

# visionflex group

ASX Announcement – 25 October 2024

**Visionflex Group Limited (ASX: VFX)**

## Q1 FY25 Quarterly Activities Report

### Highlights:

- Annual Recurring Revenue (ARR) of \$1.5m at end of Q1 F25, up 14% from Q4 FY24, and up 121% on pcp
- Q1 FY25 revenue (unaudited) of \$1.0m (35% recurring software) – historically, lower capex spending in Q1 due to national and state government budgetary cycles which is expected to reverse in Q2 & Q3
- Signed multiple sales contracts during the quarter with material expansion expected in future periods
  - Royal Flying Doctor Service (RFDS) Victoria - following a competitive tender process
  - Anglicare - for initial trial across 3 aged care sites with potential for expansion
  - Kha Loc Medical - leading medical equipment distributor in Vietnam; first units already shipped
  - Recently (October) signed reseller agreement with leading NZ healthcare business
- Q1 FY25 cash receipts of \$0.8m and negative operating cash outflow of \$1.6m which included \$0.3m investment in production payments in anticipation of larger order volumes in Q2 and Q3
- Qualified pipeline exceeds \$25m of combined hardware and annual recurring software revenue, based on current discussions, we expect a significant portion to progress to selection stage during Q2 and Q3
- Targeting EBITDA profitability to be achieved across the FY25 financial year, driven by accelerating larger enterprise new sales with increasing ARR

Visionflex Group Limited (“VFX” or the “Company”), a leader in virtual diagnostic healthcare technology solutions, is pleased to issue its Appendix 4C and quarterly market update for the 3 months ending 30 September 2024.

**Visionflex CEO Joshua Munday said:** “Visionflex has signed several marquee customers so far in FY25 which is a strong validation of our platform offering and increasing referenceability across the healthcare market. As we have outlined on several occasions, referenceability, particularly for enterprise healthcare sales which is where we are increasingly focused, is critical to improving the size and conversion speed of new contract wins. After several years, we are now at that point where we have an established track record and are seeing an increased rate of inbound interest, both domestically and internationally, in procuring our solutions.”

“Q1 is historically a lower period for new sales, primarily a reflection of state and national fiscal budget cycles being allocated in Q1 and subsequently deployed across the balance of the fiscal year. Despite the softer period of Q1 sales, our qualified pipeline of hardware and annual recurring software revenue has continued to build and now exceeds \$25m, with discussions occurring over the past several months now progressing towards the selection stage. It is with this expected momentum in securing new sales coupled with increasing software annual recurring revenue, that we take confidence in achieving our target of EBITDA profitability across the FY25 financial year.”

### Financial Performance

In Q1 FY25, Visionflex generated revenue (unaudited) of \$1.0m, with approximately 35% (\$0.35m) generated from recurring software license subscriptions and support revenue. Whilst overall revenue was lower than prior quarters, reflecting government budget cycles, software related revenue continues to increase as every new hardware solution is typically sold with software license subscription.

Annual Recurring Revenue (ARR), increased during the quarter by \$0.2m to end at \$1.5m, up 14% on Q4 FY24 and up 121% on pcp.

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The Company received \$0.8m of customer cash receipts in Q1 FY25, which reflects the softer Q1 sales figures (albeit revenue and cash not always aligned due period end cut-offs).

Operating and administration payments were approximately \$2.4m (versus \$2.5m in Q4 FY24) and included \$0.3m in production payments in anticipation of larger order volumes in Q2 and Q3.

The operating cash outflow for Q1 FY25 was \$1.6m, which is currently expected to reduce materially in future periods as the Company converts on near term sales (and cash) expectations.

During Q1 FY25, \$74k in payments were made to related parties and their associates being \$45k in Director fees and \$28k of interest expenses. Refer to the Appendix 4C for further details on the cash flows for Q1 FY25 payments to related parties.

## ***Operating Performance***

During Q1 FY25 the following significant sale agreements were signed:

- Agreement with the **Royal Flying Doctor Service (RFDS) Victoria** to provide a virtual health solution following a competitive tender process. The contract includes Visionflex's software solution component over an initial 3-year term. Over time, upon proving out the benefits of the Visionflex platform, the RFDS Victoria partnership provides for the potential to expand its virtual solutions across the Royal Flying Doctor Service nationally, opening doors to broader healthcare opportunities across Australia.
- Agreement with **Kha Loc Medical**, a leading medical device and equipment distributor, to trial the Visionflex virtual health solution in Vietnam. As part of this agreement, Visionflex has shipped its first virtual health hardware and software solution to Vietnam.
- Agreement with **Anglicare** to trial its virtual health hardware and software solution at three aged care sites. This trial will allow Anglicare to assess the effectiveness and suitability of the Visionflex platform in providing enhanced healthcare services to aged care residents.
- Post Q1 FY25 end, entered into a reseller agreement with a **leading New Zealand healthcare provider** – further details to be provided as the materiality of the agreement increases.

## ***Outlook***

The Company continues to progress an increasing pipeline of public and private partnership opportunities for virtual care infrastructure in both the metropolitan and regional health networks, focusing on several key market areas including aged care, hospitals, and the primary care sector. The referenceability of our existing public and private enterprise clients has resulted in greater inbound interest for Visionflex's solutions which is driving confidence in the outlook ahead.

The qualified pipeline now exceeds \$25m of combined hardware and annual recurring software revenue. Based on current discussions, we expect a significant portion to progress to selection stage during Q2 and Q3. In addition, the Company is now seeing material international interest, with recent agreements signed in New Zealand and Vietnam. Several larger distribution agreements in India, Europe and the Americas are progressing through the pipeline, with international revenue expected to increase in the second half of FY25, while commencing further trial deployments in key regions.

Targeting EBITDA profitability to be achieved across the FY25 financial year, driven by accelerating larger enterprise new sales with increasing ARR.

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

## ***Visionflex Overview***

At Visionflex, we believe that healthcare should be accessible, efficient, and connected. Our integrated hardware and software platform allows healthcare providers to deliver comprehensive, collaborative care in real time, no matter the location. From metropolitan health networks to community-based care, Visionflex is reshaping how healthcare is delivered by connecting healthcare teams with the tools and technology needed to provide effective, efficient, and high-quality care.