

For Immediate Release: 28 February 2019 MEDIA RELEASE

ASX: GLH

Strong Growth in Software Subscription Revenue and Mental Health Platform

- Software Subscription Revenue increases by 18% (up \$289,531) to \$1,882,424
- Operating and overhead expenses decrease by 19% (down \$678,806) to \$2,847,225
- EBITDA improves by 57% (down \$658,802) to (\$501,939)
- EPS improves by 54% from a loss of 3.234 cents per share to a loss of 1.497 cents per share

The Company is successfully transitioning from a period of heavy investment in Research and Development with the progressive release of our consumer-centric Connected Health Records suite of Software as a Service (SaaS) cloud platforms.

The on-going success across our Business as Usual (BAU) platforms and the gradual release of our new SaaS cloud platforms has resulted in a steady growth in Monthly Recurring Revenue (MRR).

Total revenue of \$2,345,286 was similar to the Previous Corresponding Period (PCP) due to a \$313,738 reduction in Professional Services revenue. The Professional Services revenue in the PCP included approximately \$500K of project billings associated with the completion and go-live of 2 major projects in Q3 and Q4 2017.

Based on the continuation of reduced Research & Development and steady new sales, MRR alone is expected to exceed fixed expenses within the next 12 months.

Business development activities across the Company's expansion markets of ASEAN are also gathering momentum.

Existing customers are also increasing their engagement with the Company with new projects. These include:

- Mercy Mental Health
- St John of God Health Care
- Adelaide Primary Health Network, and
- Bethesda Hospital in Claremont WA

The Company's order book continues to experience strong growth with over \$1.5M in new orders to be fulfilled by 30-June 2019.

This new revenue is largely derived from the Company's flagship MasterCare EMR platform that supports a single shared health record used by multiple specialists to manage the care of people living with non-communicable, chronic or lifestyle diseases. This include new customers such as:

- The Victorian Department of Justice and Regulation
- Monash Health in South West Victoria
- Sunraysia Community Health Services in Northern Victoria, and
- Black Dog Institute in New South Wales.

Financial Position

The Company has corrected an error in the accounting treatment adopted in relation to the recognition of research and development incentives received in prior financial statements. These had previously been recognised as other income instead of being offset against the capitalised development costs to which they related. This also effects adjustments related to the Groups deferred tax position.

The transition to AASB 15 has had an impact on Unearned Income as Initial Licence Fees which were previously recognised upon go-live but are now recognised over multiple financial years.

Going forward, the Company has implemented a revised monthly subscription pricing that amortises the initial licence fees and customer acquisition cost, over 60 months.

The Company's quick ratio ((cash + receivables) / payables) is an acceptable 1.6, down slightly from the PCP ratio of 1.8. This is largely due to delays in the general release and associated new sales revenue of the Company's MasterCare Plus provider SaaS platform for Allied Health, from the originally planned May 2018 release to March 2019. This is due to the delayed implementation of mandatory new features required to support the Commonwealth Government's My Health Record (MyHR) initiative.

Financial Commentary

The financial statements have been prepared in accordance with the new standards for the recognition of *Revenue from Contracts with Customers* (AASB 15) and *Financial Instruments* (AASB 9) which became effective for periods commencing on or after 1 January 2018. Accordingly, these standards apply for the first time to this set of interim financial statements. The nature and effect of material changes arising from AASB 15 are summarised in below and in Note 4. AASB 9 has not materially impacted the results.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018 and applied retrospectively.

Prior to the application of AASB 15, the Group recognised Initial Licence Fee from new sales in full on or around the go-live of the Company's software at customer sites. Annual renewals are amortised on a monthly basis from year 2 onwards.

Under the new standard, the Initial Licence Fee and in some cases, a portion of the professional services, are applied over 60 months – being the typical life of the software.

Annual subscription renewals have not been impacted as these are recognised on a monthly basis under the previous and current standard.

Forward Outlook

The Company's focus remains on:

- Extending the reach of Global Health's Mental Health Platforms in Australia
- Considered investments in consumer health services particularly focused on connectivity, community engagement and consumer empowerment
- Possible acquisitions or joint ventures which complement the Company's existing products
- Increasing Software Subscription Revenue so that it exceeds Fixed Costs
- Ensuring our clients continue to maintain the quality, efficiencies and improved productivity of their healthcare services by fully utilising Global Health's comprehensive portfolio healthcare platforms

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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 or visit any of the product websites.



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