

## Global Health Ltd FY2020 Results

Australian Healthcare Software provider **Global Health Limited (ASX: GLH)** ("**Global Health**" or "**Company**") is pleased to provide its **FY2020 Results**.

### Key Highlights

- ✓ Total Customer Revenue and Other Income up 13% to \$6,255,668
- ✓ Total Customer Revenue up 9% to \$5,969,377
- ✓ Operating Expenses down 6% to \$5,766,188
- ✓ EBITDA up 180% from (\$610,227) to \$489,487
- ✓ Net Loss reduced by 95% from (\$1,296,793) to (\$60,128)
- ✓ Customer Recurring Revenue up 14% to \$4,179,408
- ✓ Annualised Recurring Revenue (ARR) up 26% to \$4,727,040
- ✓ Total Debt reduced by \$534,432 from \$1,165,641 to \$631,209

### COVID-19 Impact - Embracing the Digital Age for Healthcare

The financial year to 30 June 2020 was dominated by the COVID-19 pandemic which has impacted everyone.

Global Health has been able to adjust well to these challenging circumstances as it already had a number of staff familiar with working effectively and efficiently, remotely.

Other staff have adapted to working from home very effectively, maintaining a high level of responsiveness and service levels to our customers.

In many ways the COVID-19 pandemic has accelerated the adoption of remote and virtual care engagement models by healthcare providers and is now forcing many in the market place to embrace the digital age. This ambition in healthcare may still have seemed like it was some way off but the market conditions are now seeing it as an effective and efficient way of operating in to the future.

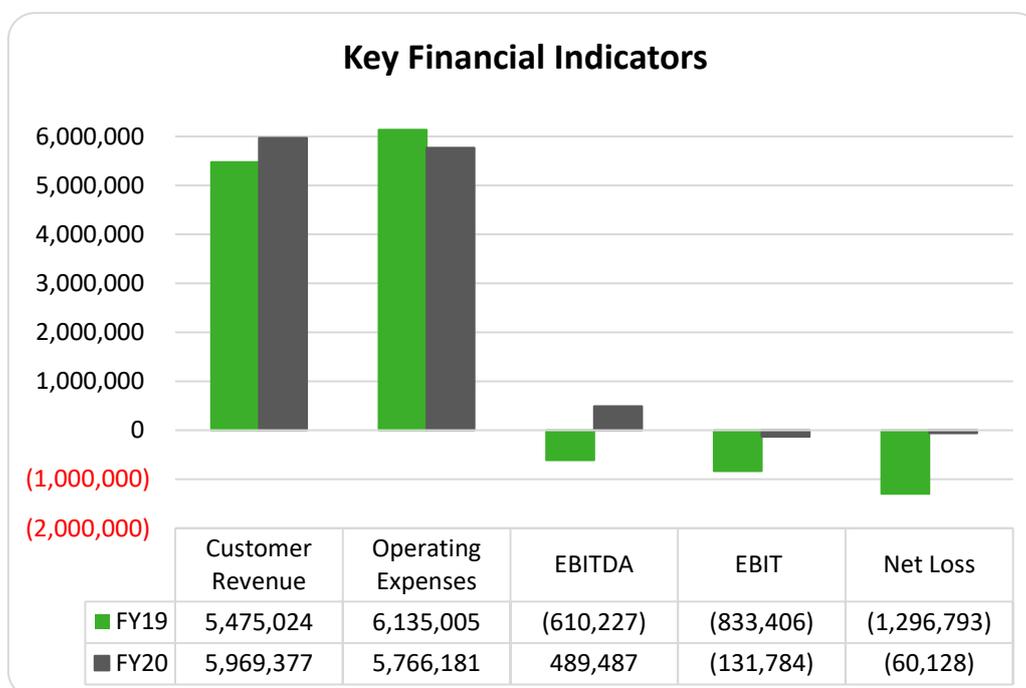
Over the 12 months to 30 June 2020, the Company has recorded a solid financial result as the Company works towards transitioning back into sustainable profitability and we have significant momentum underway in the demand for the Company's software platforms. These are further described in the sections below.

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**Financial Performance**

The Company has continued a positive trend across key financial indicators.

Total customer revenue increased by \$494,393 (+9%) to \$5,969,377 with operating expenses reducing by \$368,824 (down 6%) to \$5,766,181.



This resulted in significant margin improvements with a \$1,099,713 (+180%) improvement in EBITDA resulting in an EBITDA margin of \$489,486 (8%) for the reporting period.

The bottom line was a \$1,236,665 (+95%) reduction in the Company's Net Loss to (\$60,128).

Earnings Per Share (EPS) was reduced to a loss of 0.15 cents per share which was a 96% reduction from a loss of 3.86 cents per share in the prior year.

**Steady Growth in Recurring Revenue**

Pleasingly, recurring revenue from customers increased by 14% (+\$523,151) to \$4,179,408 with Annualised Recurring Revenue (ARR) up 26% to \$4,727,040.

However, revenue from professional services was reduced by 44% (-\$747,000) to \$965,317 due to the postponement of a number of contracted implementations of our software resulting from the COVID-19 restrictions imposed from March 2020.

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Revenue and Income	FY 2019	FY 2020	\$ Delta	% Delta
Software Subscriptions	3,273,347	3,612,263	338,916	10%
Expansion & additional usage fees	382,910	567,145	184,235	48%
<b>Total Recurring Revenue</b>	<b>3,656,257</b>	<b>4,179,408</b>	<b>523,151</b>	<b>14%</b>
Professional services	1,712,194	965,317	-746,877	-44%
Other Product Revenue	106,573	824,652	718,079	674%
<b>Other Customer Revenue</b>	<b>1,818,767</b>	<b>1,789,969</b>	<b>-28,798</b>	<b>-2%</b>
<b>Total Customer Revenue</b>	<b>5,475,024</b>	<b>5,969,377</b>	<b>494,353</b>	<b>9%</b>
Other income	37,587	280,000	242,413	645%
Finance income	12,167	6,291	-5,876	-48%
<b>Other Income</b>	<b>49,754</b>	<b>286,291</b>	<b>236,537</b>	<b>475%</b>
<b>Total revenue and income</b>	<b>5,524,778</b>	<b>6,255,668</b>	<b>730,890</b>	<b>13%</b>

Other Product Revenue included \$600,000 from SA Health's extension of the licence to the Company's CHIRON PAS software on an "as-is-where-is" basis across country SA public hospitals for a further 12 months.

Other Income included the Government's Job Keeper and Cashflow Boost stimulus measures.

### Financial Position

Prior to 1 July 2018, the Company's practice was to charge new (non-SaaS) customers an Initial Licence Fee (ILF) which was recognised in full in the period when the customer commenced usage.

This better matched the period in which Customer Acquisition Costs and initial provisioning costs were incurred.

Annual Licence Fees (ALF) renewals were issued twelve months from go-live and proportionately recognised each month.

A new accounting standard (AASB-15) came into effect on 1 July 2018 whereby ILFs were required to be recognised over the typical useful life of the software. The useful life the Company's software is deemed to be 60 months.

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By way of example, if a new customer pays an ILF of \$12,000 and commences usage in May-20, then 1/60 or \$200 is recognised in each of May-20 and June-20 with the remaining \$11,600 recorded as a Contract Liability on the Balance Sheet.

The accounting adjustments to the new standard was first applied to the Company's accounts from 1 July 2018 which included ILFs prior to 1-Jul 2018 where appropriate.

The effect was a significant increase in Contracted Liabilities which resulted in the Company reporting a negative Net Asset position as at 30-June 2019.

**Successful Rights Issue raises \$1,010,368**

A Rights issue was completed in November 2019 raising just over \$1million to improve the Company's Net Assets position. Total Debt was reduced by \$534,432 from \$1,165,641 in Jun-19 to \$631,209 as at Jun-20.

The combination of these has resulted in Net Assets improving from a deficit of (\$725,217) as at 30 June 2019 to a positive Net Assets position of \$269,192 as at 30 June 2020.

The Company is progressively transitioning customers from subscriptions annually or quarterly in advance to monthly subscriptions, which will further improve the Net Assets position.

The Company's Net Liquidity improved by \$1,380,076 over the 12 months from (\$1,106,129) to \$273,947.

	2019	2020
<b>Cash &amp; cash equivalents</b>	\$803,990	\$666,276
<b>Trade and Other Receivables</b>	\$436,125	\$1,208,968
<b>Quick Assets</b>	<b>\$1,240,115</b>	<b>\$1,875,244</b>
<b>Trade and Other Payables</b>	\$1,786,261	\$1,059,512
<b>S/T Borrowings &amp; Lease liabilities</b>	\$559,983	\$541,785
<b>Short Term Obligations</b>	<b>\$2,346,244</b>	<b>\$1,601,297</b>
<b>Net Liquidity</b>	<b>(\$1,106,129)</b>	<b>\$273,947</b>

### On-going Innovation

Continuous investment in Research & Development is crucial in the technology business.

The Company's R&D roadmap for "Streamlining the Patient Journey" 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 reporting period, capitalised R&D reduced from approximately \$960K to \$698K which was 27% less than the prior year.

	FY18	FY19	FY20
<b>Purchase of Intangibles</b>	\$1,848,829	\$959,880	\$698,068
<b>Amortisation</b>	\$132,778	\$190,329	\$402,124

### Our Operations

The Company is progressively transitioning our software assets from a client/server deployment model to "mobile-first" Software as a Service (SaaS) platforms supporting our vision of a patient-centric, and connected healthcare eco-system accessible anywhere, anytime and on any device.

The Company's SaaS platforms are in early commercialisation with early adopters helping shape the solutions for maximum market adoption. Our Connected Health Records SaaS portfolio comprises:

- **MasterCarePlus** (<https://www.mastercare.net.au/mastercare-plus/>) provider platform for healthcare delivery organisations and clinicians;
- **ReferralNet** ([www.referralnet.com.au](http://www.referralnet.com.au)) Secure Messaging platform for secure, reliable and trusted connectivity across the healthcare sector;
- **Lifecard Personal Health Record** ([www.lifecard.com](http://www.lifecard.com)) for healthcare consumers to better manage their health and wellness, and,
- **HotHealth Patient Relationship platform** ([www.hothealth.com](http://www.hothealth.com)) for healthcare delivery organisations to engage online with their patients.

In the second half of the year, the operating structure was streamlined around functional groups with staff re-organised into a single Customer Success Group and a single Product Portfolio Group.

The re-structure enhances the ability to provide our customers with a more integrated support capability across the patient journey and our CHR SaaS portfolio.

The single product portfolio group will encourage greater integration across our existing software assets and our CHR SaaS portfolio. This will deliver a more seamless patient journey and improved business efficiencies to support the needs of healthcare delivery organisations, clinicians, connectivity and consumers.

### **Provider Platforms**

Our mission to provide better outcomes for patients living with long-term or chronic disease requires platforms that support healthcare delivery anywhere, anytime and on any device – in hospitals, community health settings, primary care practices and at home.

**MasterCare** and **PrimaryClinic** are our brands that provide solutions for healthcare delivery organisations and clinicians.

**MasterCare** is designed for enterprise customers with between 10 and 1000 clinicians while **PrimaryClinic** is typically used by smaller GP, Specialist and Allied Health practices.

New contracts in the reporting period include the following:

- **MasterCare PAS** was selected for the private campus at the Royal Rehab Private hospital which is the preeminent provider of rehabilitation and disability support services in Sydney. The application is hosted and managed by **Global Health's Altitude Managed Cloud Service**. The implementation includes **Global Health's e-Switch** Integration broker used to integrate with NSW Health's Cerner EMR deployed at the public campus at Royal Rehab.
- **MasterCare** Client Management and Electronic Medical Record (EMR) was deployed for an estimated 250 clinicians at the Sunraysia Community Health Services in Mildura. The deployment included additional applications and services from the Company such as **e-Switch** for integration to other applications used at Sunraysia, **ReferralNet** for connectivity across the wider clinician community, **PrimaryClinic** for General Practice and the **MasterCare Data Warehouse** for meaningful insights into the efficacy of the business and treatment protocols.

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- **MasterCare EMR** was deployed at Orygen Youth Health in Parkville, Melbourne hosted at the Company's **Altitude Managed Cloud Service**.
- **MasterCare EMR** was deployed at Monash Health in Melbourne with the Company's **e-Switch** Integration broker used to integrate with the Cerner clinical system used in the acute facilities.

**MasterCare** for delivery organisations providing Mental Health services now represents over 45% of the Company's revenue with demand continuing to increase as Mental Health fast becomes the major area of focus of healthcare systems in Australia and globally.

The projects above were secured and deployed before the COVID restrictions.

Since March 2020, the Company has also been contracted for additional deployments worth more than \$1 million in the initial 12 months however the go-live date, associated recurring subscriptions and deployment services have been delayed beyond the current restriction period with go-live now forecast between Dec-20 and June-21.

### **Connectivity Platforms**

The Company's Connectivity platforms comprise the **ReferralNet** Secure Messaging platform for sharing information across healthcare enterprises and **e-Switch** for integration of disparate applications within an enterprise.

These connectivity platforms are embedded in almost all the deployments of our **MasterCare** and **PrimaryClinic** platforms.

**ReferralNet** is also integrated to over twenty 3<sup>rd</sup> party clinical systems and deployed in these 3<sup>rd</sup> Party customer sites to support the broader goal of a connected healthcare eco-system.

In practical terms, the Company's **ReferralNet** and Telstra Health's Argus Connect are the only two interoperable Secure Messaging platforms in Australia. This extends the effective **ReferralNet** reach for our customers to the majority of healthcare delivery organisations across Australia.

In February 2020, the Company executed a partnership agreement with Best Practice to promote **ReferralNet** to the Best Practice customer base. Best Practice is Australia's leading primary care clinical application with over 50% market share.

The Company is optimistic that the partnership will further drive the volume of documents digitally exchanged between provider organisations.

### **Consumer Platforms**

COVID-19 has generated increased demand for virtual care and contactless engagement.

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This has resulted in increased demand for the Company's **Lifecard Patient Portal** which is based on the Company's **Lifecard Personal electronic Health Record** (eHR) platform.

**Lifecard Patient Portal** was deployed in three early adopter hospital sites and multiple mental health service organisations.

Since COVID-19, a further nine other **MasterCare** sites are in the process of deploying our **Lifecard Patient Portal** for engagement with their patients.

The Company renewed our partnership with Diabetes Victoria for the promotion of our **Lifecard Personal eHR** which combined with **Lifecard Patient Portal** has resulted in Lifecard users increasing by approximately 5K per month.

**Lifecard Personal eHR** is central to the Company's goal of patient empowerment. Tighter integration to our **MasterCare** and **PrimaryClinic** platforms is underway to increase our **Lifecard** user base over the next few years.

The other key platform for consumer engagement is the Company's **HotHealth** Patient Relationship platform pitched as a "digital doorway" for provider organisations to engage with their patients online.

**HotHealth** is rich with virtual care and engagement features including online forms, embedded secure messaging, online appointments, discussion forums, chat groups, event management, communities of common interest, video-conferencing, **Lifecard** access and a web-store.

**HotHealth** is priced to be affordable with the bulk of features "metered" in a pay-as-you-use business model. With COVID-19 restrictions such as social distancing in place, the Company is experiencing much increased interest in **HotHealth**.

### **Sales and Marketing**

In early March, the Company established a dedicated Sales team based in Sydney to meet the growing demand for our enterprise systems particularly from organisations involved in managing Mental illness and other long-term conditions such as diabetes, asthma and cardiovascular disease.

Much of the Company's existing customers are located outside New South Wales and Queensland. The establishment of a sales team in Sydney is to increase our customer base in these states.

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## Forward Outlook

Demand for disruption in healthcare remains strong in all markets with a big focus on digital transition in the marketplace. It has been the Company's strategy to support a patient-centric healthcare eco-system that enables healthcare providers and their patients to actively engage with each other irrespective of the prevailing operating conditions.

Covid-19 has sharpened and focussed our commitment and attention to see the healthcare system operate as efficiently and seamlessly as possible.

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 in the digital age. 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 very good example of this. During the next few years, we expect consumer involvement in the management of individual healthcare and chronic conditions to increase significantly.

The impact of Covid-19 has seen substantial funds become available for mental health, chronic diseases, telehealth and general practice. The Company is very well established and well positioned in these areas. Healthcare providers are seeking solutions that improve the productivity and efficiencies of their operations.

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.

Approved by the Board of Directors

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**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.



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