some of the key observations as they relate to healthcare are:

- Private hospitals are struggling with over 70 hospitals closing over the last 3 years and only an estimated 30% that are break-even or profitable. This is largely due to the gap between Private Health Fund rebates and actual costs to provide specific services.
- State and Federal debt levels are extremely high with public sector funded services under similar pressures to reduce their expenditures.

This has adversely impacted the Company in the short-term with several hospital customers, closing their operations, in administration and terminating their contracts for our platforms. This is reflected in the lower increase in revenue then experienced in the prior year.

The uncertain outlook has prompted the Company to raise \$946K through the issuance of Convertible Notes maturing on 17<sup>th</sup> June 2027, as announced to the ASX on 28<sup>th</sup> June 2024 and 28<sup>th</sup> August 2024.

The Company's broad portfolio of applications has also enabled us to offset the impacts of hospital closures by pivoting to the many other segments that we service, particularly the community health segment, providers of Mental Health services and innovative primary care organisations seeking to expand their market catchments through the provision of tele-consulting, healthcare concierge and residential services.

Healthcare operators are reviewing their operations and consider technology as a key enabler for workflow productivity improvements and more efficient processes.

Global Health's core MasterCare and PrimaryClinic provider applications are tightly integrated to our complementary value-add platforms to deliver an optimized and exceptional experience for clinicians and consumers. The value-add applications include:

- ReferralNet ([www.referralnet.com.au](http://www.referralnet.com.au)) for secure sharing of clinical and patient data across allied health, medical and consumer applications,
- Lifecard Personal Health Record (PHR) ([www.lifecard.com](http://www.lifecard.com)) for patient empowerment enabling consumers to proactively manage their health with a prescribed care plan in collaboration with their team of clinicians, and,
- HotHealth Digital Front Door ([www.hothealth.com](http://www.hothealth.com)) for an exceptional and optimised engagement between providers and their customers,
- Azure managed hosting services (<https://www.master-care.com.au/cloud-hosting/>) to mitigate the risks of privacy and cybersecurity breaches encountered by on-premises or 3<sup>rd</sup> party hosting services,
- MasterCare Integration broker (<https://www.master-care.com.au/integration/>) for connectivity to 3<sup>rd</sup> party applications, and,
- MasterCare Data Lake (<https://www.master-care.com.au/data-insights/>) enabling business intelligence analysis and insights by customers.

We are clear on the way forward:

- Prioritising the transition of our MasterCare and Primary Clinic provider applications and customers from the existing client/server architecture to multi-tenancy composable SaaS architecture hosted securely in the cloud;

- Incremental sales and deployments of our extensive value-add portfolio (as described above), to existing and new customers;
- Encouraging the implementation of digital solutions to replace paper and multi-handling through streamlined workflows;
- Enabling and empowering healthcare consumers to pro-actively manage their condition in collaboration with their wider team of care-providers.

There can be little doubt that spiraling healthcare costs, increased longevity, increased incidence of chronic or lifestyle diseases and the development of new pharmaceuticals, new devices and other technology innovations challenges all governments and funders of healthcare.

This is a universal challenge with no jurisdiction immune from these escalating costs.

The Company's vision to streamline the patient journey and better engage consumers with their care team has been our mantra for over a decade.

There are very few companies that have the breadth of technology that our Company has. Our decision to accelerate the implementation of our Streamlined Patient-centric vision will positively transform shareholder value.

**Global Health Managing Director Mathew Cherian said:** "We are pleased with the turnaround achieved over the last 18 months, delivered through an experienced team that share a genuine desire to deliver exceptional value and quality for the healthcare industry"

We look forward to continuing the transition to a fully integrated portfolio of multi-tenanted, cloud-based solutions in the short to medium term, that will deliver better outcomes for consumers, improved efficiencies for healthcare operators and optimised decision making for clinicians in a global market.

**This announcement was approved by the Board.**

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**About Global Health Limited (ASX:GLH)**

Global Health Limited (ASX:GLH) is a leading provider of Digital Health solutions to the Australian 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 tailored software and SaaS solutions helping health businesses to be more efficient and deliver excellent patient care. These include electronic medical records for health delivery organisations, client management systems for community health, patient administration systems for hospitals, practice management systems, secure messaging for connected care, patient engagement platforms and consumer health records.

Located in Melbourne, Victoria the company is ISO27001 compliant.

To learn more about Global Health please visit: <http://www.global-health.com/>

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