

31 August 2021
ASX: GLH

Global Health Results for the year ended 30 June 2021

Global Health Ltd (ASX: GLH) is pleased to announce its results for the year ended 30 June 2021.

Executive Summary

- Total Company revenue and income for FY21 closed \$1.22M up on prior year at \$7.48M, a 20% increase on FY20 (\$6.26m).
- Client revenues have materially increased in FY21- \$7.03M, up 18%/\$1.06M on FY20 (\$5.97M).
- Global Health posted an EBITDA of \$1.06M, \$566K favourable from prior year (FY20 \$489K).
- Operating expenses \$6.42M, increased \$654K from prior year, a 11% increase.
- Impairment charge of \$998,546 was applied against all capitalised products other than the flagship MasterCare platform due to write downs resulting from reduced sales outputs in FY21 and forecasted future sales impacts, which has materially impacted FY21 EBIT and NPAT results.

Global Health has shown resilience in FY21, producing strong revenue growth in a challenging, pandemic dominated, operating environment. The recurring revenue base of the business increased 13% from prior year, and professional services administered for onboarding new and recurring clients increased 70% from prior year. MasterCare EMR continues to be the flagship product for Global Health. Year on year revenue growth of 36% in subscription revenue and 32% growth in expansion revenues. On-boarding of large clients including Peninsula Health has contributed to the strong gains.

Operating expenses increased \$654K in FY21, primarily due to resource requirements for new customer on boarding and investments in product development.

New key hires in FY21 align with the Company's focus on growth via recruitment for, customer support and on boarding. Although staffing costs were 14% higher to prior year, salaries and wages as a percentage of revenue was favourable (53% vs 55%). Scaling resources for additional growth will continue in FY22, as the Company acquires more market share.

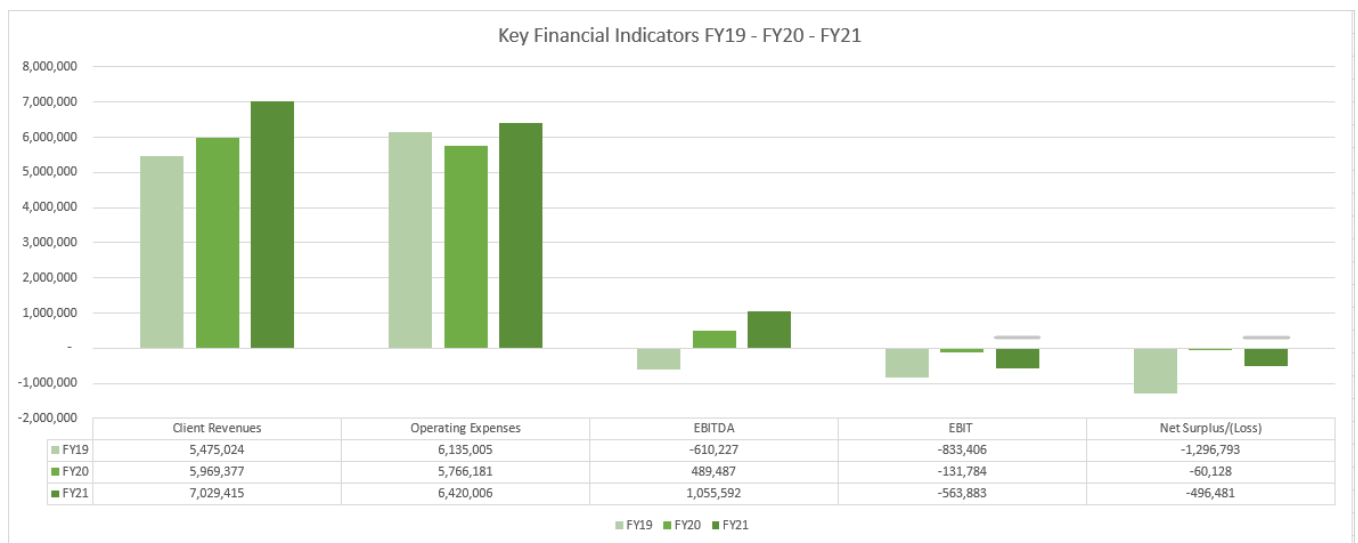
The impact of COVID-19 has been significant in the development and revenue growth of ancillary products resulting in the impairment of PrimaryClinic, Lifecard, ReferralNet and HotHealth. The diminished capacity to engage and secure new customers for these products in the year past and

potential for similar challenges in the coming year required a review and resulting impairment of these products.

Finance

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

Total customer revenue \$7.03M increased 18% on prior year, while operating expenses increased \$654k on prior year, a 11% increase, these increases were primarily related to on boarding new customers and product development.



Client revenue performance has been positive year on year, with 18%/\$1.06m growth from prior year. This represents a positive uplift in growth rate from FY19 (9%/494K). This resulted in a positive operating cash flow of \$1.37M generated in FY21.

EBITDA margins have substantially grown from FY20, \$566K ahead from prior year (\$1.056M FY21 vs \$489K FY20). The result is encouraging, demonstrating the Company's ability to translate revenues into operational efficiency.

EBIT margin was materially impacted by the valuations and resulting impairment of key products¹.

¹ When excluding impairment on key products, both EBIT and Net Surplus/Loss move into positive territory- marked in grayscale.

Revenue Detail

Recurring revenues continue to grow year on year, with the FY21 recurring group growing by an additional 13%/\$545K. The Company's MasterCare EMR product has been a key driver in this space.

Professional services increased by 70%/676K due to additional projects revenue, and the on-boarding of large clients.

Revenue and Income	FY20	FY21	Var	Var %
Subscription Revenue	3,612,263	4,021,255	408,992	11%
Expansion Revenue	567,145	703,069	135,924	24%
Total Recurring Revenue	4,179,408	4,724,324	544,916	13%
Professional Services	965,317	1,641,029	675,712	70%
Other Product Revenue	824,652	664,062	- 160,590	-19%
Other Customer Revenue	1,789,969	2,305,091	515,122	29%
Total Customer Revenue	5,969,377	7,029,415	1,060,038	18%
Other Income	280,000	443,000	163,000	58%
Finance Income	6,291	3,183	- 3,108	-49%
Total Revenue and Income	6,255,668	7,475,598	1,219,930	20%

Financial position

Trade receivables owing has declined by 54%, enhancing the timeliness and cash cycle of the business. Short term borrowings and obligations have reduced significantly, providing for a more favourable net liquidity ratio.

From a cash perspective, Global Health delivered \$1.37M positive cashflow from operating activities in FY21. This outcome is a significant improvement from prior year, where cashflow was in decline from operating activities (FY20 (\$141K)).

	FY20	FY21
Cash and Cash Equivalents	666,276	4,840,318
Trade and Other Receivables	1,208,968	550,536
Quick Assets	1,875,244	5,390,854
Trade and Other Payables	1,059,512	1,362,270
S/T Borrowings and Lease Liabilities	541,785	162,280
Short Term Obligations	1,601,297	1,524,550
Net Liquidity	273,947	3,866,304

Capital Raising

In June - July, the Company raised \$7.8M via a placement to sophisticated investors and leading institutional investors, conducted in two tranches.

Proceeds from the placement will provide the Company with:

- a stronger Balance Sheet
- support for an expanded sales force to accelerate revenue growth rates and
- support for an expanded R & D team to accelerate the progression of customers to the Company's SaaS platforms comprising:
 - MasterCare Plus (www.mastercare-plus.net.au)
 - ReferralNet Secure Connectivity platform (www.referralnet.com.au)
 - HotHealth Patient Engagement platform (www.hothealth.com) and
 - Lifecard consumer-empowerment platform (www.lifecard.com).

The Company is holding cash and cash equivalents of \$4.84M at the close of FY21, which will enable Global Health the ability to undertake its strong growth plans from FY22 onwards.

Operations

Global Health's portfolio of solutions commenced several key national infrastructure integration projects in FY21 signalling our continued commitment to the Australian healthcare billing, statutory reporting, prescribing and e-health landscape. Working together with an engaged community

health client-base we continued to improve on our feature-set and build on a competitive advantage in that segment.

To meet current and anticipated growth we have invested in our people and culture filling key roles in product ownership, customer service, project execution, sales, and marketing. The team is primed to deliver a better experience to our growing client base and execute on several active projects scheduled to take place in FY22 and beyond.

Looking forward we see a significant opportunity to work with our existing client-base to help them adopt some of our patient experience and engagement platforms namely HotHealth and LifeCard. Our provider systems MasterCare PAS, EMR and Plus are all equipped with development roadmaps designed to improve the value our solutions represent to our clients and unearth new market opportunities.

Forward Outlook

The Company is in a strong position, following the successful \$7.8M capital raise conducted in two tranches over June and July. The new capital will be used to expand the sales and marketing activity of Global Health while also funding an acceleration of the product development in our MasterCare + and Lifecard products.

Significant investment in key people has taken place across marketing, sales and customer success to ensure we can leverage the considerable impetus for change within the sector.

While COVID-19 impacts have delayed revenue activation for key projects in FY21, these delayed revenues will have a significant impact in FY22 and serve as a foundation for material expansion of our MasterCare deployment to meet the growing demand for Community Health and Mental Health services in Australia.

Global Health will continue to execute on our strategy to accelerate growth, focused on increasing share in our three core markets - Community Health services, Hospitals and Mental Health. A focus on product expansion within existing customers and the acquisition of new customers in combination is designed to target an average revenue growth rate of 25% p.a. over the next three years.

Exploration of overseas and adjacent market growth will be a focus for the 2nd half of the financial year. These new market initiatives are expected to be driven by our consumer engagement applications specifically, our HotHealth digital front door platform and our Lifecard Patient empowerment platform.

Michael Davies, CEO said, "Global Health are in a strong position to expand our relevance and contribution to the Australian Health care sector. With continued growth in solutions for Mental Health and Community Health we are well positioned to support the needs of the Australian public. As a proudly Australian company we are pleased to be able to employ more people this year than last and, in a small way, contribute to the economic recovery of Australia as we emerge from the Covid impacts on our economy."

"While COVID-19 continues to present challenges, as evidenced with the write downs of certain

products it has also served to highlight the importance of comprehensive digital solutions to the ongoing ability of health care organisations to support patient care and government compliance requirements."

"Moving forward Global Health will continue to focus on developing productivity and compliance solutions with existing customers while developing our consumer enabling solutions of HotHealth and Lifecard."

Approved for release by the Board of Directors

– ENDS –

For further information please contact:

Michael Davies, Chief Executive Officer Global Health Limited

T: (03) 9675 0614,

M: 0429 306 650

E: michael.davies@global-health.com

Mathew Cherian, Executive Director Global Health Limited

T: (03) 9675 0600,

M: 0409 099 788,

E: Mathew.Cherian@global-health.com

Rod North, Managing Director, Bourse Communications Pty Ltd

T: (03) 9510 8309,

M: 0408 670 706,

E: rod@boursecommunications.com.au

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.

Global Health Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity: Global Health Limited
ABN: 75 091 377 892
Reporting period: For the year ended 30 June 2021
Previous period: For the year ended 30 June 2020

2. Results for announcement to the market

				A\$
Revenue from ordinary activities	up	19.50 %	to	7,475,598
Loss from ordinary activities after tax attributable to the owners of Global Health Limited	up	725.71 %	to	(496,481)
Loss for the year attributable to the owners of Global Health Limited	up	725.71 %	to	(496,481)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$496,481 (2020: loss of \$60,128). Further commentary on the result of the consolidated entity are include in the "Financial & Operations Review" attached to this document.

3. Net tangible liabilities

	Reporting period Cents	Previous period Cents
Net tangible assets/(liabilities) per ordinary security	0.38	(8.72)

4. Control gained over entities

Not applicable

5. Loss of control over entities

Not applicable

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Current period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable

8. Details of associates and joint venture entities

Not applicable

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements for the year ended 30 June 2021 are currently being audited.

11. Attachments

Details of attachments (if any):

The preliminary financial report of Global Health Limited for the financial year ended 30 June 2021 and the Financial & Operations Review are attached.

12. Signed



Steven Leigh Pynt
Non-Executive Chairman
On behalf of the Board of Directors
Global Health Limited
31 August 2021

Global Health Limited

ABN 75 091 377 892

Preliminary Report - 30 June 2021

Global Health Limited

ABN 75 091 377 892

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue			
Revenue from contracts with customers	1	7,029,415	5,969,377
Other income		443,000	280,000
Finance income	2(a)	3,183	6,291
Total income and revenue		7,475,598	6,255,668
Employee benefits expense		(3,940,814)	(3,465,373)
Third party product and service costs		(1,654,965)	(1,255,832)
General and administration costs		(301,664)	(209,347)
Bad debts and movements in loss allowance for financial assets		100,983	(111,900)
Marketing expenses		(153,599)	(134,639)
Professional fees		(347,895)	(340,543)
Occupancy expenses		(57,827)	(66,623)
IT and telecommunications expense		(55,722)	(116,329)
Travel expenses		(8,503)	(65,595)
Finance expenses	2(b)	(61,682)	(110,315)
Depreciation		(210,869)	(219,147)
Amortisation	8(a)	(410,060)	(402,124)
Impairment of intangible assets	8(a)	(998,546)	-
Total expenses		(8,101,163)	(6,497,767)
Loss before income tax		(625,565)	(242,099)
Income tax benefit	4	129,084	181,971
Net loss for the year attributable to members of the parent entity		(496,481)	(60,128)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
Total comprehensive loss for the year attributable to members of the parent entity		(496,481)	(60,128)
Earnings per share:			
Basic earnings/(loss) per share (cents)	21	(1.17)	(0.15)
Diluted earnings/(loss) per share (cents)	21	(1.17)	(0.15)

The accompanying notes form part of these financial statements.

Global Health Limited

ABN 75 091 377 892

Consolidated Statement of Financial Position As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	4,840,318	666,276
Trade and other receivables	6	550,536	1,208,968
Tax receivable	9(a)	-	97,930
Other assets	11	140,496	114,009
TOTAL CURRENT ASSETS		5,531,350	2,087,183
NON-CURRENT ASSETS			
Property, plant and equipment	7	5,281	34,956
Intangible assets	8	2,959,823	3,939,689
Deferred tax assets	9(b)	272,113	391,799
Right-of-use assets	10	3,332	201,802
Other assets	11	118,392	116,350
TOTAL NON-CURRENT ASSETS		3,358,941	4,684,596
TOTAL ASSETS		8,890,291	6,771,779
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,362,270	1,059,512
Contract liabilities	13	2,418,336	2,622,080
Borrowings	14	159,476	360,111
Lease liabilities	10	2,804	181,674
Provisions	15	1,044	50,000
Employee benefits	16	716,502	582,053
TOTAL CURRENT LIABILITIES		4,660,432	4,855,430
NON-CURRENT LIABILITIES			
Contract liabilities	13	142,936	218,604
Borrowings	14	141,106	271,098
Deferred tax liabilities	9(c)	767,554	1,114,254
Lease liabilities	10	728	3,532
Employee benefits	16	27,078	39,669
TOTAL NON-CURRENT LIABILITIES		1,079,402	1,647,157
TOTAL LIABILITIES		5,739,834	6,502,587
NET ASSETS		3,150,457	269,192
EQUITY			
Issued capital	17	24,354,141	21,745,526
Reserves	18	1,058,264	292,140
Accumulated losses	19	(22,262,024)	(21,768,550)
Total equity attributable to equity holders of the Company		3,150,381	269,116
Non-controlling interest	20	76	76
TOTAL EQUITY		3,150,457	269,192

The accompanying notes form part of these financial statements.

Global Health Limited

ABN 75 091 377 892

Consolidated Statement of Changes in Equity For the Year Ended 30 June 2021

2021

		Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Non- controlling Interests	Total
	Note	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		21,745,526	(21,768,550)	24,234	267,906	76	269,192
Net loss attributable to members of the parent entity		-	(496,481)	-	-	-	(496,481)
Transactions with owners in their capacity as owners							
Contribution of equity, net of transaction costs		2,592,308	-	-	750,778	-	3,343,086
Share based payment transactions	18	-	-	-	34,660	-	34,660
Lapsed employee share options	18,19	-	3,007	-	(3,007)	-	-
Exercised options	18	16,307	-	-	(16,307)	-	-
Balance at 30 June 2021		24,354,141	(22,262,024)	24,234	1,034,030	76	3,150,457
2020							
Balance at 1 July 2019		20,961,242	(21,860,746)	24,234	149,977	76	(725,217)
Adjustment due to adoption of AASB 16	19	-	86,903	-	-	-	86,903
Balance at 1 July 2019 (adjusted)		20,961,242	(21,773,843)	24,234	149,977	76	(638,314)
Net loss attributable to members of the parent entity		-	(60,128)	-	-	-	(60,128)
Transactions with owners in their capacity as owners							
Contribution of equity, net of transaction costs		758,934	-	-	-	-	758,934
Options issued as part of rights issue	18	-	-	-	175,973	-	175,973
Share based payment transactions	18	-	-	-	32,727	-	32,727
Lapsed employee share options	18,19	-	65,421	-	(65,421)	-	-
Previously exercised options	18	25,350	-	-	(25,350)	-	-
Balance at 30 June 2020		21,745,526	(21,768,550)	24,234	267,906	76	269,192

The accompanying notes form part of these financial statements.

Global Health Limited

ABN 75 091 377 892

Consolidated Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (inclusive of GST)	8,497,704	7,016,268
Payments to suppliers (inclusive of GST) and employees	(7,076,592)	(7,332,924)
Interest received	3,183	6,291
Finance costs	(53,774)	(103,061)
Income taxes received	-	272,387
Net cash provided by/(used in) operating activities	1,370,521	(141,039)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for intangible assets	(695,343)	(698,068)
Purchase of property, plant and equipment	-	(789)
Receipts from Research and Development Grants	266,603	446,080
Net cash provided by/(used in) investing activities	(428,740)	(252,777)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	4,004,532	1,010,368
Repayment of borrowings	(330,627)	(534,432)
Payment of transaction costs	(256,405)	(75,461)
Repayment of lease liabilities	(185,239)	(144,373)
Net cash provided by/(used in) financing activities	3,232,261	256,102
Net increase/(decrease) in cash and cash equivalents held	4,174,042	(137,714)
Cash and cash equivalents at beginning of year	666,276	803,990
Cash and cash equivalents at end of financial year	4,840,318	666,276

The accompanying notes form part of these financial statements.

Global Health Limited

ABN 75 091 377 892

Notes to the Financial Statements For the Year Ended 30 June 2021

1 Revenue from Contracts with Customers

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2021	2020
	\$	\$
<i>Major product lines:</i>		
- Recurring software subscriptions	4,021,255	3,612,263
- Expansion revenue and additional usage fees	703,069	567,145
- Professional services rendered	1,641,029	965,317
- Other product revenue	664,062	824,652
Total revenue	7,029,415	5,969,377
<i>Geographical regions:</i>		
- Australia	7,029,415	5,969,377
- Other	-	-
Total revenue	7,029,415	5,969,377
<i>Timing of revenue recognition:</i>		
- Point in time	2,678,538	2,069,498
- Over time	4,350,877	3,899,879
Total revenue	7,029,415	5,969,377

2 Finance Income and Expenses

(a) Finance income

	2021	2020
	\$	\$
Interest income		
- Assets measured at amortised cost	3,183	6,290
Net foreign currency gain on financial assets and liabilities	-	1
Total finance income	3,183	6,291

(b) Finance expenses

Interest expense on lease liability	6,170	16,526
Net foreign currency loss on financial assets and liabilities	1,738	-
Other finance expenses	53,774	93,789
Total finance expenses	61,682	110,315

Notes to the Financial Statements
For the Year Ended 30 June 2021

3 Expenses

The result for the year includes the following specific expenses:

	2021	2020
	\$	\$
<i>Employee benefits expense excluding superannuation:</i>		
Employee benefits expense excluding superannuation net of capitalised development costs	3,566,601	3,177,830
<i>Superannuation expense:</i>		
Defined contribution superannuation expense	374,213	287,543
<i>Share-based payments expense:</i>		
- Share-based payments expense	34,661	32,727

4 Income Tax Expense

The major components of tax expense (income) comprise:

	2021	2020
	\$	\$
Current tax	-	(97,930)
Adjustments for current tax of prior periods	97,930	-
<i>Deferred tax - origination and reversal of temporary differences:</i>		
- Decrease/(increase) in deferred tax assets	119,686	(57,135)
- Increase/(decrease) in deferred tax liabilities	(346,700)	(26,906)
Total income tax expense/(benefit)	(129,084)	(181,971)

5 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash on hand	601	601
Cash at bank	4,839,717	665,675
Total cash and cash equivalents	4,840,318	666,276

(a) Reconciliation of cash

Cash and cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

Cash and cash equivalents	5	4,840,318	666,276
Balance as per consolidated statement of cash flows		4,840,318	666,276

Notes to the Financial Statements

For the Year Ended 30 June 2021

6 Trade and Other Receivables

	Note	2021 \$	2020 \$
CURRENT			
Trade receivables		531,999	1,333,057
Less: Loss allowance	6(a)	(24,947)	(125,930)
		<u>507,052</u>	<u>1,207,127</u>
Employee loans		33,024	-
Other receivables		10,460	1,841
Total current trade and other receivables		<u>550,536</u>	<u>1,208,968</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

(a) Impairment of receivables

The Group has recognised a gain of \$100,983 (2020: loss of \$19,031) in profit or loss in respect of movements in loss allowance for the year ended 30 June 2021. Further \$NIL has been written off as bad debts during the year (2020: \$92,868).

The ageing of the receivables and loss allowance provided for above are as follows:

30 June 2021	Within Maturity (0-30 days)	31-60 days	61-90 days	90-120 days	>120 days	Total
Expected loss rate (%)	4.05	8.32	12.82	20.60	12.37	
Gross carrying amount (\$)	481,656	24,368	1,943	2,160	21,872	531,999
ECL provision (\$)	19,520	2,027	249	445	2,706	24,947

30 June 2020	Within Maturity (0-30 days)	31-60 days	61-90 days	90-120 days	>120 days	Total
Expected loss rate (%)	4.22	12.76	18.15	25.83	36.08	
Gross carrying amount (\$)	1,045,323	45,170	43,774	35,508	163,282	1,333,057
ECL provision (\$)	44,138	5,765	7,944	9,173	58,910	125,930

(b) Reconciliation of changes in the provision for impairment of receivables is as follows:

	2021 \$	2020 \$
Balance at beginning of the year	125,930	106,899
Additional loss allowances recognised	-	19,031
Unused amounts reversed	(100,983)	-
Balance at end of the year	<u>24,947</u>	<u>125,930</u>

Notes to the Financial Statements
For the Year Ended 30 June 2021

7 Property, plant and equipment

	2021	2020
	\$	\$
Plant and equipment		
At cost	205,481	233,633
Accumulated depreciation	<u>(200,200)</u>	<u>(220,324)</u>
Total plant and equipment	<u>5,281</u>	<u>13,309</u>
Leasehold Improvements		
At cost	-	178,787
Accumulated amortisation	-	<u>(157,140)</u>
Total leasehold improvements	<u>-</u>	<u>21,647</u>
Total property, plant and equipment	<u>5,281</u>	<u>34,956</u>

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current and previous financial year:

	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$
Year ended 30 June 2021			
Balance at the beginning of year	13,309	21,647	34,956
Disposals	(1,979)	(15,297)	(17,276)
Depreciation expense	<u>(6,049)</u>	<u>(6,350)</u>	<u>(12,399)</u>
Balance at the end of the year	<u>5,281</u>	<u>-</u>	<u>5,281</u>
Year ended 30 June 2020			
Balance at the beginning of year	24,202	30,642	54,844
Additions	789	-	789
Disposals	-	-	-
Depreciation expense	<u>(11,682)</u>	<u>(8,995)</u>	<u>(20,677)</u>
Balance at the end of the year	<u>13,309</u>	<u>21,647</u>	<u>34,956</u>

Notes to the Financial Statements
For the Year Ended 30 June 2021

8 Intangible Assets

	2021	2020
	\$	\$
Developed products		
Cost *	5,900,104	6,025,285
Accumulated amortisation	(2,217,662)	(1,780,277)
Accumulated impairment	(1,888,602)	(917,381)
Net carrying value	1,793,840	3,327,627
Products under development		
Cost	1,165,983	612,062
Net carrying value	1,165,983	612,062
Total Intangibles	2,959,823	3,939,689

* Developed products have finite useful lives of 10 years which are amortised on a straight-line basis over their effective life. The current amortisation charges for intangible assets have been separately presented as amortisation expense in the consolidated statement of profit or loss and other comprehensive income.

(a) Movements in carrying amounts of intangible assets

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current and previous financial year:

	Products under development	Developed products	Total
	\$	\$	\$
Year ended 30 June 2021			
Balance at the beginning of the year	612,062	3,327,627	3,939,689
Additions	721,550	12,412	733,962
Amortisation expense	-	(410,060)	(410,060)
Impairment loss (Note 8(c))	-	(998,546)	(998,546)
Adjustment	-	(38,619)	(38,619)
R&D tax offset allocated	(167,629)	(98,974)	(266,603)
Closing value at 30 June 2021	1,165,983	1,793,840	2,959,823
Year ended 30 June 2020			
Balance at the beginning of the year	2,387,248	1,702,577	4,089,825
Additions	612,062	86,006	698,068
Transfers in/(out)	(2,387,248)	2,387,248	-
Amortisation expense	-	(402,124)	(402,124)
R&D tax offset allocated	-	(446,080)	(446,080)
Closing value at 30 June 2020	612,062	3,327,627	3,939,689

Notes to the Financial Statements For the Year Ended 30 June 2021

8 Intangible Assets (continued)

(b) Impairment testing of products under development

Irrespective of whether there is any indication of impairment, the Group will test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed as at the end of the financial period. The impairment testing had been performed based on the cash generating units identified by software product lines.

As at 30 June 2021, impairment indicators were identified for specific CGUs which triggered the performance of a detailed impairment assessment on the following basis:

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5 year period, except for products which are in the early stages of its lifecycle, where an extended cash flow projection over a maximum 10 year period was applied instead. The cash flows are discounted using a pre-tax discount rate of 16.75% (2020: 14.75%). Further, the estimation of terminal values for each product has been excluded from the value-in-use calculations on the basis that cash flows are not expected to continue into perpetuity and the useful life of intangible assets is estimated to be 10 years. The following key assumptions were used in the value-in-use calculations:

- Growth rates (sales) - existing products - 5% to 36% growth (2020: 5% to 30%)
- Growth rates (sales) - new products - 25% to 168% growth (2020: 50% to 250%)

Management has based the value-in-use calculations on budgets for each type of product. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the Group operates.

(c) Impairment of developed products

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Management completed an impairment assessment at 30 June 2021 and concluded that, an impairment charge totalling \$998,546 (2020: \$NIL) was required to be recognised for the year ended 30 June 2021 in respect of a portion of the developed products intangible asset .

The recoverable amounts of the impacted product CGUs were less than their carrying values resulting from COVID-19 impacts on sales velocity and related allowances required to be made in respect of revenue projections. In particular, the challenges in conducting the rollout of implementation plans with customers due to various unprecedented lockdowns and restrictions imposed by the Government to prevent the spread of COVID-19, has and potentially will continue to impact the Group's ability to achieve expected revenue growths in the next 12 months.

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Tax assets and liabilities

(a) Current Tax Asset

	2021	2020
	\$	\$
CURRENT		
Tax receivable	-	97,930
Total current tax asset	-	97,930

(b) Deferred Tax Assets

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
Deferred tax assets			
Provisions	-	13,750	13,750
Provisions - employee benefits	171,850	(11,786)	160,064
Loss allowance	29,397	5,234	34,631
Accelerated capital allowances for tax purposes	-	19,421	19,421
Accruals	30,602	52,198	82,800
Contract liabilities	102,816	(21,683)	81,133
Balance at 30 June 2020	334,665	57,134	391,799
Provisions - make good	13,750	(13,489)	261
Provisions - employee benefits	160,064	25,831	185,895
Loss allowance	34,631	(28,394)	6,237
Lease calculations	19,421	(18,538)	883
Accruals	82,800	(23,069)	59,731
Contract liabilities	81,133	(62,027)	19,106
Balance at 30 June 2021	391,799	(119,686)	272,113

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit.

(c) Deferred Tax Liabilities

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
Deferred tax liabilities			
Prepayments	16,973	14,381	31,354
Intangible assets	1,124,187	(41,287)	1,082,900
Balance at 30 June 2020	1,141,160	(26,906)	1,114,254
Right-of-use assets	-	834	834
Prepayments	31,354	(4,123)	27,231
Intangible assets	1,082,900	(343,411)	739,489
Balance at 30 June 2021	1,114,254	(346,700)	767,554

Notes to the Financial Statements For the Year Ended 30 June 2021

10 Leases

The Group as a lessee

The Group has leases over a range of assets including buildings and carpark (office premises), and office equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Building and carpark (office premises)

During the financial year ended 30 June 2021, the Group moved its offices into a flexible coworking space. There is no fixed term to the agreement and the private office fees are charged on a month on month basis commencing 1 June 2021. A minimum notice period of 3 months is required from either party to terminate the agreement.

The Group has elected to apply the exception to lease accounting for short-term leases (i.e. leases with a term of less than or equal to 12 months) to this new agreement and has recognised the payments associated with these leases as an expense on a straight-line basis over the lease term. Therefore, no right-of-use asset or lease liability is recognised in respect of this new agreement.

During the period until May 2021 (including the year ended 30 June 2020), the Group leased an office space plus 2 carpark lots for their corporate office. The lease was for a term of 7 years commencing 14 July 2014 and includes a renewal option to allow the Group to renew for an additional term of 5 years to 13 July 2026.

The corporate office and carpark leases contained an annual pricing mechanism based on fixed rate movements of 3.5% per annum at each anniversary of the lease inception.

Office equipment

The Group has an agreement for the lease of a photocopier for a term of 5 years commencing 27 September 2017.

Right-of-use assets

	Buildings & Carpark	Office Equipment	Make Good on Office Premises	Total
	\$	\$	\$	\$
Year ended 30 June 2021				
Balance at beginning of the year	170,806	5,996	25,000	201,802
Depreciation expense	(170,806)	(2,664)	(25,000)	(198,470)
Balance at end of year	-	3,332	-	3,332
Year ended 30 June 2020				
Balance at beginning of the year	-	-	-	-
Adjustments on adoption of AASB 16 on 1 July 2019	341,611	8,661	-	350,272
Add: Provision for make good	-	-	50,000	50,000
Depreciation expense	(170,805)	(2,665)	(25,000)	(198,470)
Balance at end of year	170,806	5,996	25,000	201,802

Notes to the Financial Statements
For the Year Ended 30 June 2021

10 Leases (continued)

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Consolidated Statement Of Financial Position \$
2021					
Lease liabilities	2,940	735	-	3,675	3,532
2020					
Lease liabilities	187,845	3,675	-	191,520	185,206

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2021 \$	2020 \$
Interest expense on lease liabilities	(6,170)	(16,526)
Depreciation of right-of-use assets	(198,470)	(198,470)
	(204,640)	(214,996)

Consolidated Statement of Cash Flows

Total cash outflow for leases	(185,239)	(144,373)
-------------------------------	------------------	------------------

11 Other Assets

	2021 \$	2020 \$
CURRENT		
Prepayments	108,926	114,009
Security deposit	31,570	-
Total current other assets	140,496	114,009
NON-CURRENT		
Security bond - office lease	118,392	116,350
Total non-current other assets	118,392	116,350

Notes to the Financial Statements
For the Year Ended 30 June 2021

12 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	619,096	673,882
Sundry payables and accrued expenses	743,174	385,630
Total current trade and other payables	<u>1,362,270</u>	<u>1,059,512</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

13 Contract Liabilities

	2021	2020
	\$	\$
CURRENT		
Contract liabilities	2,418,336	2,622,080
Total current contract liabilities	<u>2,418,336</u>	<u>2,622,080</u>
NON-CURRENT		
Contract liabilities	142,936	218,604
Total non-current contract liabilities	<u>142,936</u>	<u>218,604</u>

Contract liabilities comprises annual licence and maintenance in advance fees for the right to use our software, minor fixes, rights to updated versions and limited held line support. These are invoiced up to 12 months in advance. The revenue is recognised monthly as the services are provided to clients. Also included in non-current contract liabilities are amounts related to initial once-off licence fees which are recognised monthly over the life of the respective contracts.

Reconciliation of contract liabilities

The following table shows the value of revenue recognised during the year ended 30 June 2021 that relates to contract liabilities recognised at 30 June 2020:

	2021	2020
	\$	\$
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Annual licence and maintenance in advance fees	2,840,684	1,901,900
Less: Balance of initial licence fees not yet recognised	(218,604)	(280,406)
	<u>2,622,080</u>	<u>1,621,494</u>

Global Health Limited

ABN 75 091 377 892

Notes to the Financial Statements For the Year Ended 30 June 2021

14 Borrowings

	2021	2020
Note	\$	\$
CURRENT		
<i>Unsecured liabilities:</i>		
Supplier funding loan	29,484	26,090
	<u>29,484</u>	<u>26,090</u>
<i>Secured liabilities:</i>		
Other loans and borrowings	14(a) 129,992	334,021
	<u>129,992</u>	<u>334,021</u>
Total current borrowings	<u>159,476</u>	<u>360,111</u>
NON-CURRENT		
<i>Secured liabilities:</i>		
Other loans and borrowings	14(a) 141,106	271,098
	<u>141,106</u>	<u>271,098</u>
Total non-current borrowings	<u>141,106</u>	<u>271,098</u>
Total borrowings	<u>300,582</u>	<u>631,209</u>

(a) Other loans and borrowings

Interest bearing liabilities are provided to the Group on terms of 5 years and an average effective interest rate of 8.59%.

15 Provisions

	2021	2020
	\$	\$
CURRENT		
Lease make good provision	1,044	50,000
Total current provisions	<u>1,044</u>	<u>50,000</u>

This relates to a provision for the estimated costs that may be incurred to make good the office premises upon completion or termination of the lease.

Global Health Limited

ABN 75 091 377 892

Notes to the Financial Statements For the Year Ended 30 June 2021

16 Employee Benefits

	2021	2020
	\$	\$
CURRENT		
Long service leave	386,239	318,611
Provision for employee benefits	330,263	263,442
Total current employee benefits	716,502	582,053
NON-CURRENT		
Long service leave	27,078	39,669
Total non-current employee benefits	27,078	39,669

17 Issued Capital

	2021	2020
	\$	\$
49,528,085 (2020: 42,098,320) fully paid Ordinary shares	25,091,048	21,820,987
Share issue costs	(736,907)	(75,461)
Total issued capital	24,354,141	21,745,526

(a) Ordinary shares

	2021	2020
	No.	No.
At the beginning of the reporting period	42,098,320	33,678,592
Shares issued during the year		
- Shares issued pursuant to completion of rights issue at 12 cents per share (11 November 2019)	-	8,419,728
- Shares issued via placement at 55.5 cents per share (22 June 2021)	7,039,640	-
- Shares issued on exercise of options at 25 cents per share	390,125	-
At the end of the reporting period	49,528,085	42,098,320

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

The key objectives of the Group when managing capital is to safeguard its ability to continue as a going concern, provide returns for shareholders and benefits to stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as its equity and net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Issued Capital (continued)

(b) Capital Management (continued)

The Group manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

There has been no change to capital risk management policies during the year.

18 Reserves

	2021	2020
	\$	\$
Foreign currency translation reserve		
Opening balance	24,234	24,234
Closing balance	24,234	24,234
Option reserve		
Opening balance	267,906	149,977
Share based payment expense	34,660	32,727
Options issued as part of rights issue	-	175,973
Options issued as part of a placement	750,778	-
Lapsed/forfeited employee share options	(3,007)	(60,792)
Exercised options	(16,307)	-
Previously lapsed employee share options	-	(4,629)
Previously exercised options	-	(25,350)
Closing balance	1,034,030	267,906
Total reserves	1,058,264	292,140

(a) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(b) Share option reserve

This reserve records the cumulative value of employee or other services received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.

Notes to the Financial Statements

For the Year Ended 30 June 2021

19 Accumulated Losses

	2021	2020
	\$	\$
Accumulated losses at the beginning of the financial year	(21,768,550)	(21,860,746)
Adjustment due to adoption of AASB 16	-	86,903
Adjusted accumulated losses at the beginning of the financial year	(21,768,550)	(21,773,843)
Net profit/(loss) for the year	(496,481)	(60,128)
Lapsed employee share options	3,007	65,421
Accumulated losses at end of the financial year	(22,262,024)	(21,768,550)

20 Non-Controlling Interest

The Company has a 93.8% (2020: 93.8%) interest in the subsidiary, Working Systems Solutions (Malaysia) Sdn Bhd. Retained earnings attributable to the non-controlling interest are as follows:

	2021	2020
	\$	\$
Retained profits	76	76
Total non-controlling interest	76	76

21 Earnings per Share

(a) Reconciliation of earnings to profit or loss from continuing operations

	2021	2020
	\$	\$
Net profit/(loss) for the year attributable to the owners of the parent entity	(496,481)	(60,128)
Earnings used to calculate basic EPS from continuing operations	(496,481)	(60,128)
Earnings used in the calculation of dilutive EPS from continuing operations	(496,481)	(60,128)

(b) Earnings used to calculate overall earnings per share

	2021	2020
	\$	\$
Earnings used to calculate overall earnings per share	(496,481)	(60,128)

(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2021	2020
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	42,358,478	39,038,692
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	42,358,478	39,038,692

As the Group generated losses in the financial years ended 30 June 2021 and 30 June 2020, options on issue would decrease loss per share and are therefore anti-dilutive. Accordingly, issued options are excluded from the calculations of diluted earnings per share.

Global Health Limited

ABN 75 091 377 892

Notes to the Financial Statements For the Year Ended 30 June 2021

22 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2021	2020
	\$	\$
Net loss for the year	(496,481)	(60,128)
Cash flows excluded from profit attributable to operating activities		
- interest on lease liability	6,170	7,254
Non-cash flows in profit:		
- amortisation	410,060	402,124
- depreciation	210,869	219,147
- impairment of property, plant and equipment	998,546	-
- net loss on disposal of property, plant and equipment	17,275	-
- impairment of receivables	-	19,031
- share based payment expense	34,661	32,727
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	658,432	(791,874)
- (increase)/decrease in other assets	(28,529)	(55,153)
- (increase)/decrease in tax receivable	97,930	(97,930)
- (increase)/decrease in deferred tax asset	119,686	(57,134)
- increase/(decrease) in contract liabilities	(279,412)	938,784
- increase/(decrease) in trade and other payables	(104,888)	(667,793)
- increase/(decrease) in deferred tax liability	(346,700)	(26,906)
- increase/(decrease) in provisions	(48,956)	-
- increase/(decrease) in employee benefits	121,858	(3,188)
Net cash provided by/(used in) operating activities	1,370,521	(141,039)