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ASX Announcement – 26 June 2024

Visionflex Group Limited (ASX: VFX)

Capital Raise to Reduce Debt, Improve the P&L & Accelerate Growth

Highlights:

- **\$7.5m capital raise (before costs) to recapitalise the Company, by way of:**
 - **\$7.1m fully underwritten non-renounceable pro-rata entitlement offer to all eligible shareholders (Entitlement Offer); and**
 - **\$0.4m placement to institutional and other professional investors**
- **Strong board and major shareholder leadership with Visionflex directors committing approximately \$1.8m to the Entitlement Offer, including Adcock PE agreeing to apply its full debt balance to equity in the Entitlement Offer and major shareholder John Plummer agreeing to apply up to \$4.58m of his debt balances via sub-underwriting of the Entitlement Offer**
- **The Fundraising will be used to reduce the majority of outstanding debt, provide funds to invest in sales and marketing, increase inventory levels and provide additional working capital to support growth initiatives**
- **A Prospectus outlining important details of the Entitlement Offer was lodged with the ASX and ASIC today**
- **FY24 expected unaudited group revenue on track to exceed \$8.1m, up 25%+ on FY23 (\$7.0m+ from Visionflex, up over 177% on FY23)**
- **FY24 expected unaudited underlying EBITDA loss of approximately \$0.9m, representing a 79% reduction from the \$4.2m loss generated in FY23**
- **Targeting an EBITDA positive FY25, focusing on accelerating larger enterprise new sales with increasing ARR**

Visionflex Group Limited (“**VFX**” or the “**Company**”), a leader in virtual healthcare solutions, is today pleased to provide an update in relation to a proposed capital raise.

Visionflex CEO Joshua Munday said, “Over the past 12 months we have achieved several significant milestones. We have materially restructured the cost base, delivered several flagship customer wins and exited all non-core businesses. This has been achieved whilst driving 177%+ increase in Visionflex revenue.

Having strategically corrected the business, we see this capital raise delivering one of the final key milestones in repaying our outstanding debt and strengthening the balance sheet as we continue Visionflex’s focus on material sales growth.

I would personally like to thank our shareholders, in particular our two major shareholders, who have supported the Company throughout the journey so far, and we look forward to being able to deliver significant shareholder value into the future.”

Capital Raise

The Company today announces an institutional placement and underwritten non-renounceable pro-rata entitlement offer to raise a total of up to approximately \$7.5m (before costs) (**Equity Raising**).

The Equity Raising will be conducted via:

- Placement of approximately \$0.4m (**Placement**) via the issue of approximately 83.0 million fully paid ordinary shares; and
- Fully underwritten non-renounceable pro rata entitlement offer of approximately \$7.1m (**Entitlement Offer**) at a ratio of 1 new share for every 1 existing share held at the record date for the issue, being Monday, 1 July 2024 (**Record Date**). The Entitlement Offer will result in the issue of approximately 1.42 billion fully paid ordinary shares.

The offer price per new fully paid ordinary share in the Company (**New Shares**) to be issued under the Equity Raising is \$0.005 per New Share (**Offer Price**) which implies a pre-money market capitalisation of the Company of approximately \$7.1m and represents a 15.7% discount to the 30-day volume weighted average price of \$0.0059.

The Equity Raising will result in the issue of approximately 1.5 billion New Shares. The New Shares under the Equity Raising will rank equally with existing Visionflex shares as at their date of issue.

Investors who participate in the Placement and Entitlement Offer will receive 1 free attaching option for every 3 New Shares subscribed for in the Equity Raising (**Options**). The Options will have an exercise price of \$0.007 and a maturity date which is 18 months from the date of issue. The Options will not be traded on the ASX.

The Entitlement Offer is non-renounceable, and rights (**Entitlements**) are not transferrable and will not be able to be traded on the ASX or privately. Eligible shareholders who do not take up their Entitlement under the Entitlement Offer in full or part, will not receive any value in respect of those Entitlements not taken up.

The Equity Raising has received material support from Directors and existing major shareholders including:

- \$1.74m commitment from Adcock Private Equity (largest shareholder and associated with Director, Brook Adcock) to apply all outstanding debt balances owed to it by taking up its Entitlement to that amount as part of the Entitlement Offer;
- \$4.58m sub-underwriting from John Plummer and \$25,000 sub-underwriting by Director, Geoff Neate, as part of the Entitlement Offer; and
- Commitment from Directors Chris Whitehead and Geoff Neate to take up their Entitlements in full.

Placement

The Company is undertaking a Placement of approximately \$0.4m (before costs) via the issue of approximately 83 million New Shares.

The New Shares issued under the Placement will be issued within the Company's existing placement capacity under Listing Rule 7.1 and 7.1A.

The Company will seek quotation of the New Shares issued under the Placement on ASX upon their issue. Participants in the Placement will not participate in the Entitlement Offer in respect of the New Shares issued under the Placement.

Entitlement Offer

Eligible shareholders will be invited to participate in the Entitlement Offer at the Offer Price and offer ratio of 1 New Share for every 1 existing share held at the Record Date. The Entitlement Offer will open at 10:00am (Sydney time) on Thursday 4 July 2024 and close at 5:00pm (Sydney time) on Friday 19 July 2024 (**Entitlement Offer Period**).

The Entitlement Offer will be made under a transaction specific prospectus issued under section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**) (**Prospectus**). The Prospectus was lodged with ASIC and the ASX today and will be available to eligible shareholders, along with personalised acceptance forms, via the Automatic Investor portal on Thursday 4 July 2024. The Prospectus will provide details of how to participate in the Entitlement Offer.

Eligible shareholders wishing to participate in the Entitlement Offer should carefully read the Prospectus and accompanying personalised Entitlement and Acceptance Form.

An eligible shareholder is a person who:

- is registered as the holder of Shares as at 7.00pm (Sydney time) on the Record Date;
- has a registered address in Australia or New Zealand as noted on the Company's share register;
- if they have a registered address in New Zealand, holds their Shares on the date the Entitlement Offer opens;
- is not in the United States nor acting for the account or benefit of a person in the United States or elsewhere outside Australia or New Zealand;
- is eligible under all applicable securities laws to receive an offer under the Entitlement Offer,

(Eligible Shareholder).

Eligible Shareholders will be invited to participate in the Entitlement Offer at the same Offer Price as the Placement. Eligible Shareholders can choose to take up all, part or none of their Entitlement. Eligible Shareholders who take up their Entitlement in full may subscribe for additional New Shares in excess of their Entitlements (**Oversubscription Facility**).

The Oversubscription Facility will only be available to the extent that there are Entitlements under the Entitlement Offer that are not taken up by Eligible Shareholders. Scaleback may be applied at the directors' discretion where there is excess demand for additional Entitlement Offer shares from Eligible Shareholders.

If there is any shortfall under the Entitlement Offer which is not acquired by the Underwriter (i.e. if the underwriting agreement were to be terminated), Visionflex's directors reserve the right to place any or all of the shortfall to one or more investors within three months of the closing date of the Entitlement Offer, at Visionflex' directors' discretion and at a price not less than the Offer Price.

The Company has appointed Sequoia Corporate Finance Pty Ltd as nominee for the purposes of section 615 of the Corporations Act (**Nominee**) and ASIC has approved the appointment of the Nominee. The Nominee will arrange for the sale of the New Shares which would otherwise have been issued to ineligible foreign shareholders, and will remit to those shareholders any proceeds of the sale (after deducting the Offer Price, any expenses, and any withholding tax).

Henslow Pty Ltd is acting as Lead Manager to the Equity Raising and Underwriter to the Entitlement Offer and Sequoia Corporate Finance has acted as Co-Manager to the Equity Raising.

Options

Participants in the Placement and Entitlement Offer will also be offered 1 Option for every 3 New Shares issued under the Placement and Entitlement Offer. The offer of New Options is made under the Prospectus.

The Company is also issuing 7,000,000 New Options to the Lead Manager as partial consideration for its services as Lead Manager of the Equity Raising (**Lead Manager Options**). The offer of New Options and the Lead Manager is made under the Prospectus.

The New Options issued under the Equity Raising and the Lead Manager Options will not be quoted on ASX.

Underwriting Agreements

Henslow is the sole lead manager of the Equity Raising and sole underwriter in respect of the Entitlement Offer.

Henslow has engaged with certain sub-underwriters of the Entitlement Offer who will sub-underwrite the Entitlement Offer up to the amount of their sub-underwriting commitments. These sub-underwriters include Mr John Plummer and Geoff Neate as noted above.

Indicative Timetable

The timetable below is indicative only and subject to change. The Company reserves the right to alter the dates at its discretion and without prior notice, subject to the ASX Listing Rules and the Corporations Act. All times below are based on Sydney, Australia time.

The quotation of New Shares is subject to confirmation from the ASX

Key Events	Key Dates (2024)
Trading halt commenced	24 June
Placement closed	25 June
Announcement of Placement and Underwritten Entitlement Offer; Trading Halt ceases	26 June
Record date for the Entitlement Offer	1 July
Settlement of New Shares and New Options issued under the Placement	1 July
Allotment and normal trading of New Shares issued under the Placement	2 July
Entitlement Offer opens	4 July
Prospectus and Entitlement and Acceptance Form made available to Eligible Shareholders	4 July
Entitlement Offer closes	19 July
Announcement of results of Entitlement Offer	24 July
Settlement of Entitlement Offer (including any shortfall)	25 July
Allotment of New Shares and New Options issued under the Entitlement Offer	25 July
Commencement of trading of New Shares issued under the Entitlement Offer	26 July

Shareholder enquiries

Eligible Shareholders will be sent further details about the Entitlement Offer via a shareholder letter to be dispatched on or around 4 July 2024 and the Prospectus lodged with ASX and ASIC today. The Entitlement Offer can only be accepted by Eligible Shareholders.

Eligible Shareholders who have questions relating to the Entitlement Offer should call Visionflex's share registry, Automic Group, on 1300 288 664 (within Australia) and +61 2 9698 5414 (from outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday during the Entitlement Offer Period.

Further information in relation to the Placement and the Entitlement Offer is set out in an investor presentation which Visionflex has filed with ASX today and the Prospectus which Visionflex has filed with ASX and ASIC today. The investor presentation and Prospectus contain important information including key risks and assumptions with respect to the Placement and Entitlement Offer.

Additional Information

This announcement has been authorised for lodgement with ASX by the Board of Directors.

All the amounts are in Australian dollars unless otherwise indicated.

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For more information, please contact:

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This announcement was approved for release by the Board of Directors.

Visionflex Overview

Visionflex is a global virtual healthcare 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 segments including the primary healthcare networks, aged care, aboriginal health organisation's, hospitals, corrective services, and the resource sectors.

IMPORTANT NOTICES

Forward looking statements

This announcement contains certain “forward-looking statements”. The words “expect”, “anticipate”, “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Visionflex, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Not an offer in the United States

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