

## ASX Announcement 31 January 2023

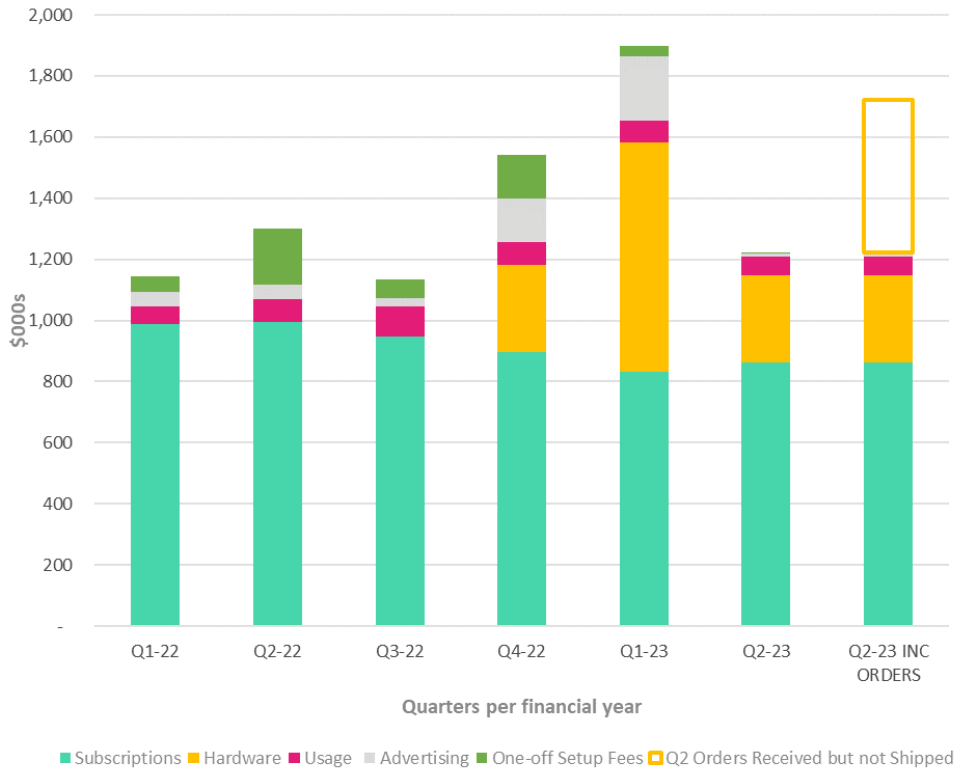
### 1ST Group (ASX:1ST) achieves \$4.4M in annual savings in Q2.

- 1ST Group experienced significant management and board changes in Q2FY23.
- Those changes included the departure of its former CEO, Klaus Bartosch.
- The newly appointed board is conducting a review into prior period accounts.
- The 1ST Group Board has made significant changes to the business as detailed below.

#### Key highlights

- A review of operations was completed to both identify areas to reduce costs and to restructure our sales and marketing resources, to better facilitate short and long-term revenue growth opportunities.  
As a result:
  - Head count was reduced by 51%, reducing wages by **\$252k per month**.
  - Additional cost savings of **\$116k per month** were realised.
  - Combined, these represent total **annualised savings of \$4.4M**.
  - These reductions were made predominantly from the legacy My Health 1<sup>st</sup> business.
- Legacy subscription revenue from the My Health 1<sup>st</sup> business **increased 3%** quarter on quarter to \$862K due to the restructuring and renewed focus of our sales and account management teams.
- A **\$228K reduction** in Advertising revenue and One-off set up fees from Q1 to Q2 is a result of the completion of the Contact Lens sales booster trial initiated by the former CEO. We are in active discussions with our Partners as to whether to advance this program.
- Visionflex revenues **decreased from \$750K in Q1 to \$285K in Q2**, or 62%. As flagged last quarter this is a result of strong seasonal orders in Q4FY22 being shipped in Q1FY23.
- Visionflex hardware orders **increased from \$300K in Q1 to \$800K in Q2**, an increase of 167%. These Q2 orders are already being fulfilled and reflected in a return to strong revenues in Q3.
- CEO leadership transition: following the departure of former CEO and Managing Director on the 4<sup>th</sup> of October, **Joshua Munday** was initially appointed as acting CEO. His appointment has since been confirmed in Q3.
- The board was strengthened through the **appointment of Geoff Neate** as a Non-Executive Director on the 29<sup>th</sup> of November and **Chris Whitehead** as Non-Executive Director and Chairman on the 15<sup>th</sup> of December. Joining John Nantes and Brook Adcock their appointments not only strengthen the Board but reduce it in number from 5 to 4.

## Revenue



## Recapitalisation Update.

- At the outset of Q2 1ST Group entered a new Debt Facility for **\$1.2M with Adcock Private Equity** on similar terms to the existing facility with its other major shareholder John Plummer.
- The facility with John Plummer was also **extended by \$1.2M.**
- Both facilities can be converted to equity at the company’s discretion.
- The company intends to convert approximately **\$550K of the John Plummer debt to equity in Q4** following shareholder approval which will further increase the amount of unused debt and cash available.
- The number of funding periods available following that conversion depending on timing and cash at the time will be **approximately 2 quarters.** (See 4C for further details)
- Details of the conversion will be announced to the market once the conversion amount is finalised as the company wishes to keep this conversion amount and the impact on shareholders to a minimum.
- The Company plans to hold an **Extraordinary General Meeting in April 2023** to obtain various shareholder approvals.

## Board statement

Q2 2023 was a pivotal time for 1st Group. The group reduced \$4.4M of annual costs from the business while increasing revenues from subscriptions by 3% and increasing hardware orders (Q2 over Q1). These Q2 orders are already being fulfilled in Q3 with a corresponding rebound in revenue. Combined, these changes will have a positive impact on cashflow in the second half of the financial year.

The group also managed to make a small investment to rebuild our sales and account management team, with new talent being brought in to our Visionflex and Go Bookings businesses. The team is already having a positive impact on productivity and morale at the company with a greater focus on performance and customer engagement.

Visionflex continued its expansion into the Primary Healthcare Network (PHN) and Aged Care segments, with orders for our new Virtual Healthcare Platform, ProEX Net, from the Darling Downs and West Moreton PHN's in Queensland and the Murray PHN in Victoria. The Visionflex team is now focused on similar orders with other Primary Healthcare Networks across Australia and the pipeline for further orders is strong.

The group is actively growing our market beyond Australia, with discussions with potential strategic partners progressing in the United States, Middle East, Southeast Asia and Europe. The Board was encouraged that 25% of our Q2 sales coming from the US and Europe.

Following a successful demonstration to Siemens in Victoria the group has commenced a pilot program with Siemens Germany, to roll out our Vision Telehealth video platform in ambulances in Switzerland. The group was awarded this pilot over multiple global operators.

## 1<sup>st</sup> Group business summary

1ST (ASX:1ST) is a healthcare technology group currently consisting of the following four businesses:

- Visionflex,
- My Health First,
- Go Bookings, and
- Pet-Yeti.

A brief description of each along with our plans for each of them follows.

## Visionflex

### About:

Visionflex is a global telehealth platform that enables medical professionals to diagnose, monitor and treat patients over a secure, private network. To date Visionflex has advanced the care of patients in regional and remote areas including indigenous communities, aged care, hospitals, corrective services, and the resource sectors.

### Highlights:

- Successful roll out of new software product ProEX.Net in Australia.
- 167% QoQ increase in hardware Orders from \$300K in Q1 to \$800K in Q2.
- Secured new government orders for Primary Health Networks in QLD and VIC.
- Bolstered sales capability with the hire of new sales director.
- Commenced ambulance pilot phase in Europe with Siemens.
- 25% of Q2 sales in international markets.

## My Health First

### About:

MyHealth1st (MH1) is a digital booking SaaS platform that allows patients to easily stay connected with their healthcare providers at every stage of their healthcare journey.

Patients can find and engage with a wide range of healthcare practitioners, including GPs, Optometrists, Dentists, Psychologists and Physiotherapists.

### Highlights:

- Significant cost reduction completed.
- New sales & account management team.
- 3% QoQ increase in subscription revenue.
- Expansion of specialist activation with hospital partner program.

## Go Bookings

### About:

Go Bookings is a SaaS booking platform specialising in cloud-based, enterprise level, rules-based appointments, and resource booking with 24/7 Internet access.

### Highlights:

- Dedicated sales & account management resource reengaging our existing large customer base.
- Increased pipeline of new expansion opportunities identified.

## Pet-Yeti

### About:

Pet-Yeti is an online appointment booking platform focused on animal health. The SaaS booking platform helps animal owners and vets to easily connect online across Australia and New Zealand.

### Highlights:

- Successful release of mobile update with improved UX, interface and functionality.
- Active discussions with large enterprise customer.

For more information, please contact:

**Joshua Munday – CEO**

E: [jmunday@1stgrp.com](mailto:jmunday@1stgrp.com)

W:

<https://www.1stgrp.com>

*This announcement was approved for release by the 1ST Group Board of Directors.*