

1. Company details

Name of entity:	Visionflex Group Limited
ABN:	25 138 897 533
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities (continuing operations)	up	100.2% to	4,006,067
Revenues from ordinary activities (continuing and discontinued operations)	up	28.1% to	4,006,067
Loss from ordinary activities after tax attributable to the owners of Visionflex Group Limited (continuing operations)	down	75.7% to	(729,298)
Loss from ordinary activities after tax attributable to the owners of Visionflex Group Limited (continuing and discontinued operations)	down	82.5% to	(573,385)
Loss for the half-year attributable to the owners of Visionflex Group Limited (continuing and discontinued operations)	down	82.5% to	(573,385)

Dividends

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

Comments

The loss for the Group (continuing and discontinued operations) after providing for income tax amounted to \$573,385 (31 December 2022: \$3,282,300).

Refer to 'Review of operations' in the Directors' report for further commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(0.50)</u>	<u>(0.57)</u>

4. Dividends

Current period

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

Previous period

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

5. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. The auditor's review report contains a paragraph addressing material uncertainty related to going concern.

6. Attachments

Details of attachments (if any):

The Interim Report of Visionflex Group Limited for the half-year ended 31 December 2023 is attached.

7. Signed

Signed  _____

Date: 23 February 2024

Christopher Whitehead
Chair
Sydney

Visionflex Group Limited

(Formerly known as 1st Group Limited)

ABN 25 138 897 533

Interim Report - 31 December 2023

Directors' report	2
Auditor's independence declaration	6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the consolidated financial statements	12
Directors' declaration	23
Independent auditor's review report to the members of Visionflex Group Limited	24

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Visionflex Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were Directors of Visionflex Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Christopher Whitehead - Non-Executive Director and Chair
Geoff Neate - Non-Executive Director
John Nantes - Non-Executive Director
Brook Adcock - Non-Executive Director

Principal activities

During the financial half-year, the principal continuing activities of the Group consisted of the provision of healthcare and corporate online search and appointment booking services, virtual care, and remote diagnostic solutions into both local and international markets.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The 6 months ending 31 December 2023, has been a period of transformation and substantial growth for the Group. Following the successful execution of a strategic restructure in FY23, the Group remains resolute in its commitment to catapult the business into an era of profitability with promising results achieved to date.

Financial Performance

The Group's overall financial performance for 1H FY24 was an after-tax loss of \$0.6 million inclusive of the result from the discontinued operation (MyHealth1st). This represents a significant improvement of 82.5% from the loss of \$3.3 million generated in the comparative 1H FY23 period after the Group achieved strong sales growth while effectively managing costs and improving operational efficiencies. The loss from continuing operations in 1H FY24 was \$0.8 million with a \$0.2 million profit generated from discontinued operations, reflecting a net fair value gain from the contingent consideration received in respect of the sale of the MyHealth1st business.

The Group reported consolidated revenue of \$4 million for 1H FY24 which reflects growth of 100% from the \$2.0 million of revenue generated from continuing operations in the comparative 1H FY23 period. The primary driver of the revenue increase is attributed to the Visionflex division. In 1H FY24, the Visionflex division generated revenue of \$3.2 million (\$0.3 million of which is recurring revenue), up 217% on the \$1 million generated in 2Q23 (\$0.02 million of which was recurring revenue). The Visionflex Group operating segment (comprising GoBookings and PetYeti and MyHealth1st in the prior year comparative results) reported revenue of \$0.8 million, indicating a 64% reduction compared to the \$2.1 million in the corresponding 1H FY23 period. The Group's consolidated revenue of \$4 million for 1H FY24 is 28% higher than the 1H FY23 result including the impact of the discontinued MYHealth1st business which generated revenue of \$1.1 million in 1H FY23.

The Group is committed to concentrating its efforts on high gross margin products and continues to refine its revenue mix and pricing strategy to achieve this objective. The group is strategically focused on substantially increasing the contribution of SaaS revenue to the overall revenue portfolio. Recurring revenue continues to grow quarter on quarter, as new clients purchase the Visionflex solution and existing clients upgrade to new products.

The underlying normalized EBITDA loss for the half year period ended 31 December 2023 was \$0.2 million (2022: \$2.8 million loss) which has been determined as follows:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Loss before income tax benefit from continuing operations	(1,069,860)	(3,079,716)
Add back: non cash expenses		
Depreciation and amortization expense	5,653	15,848
Share based payments expense/(write back)	313,668	(119,758)
Total non-cash expenses	<u>319,321</u>	<u>(103,910)</u>
Exclude: Interest revenue	(3,529)	(859)
Add back: Finance costs	410,325	181,586
Add back: Business restructuring costs	<u>192,926</u>	<u>-</u>
Normalised underlying EBITDA loss for the half year period	<u><u>(150,817)</u></u>	<u><u>(3,002,899)</u></u>

Normalised underlying EBITDA is a financial measure which is not prescribed by the Australian Accounting Standards (AAS) and represents profit/loss under AAS adjusted for specific items. The table above summarises key items between the statutory loss after tax and normalised underlying EBITDA.

Normalised underlying EBITDA has not been subject to any specific review procedures by our auditor however it has been extracted from the accompanying audited reviewed financial report.

The Group has achieved strong top line revenue growth during 1H FY24, whilst reducing operating costs with the operating ratio improving from 197% in 1H FY23 (inclusive of activity from MyHealth1st) to 112% in 1H FY24 (excluding the activity from MyHealth1st). This emphasis's the Group's commitment to sustainable growth and delivering enhanced value to our stakeholders.

Financial Position

The Group had a closing 31 December 2023 cash balance of \$1.8 million, an increase of \$0.3 million since 30 June 2023. The total receipts from customers for 1H FY24 was \$5.7 million, an increase of 67% from the 1H FY23 period. The Group's operating cash outflows for 1H FY24 was \$0.2 million, which compares favourably to the \$3 million outflow in 1H FY23. Including unused finance facilities, the Group had access to \$3.9 million of cash and funding as at 31 December 2023.

The Group was in a net liability position of \$7.0 million as at 31 December 2023 (\$6.7 million as at 30 June 2023), with assets held of \$3.3 million (30 June 2023: \$3.4 million) and liabilities owed of \$10.3 million (30 June 2023: \$10.1 million). Included in the liabilities balance is \$6.25 million of converting notes on which the Group has the option to convert some or all of the converting notes into shares as well as \$2.1 million of contract liabilities which once performance obligations are met will be recognised as revenue.

The Group's working capital deficit position as at 31 December 2023 was \$0.8 million (\$0.7 million as at 30 June 2023), with current assets of \$3.3 million (30 June 2023: \$3.3 million) and current liabilities \$4.1 million (30 June 2023: \$4.0 million). The movement in the working capital position over the six month period ended 31 December 2023 was primarily the result of customer contract liabilities increasing from \$1.0m million to \$2.1 million after a strong period of sales.

Strategic Review - Exit of the GoBookings and PetYeti Businesses

Following a comprehensive review of the future prospects and opportunities for the Clinic Connect business (branded PetYeti) and GoBookings businesses, as communicated in the FY2023 annual report, the Group has determined that it is in the best interest of shareholders to exit these businesses.

For the GoBookings business, the Group wrote to customers on the 12th of January 2024, advising of the decision to exit the GoBookings business. The Group provided its customers with required notice periods and held discussions with key clients. The business is being wound down over the period February 2024 to May 2024. The last contracts are scheduled to conclude effective 1 May 2024.

For the PetYeti business, the Group wrote to customers on the 12th of January 2024, advising of the decision to exit the PetYeti business. The Group provided its customers with the required notice periods. The business is being wound down over the period February 2024 to March 2024. The last contracts are scheduled to conclude on or around 1 March 2024.

The strategic exiting of PetYeti and GoBookings is anticipated to yield substantial improvements in the Group's cost structure, hastening its trajectory towards sustainable profitability. The decision to strategically exit the PetYeti and GoBookings businesses demonstrates the Group's commitment to enhancing shareholder value and focusing on the core business areas that align with its strategic objectives.

Risk management

The Group recognises the importance of pro-actively managing the risks and opportunities associated with both the day-to-day operations of the Group and its longer term strategic objectives.

Some of the key risks that the Group manages includes:

- Financial and economic risks;
- Technology risks;
- Regulatory and compliance risks; and
- Intellectual property risks.

The Board holds the responsibility for formulating, overseeing, and endorsing the risk management strategy, internal compliance, and controls of the Group. Additionally, the Board plays a crucial role in articulating the Group's "risk appetite" to ensure alignment between the strategic direction and the risk management policy of the Group.

Significant changes in the state of affairs

On 2 November 2023, 1st Group Limited changed its name to Visionflex Group Limited.

During 1H FY24, the Group has worked to restructure its GoBookings and PetYeti businesses from MyHealth1st which was divested from the Group on 30 June 2023.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

Following a comprehensive review of the future prospects and opportunities for the Clinic Connect business (branded PetYeti) and GoBookings businesses, as communicated in the FY2023 annual report, the Group has determined that it is in the best interest of shareholders to exit these businesses.

For the GoBookings business, the Group wrote to customers on the 12th of January 2024, advising of the decision to exit the GoBookings business. The Group provided its customers with required notice periods and held discussions with key clients. The business is being wound down over the period February 2024 to May 2024. The last contracts are scheduled to conclude effective 1 May 2024.

For the PetYeti business, the Group wrote to customers on the 12th of January 2024, advising of the decision to exit the PetYeti business. The Group provided its customers with the required notice periods. The business is being wound down over the period February 2024 to March 2024. The last contracts are scheduled to conclude on or around 1 March 2024.

The strategic exiting of PetYeti and GoBookings is anticipated to yield substantial improvements in the Group's cost structure, hastening its trajectory towards sustainable profitability. The decision to strategically exit the PetYeti and GoBookings businesses demonstrates the Group's commitment to enhancing shareholder value and focusing on the core business areas that align with its strategic objectives.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors', pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Christopher Whitehead
Chair

23 February 2024
Sydney



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Auditors' Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Visionflex Group Limited (Formerly known as 1st Group Limited)

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A stylized, handwritten version of the letters 'PKF' in black ink.

PKF

A handwritten signature in black ink that reads 'P. Pearman' followed by a period.

PAUL PEARMAN
PARTNER

23 FEBRUARY 2024
SYDNEY, NSW

Visionflex Group Limited
(Formerly known as 1st Group Limited)
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

Visionflex Group

	Note	Consolidated 31 Dec 2023 \$	31 Dec 2022 \$
Revenue from continuing operations	4	4,006,067	2,000,807
Interest revenue calculated using the effective interest method		3,529	859
Expenses			
Changes in inventories		90,278	(188,122)
Raw materials and consumables used		(1,438,193)	(330,265)
Advertising and marketing expenses		(92,068)	(164,595)
Professional and consulting fees		(322,417)	(423,591)
Operations and administration expenses		(779,617)	(1,468,134)
Employee benefits expense		(1,928,535)	(2,303,754)
Depreciation and amortisation expense		(5,653)	(15,848)
Loss on disposal of assets		-	(5,487)
Business restructuring costs		(192,926)	-
Finance costs		(410,325)	(181,586)
Loss before income tax benefit from continuing operations		(1,069,860)	(3,079,716)
Income tax benefit		340,562	78,219
Loss after income tax benefit from continuing operations		(729,298)	(3,001,497)
Profit/(loss) after income tax expense from discontinued operations	5	155,913	(280,803)
Loss after income tax benefit for the half-year attributable to the owners of Visionflex Group Limited		(573,385)	(3,282,300)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,068	5
Other comprehensive income for the half-year, net of tax		1,068	5
Total comprehensive income for the half-year attributable to the owners of Visionflex Group Limited		<u>(572,317)</u>	<u>(3,282,295)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(728,230)	(3,001,492)
Discontinued operations		155,913	(280,803)
		<u>(572,317)</u>	<u>(3,282,295)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Visionflex Group Limited
(Formerly known as 1st Group Limited)
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

Visionflex Group

	Note	2023 Cents	2022 Cents
Loss per share for loss from continuing operations attributable to the owners of Visionflex Group Limited			
Basic earnings per share	12	(0.05)	(0.23)
Diluted earnings per share	12	(0.05)	(0.23)
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Visionflex Group Limited			
Basic earnings per share	12	0.01	(0.02)
Diluted earnings per share	12	0.01	(0.02)
Loss per share for loss attributable to the owners of Visionflex Group Limited			
Basic earnings per share	12	(0.04)	(0.25)
Diluted earnings per share	12	(0.04)	(0.25)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Visionflex Group Limited
(Formerly known as 1st Group Limited)
Consolidated statement of financial position
As at 31 December 2023

Visionflex Group

	Note	Consolidated 31 Dec 2023 \$	30 Jun 2023 \$
Assets			
Current assets			
Cash and cash equivalents		1,754,901	1,442,802
Trade and other receivables		374,793	579,698
Contract assets		10,836	16,733
Inventories		691,829	601,551
Income tax refund due		294,000	588,000
Other		151,385	97,981
Total current assets		<u>3,277,744</u>	<u>3,326,765</u>
Non-current assets			
Property, plant and equipment		17,083	16,774
Intangibles		10,691	12,299
Total non-current assets		<u>27,774</u>	<u>29,073</u>
Total assets		<u>3,305,518</u>	<u>3,355,838</u>
Liabilities			
Current liabilities			
Trade and other payables	6	1,746,656	2,895,943
Contract liabilities		2,082,541	980,888
Borrowings		67,242	5,406
Employee benefits		154,750	156,927
Total current liabilities		<u>4,051,189</u>	<u>4,039,164</u>
Non-current liabilities			
Borrowings	7	6,250,000	6,050,000
Employee benefits		8,777	6,636
Total non-current liabilities		<u>6,258,777</u>	<u>6,056,636</u>
Total liabilities		<u>10,309,966</u>	<u>10,095,800</u>
Net liabilities		<u>(7,004,448)</u>	<u>(6,739,962)</u>
Equity			
Issued capital	8	40,268,657	40,274,494
Reserves		3,032,665	2,717,929
Accumulated losses		<u>(50,305,770)</u>	<u>(49,732,385)</u>
Total deficiency in equity		<u>(7,004,448)</u>	<u>(6,739,962)</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Visionflex Group Limited
(Formerly known as 1st Group Limited)
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

Visionflex Group

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2022	39,289,042	2,831,921	(46,076,729)	(3,955,766)
Loss after income tax benefit for the half-year	-	-	(3,282,300)	(3,282,300)
Other comprehensive income for the half-year, net of tax	-	5	-	5
Total comprehensive income for the half-year	-	5	(3,282,300)	(3,282,295)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 11)	-	(119,758)	-	(119,758)
Foreign exchange reserve	(469)	-	-	(469)
Balance at 31 December 2022	<u>39,288,573</u>	<u>2,712,168</u>	<u>(49,359,029)</u>	<u>(7,358,288)</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2023	40,274,494	2,717,929	(49,732,385)	(6,739,962)
Loss after income tax benefit for the half-year	-	-	(573,385)	(573,385)
Other comprehensive income for the half-year, net of tax	-	1,068	-	1,068
Total comprehensive income for the half-year	-	1,068	(573,385)	(572,317)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 11)	-	313,668	-	313,668
Transaction costs from issue of shares in previous period	(5,837)	-	-	(5,837)
Balance at 31 December 2023	<u>40,268,657</u>	<u>3,032,665</u>	<u>(50,305,770)</u>	<u>(7,004,448)</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Visionflex Group Limited
(Formerly known as 1st Group Limited)
Consolidated statement of cash flows
For the half-year ended 31 December 2023

Visionflex Group

	Note	Consolidated	
		31 Dec 2023	31 Dec 2022
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,747,522	3,426,299
Payments to suppliers and employees (inclusive of GST)		(6,179,885)	(6,167,226)
Interest received		3,529	238
Interest and other finance costs paid		(383,003)	(283,307)
Research and development tax credit received		634,562	-
		<u>(177,275)</u>	<u>(3,023,996)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Payments for property, plant and equipment		(3,964)	(12,575)
Payments for intangibles		(825)	(9,558)
Contingent consideration received from disposal of business	5	300,000	-
		<u>295,211</u>	<u>(22,133)</u>
Net cash from/(used in) investing activities			
Cash flows from financing activities			
Share issue transaction costs		(5,837)	(72,427)
Proceeds from converting notes facility		200,000	1,203,000
		<u>194,163</u>	<u>1,130,573</u>
Net cash from financing activities			
Net increase/(decrease) in cash and cash equivalents		312,099	(1,915,556)
Cash and cash equivalents at the beginning of the financial half-year		1,442,802	2,007,121
		<u>1,754,901</u>	<u>91,565</u>
Cash and cash equivalents at the end of the financial half-year			

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Visionflex Group Limited as a Group consisting of Visionflex Group Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Visionflex Group Limited's functional and presentation currency.

Visionflex Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

C/o Automic Group
Level 5, 126 Phillip Street
Sydney, NSW 2000

Principal place of business

Unit 1/8 Prosperity Parade
Warriewood, NSW 2102

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 23 February 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the financial half-year ended 31 December 2023, the Group incurred a net loss after tax of \$573,385 (31 December 2022: net loss of \$3,282,300) and had net operating cash outflows of \$177,275 (31 December 2022: net operating cash outflows of \$3,023,996). As at 31 December 2023, the Group had net liabilities of \$7,004,448 (30 Jun 2023: net liabilities of \$6,739,962). These conditions give rise to an uncertainty which may cast doubt over the Group's ability to continue as a going concern.

The Directors have reviewed the Group's profit and loss and cash flow forecast for the 12-month ending 29 February 2025, a forecast which is part of a 2-year financial model until 30 June 2025.

AASB 101 Presentation of Financial Statements requires Directors to determine the Group's ability to continue as a going concern for the purposes of preparing the consolidated financial statements. As such these profit and loss forecasts have been prepared to assist the Directors determine the Group's ability to continue as a going concern as follows.

Note 2. Material accounting policy information (continued)

Forecast methodology

Revenue has been assessed based on the business and type of revenue:

- 1) Visionflex Operating Segment
 - Hardware sales have been assessed based on the strong existing pipeline of potential orders with assumptions made in respect of the proportion of hardware v recurring revenue included in the initial sale. In addition follow-on purchases (upsells) by existing customers have been forecast.
 - Licensing and Support sales have been assessed for both new customers as well as renewal income as customer initial purchase anniversary dates are reached with assumptions made in respect of client retention rates and changes in price on the SaaS licenses and support.
- 2) GoBookings/PetYeti Operating Segment
 - Licensing and usage charges have been forecast in line with recent customer communications for each business with the businesses exited by early May 2024.

The cost of sales for the Visionflex business has been estimated based off recent margins generated and adjusted in the forecast period for changes to the strategic direction of the company. Operating costs have been based on recent historic trends and knowledge of likely changes in the cost structure as the business pivots from operating both Visionflex and GoBookings/PetYeti to 100% focused on exponentially growing the Visionflex business.

The cashflows have been modelled based on the relationship to operating profit, based on the history of receipts compared to revenue and the history of payments compared to outflows in recent years plus an assessment of the timing of receipts and payments for components related to hardware sales.

Assessment

The Directors have determined the Group will be able to pay its debts as and when they fall due assessing both the forecast prepared by the Group as well as sensitivity scenarios whereby the period on period growth achieved for new business was reduced by 50% from levels forecast.

In the Directors' opinion, the ability of the Group to continue as a going concern is primarily dependent upon:

- Significantly improved operating financial results after a strategic restructure in FY23, growth of the Visionflex business in 1H FY24 and the exiting of loss making businesses: GoBookings and PetYeti;
- As a Company listed on Australian Securities Exchange, the Directors are confident the Group will have the ability to raise capital in the future, if required. This has been evident in multiple capital raises which have occurred in recent years;
- The credit facilities on offer with Mr John Plummer and Adcock Private Equity. The facilities total \$8,400,000 of which \$6,250,000 is currently drawn. Adcock Private Equity has confirmed in writing that the undrawn portion of their facility will be available for a minimum period of 12 months from 29 February 2024;
- The Group is confident of the continued support from its facility providers who are major shareholders and have signed confirmations confirming the facilities will not be called upon for a minimum period of 12 months from 29 February 2024.

The Directors are confident in the Group's ability to achieve the forecasts or cover any shortfall to them and have, therefore, concluded that it is appropriate to adopt, and have adopted, the going concern basis in preparing the consolidated financial statements. The Directors are of the view that the Group will be able to pay its debts as and when they become due from net cash from operating activities and from existing funds on hand.

However, in the event that the Group is unable to achieve the outcomes in relation to the aforementioned, such circumstances would indicate that uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements.

The consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 2. Material accounting policy information (continued)

Comparatives

Comparatives in the statement of profit or loss and other comprehensive income and statement of financial position have been realigned where applicable to current period presentation. There has been no effect on the loss for the comparative half-year or net assets of the Group.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments, being 1st Group (GoBookings and Pet Yeti) and Visionflex which are both located in Australia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews the financial results of each segment. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis. The information reported to the CODM is on a monthly basis and discussed during the monthly Board Meeting.

Types of products and services

The principal products and services of each of these operating segments are as follows:

1st Group	The provision of healthcare and corporate online search and appointment booking services.
Visionflex	The provision of video conferencing and diagnostics platform specifically designed for virtual care.

Major customers

During the financial period ended 31 December 2023 the Group made combined sales of \$2.2 million to Western Australia Primary Health Alliance (WAPHA). As at 31 December 2023, revenue of \$1,244,319 had been recognised in respect of the contracts sold and delivered to WAPHA. This reflects 31% of the external Group revenue for the period ending 31 December 2023.

For the period ending 31 December 2022, no single customer contributed 10% or more to the Group's external revenue.

Note 3. Operating segments (continued)

Operating segment information

	1st Group (*) \$	Visionflex \$	Total \$
Consolidated - 31 Dec 2023			
Revenue			
Sales to external customers	755,520	3,085,057	3,840,577
Other revenue	-	165,490	165,490
Interest revenue	3,529	-	3,529
Total revenue	<u>759,049</u>	<u>3,250,547</u>	<u>4,009,596</u>
Adjusted EBITDA			
Depreciation and amortisation	(1,326,262)	524,764	(801,498)
Net fair value gain on contingent consideration	(2,084)	(3,569)	(5,653)
Interest revenue	300,000	-	300,000
Finance costs	3,529	-	3,529
	(398,365)	(11,960)	(410,325)
Profit/(loss) before income tax benefit	<u>(1,423,182)</u>	<u>509,235</u>	<u>(913,947)</u>
Income tax benefit			340,562
Loss after income tax benefit			<u>(573,385)</u>
Assets			
Segment assets	1,246,669	3,600,111	4,846,780
Intersegment eliminations			(1,541,262)
Total assets			<u>3,305,518</u>
Liabilities			
Segment liabilities	8,386,177	3,465,051	11,851,228
Intersegment eliminations			(1,541,262)
Total liabilities			<u>10,309,966</u>
Consolidated - 31 Dec 2022			
Revenue			
Sales to external customers	2,084,690	995,283	3,079,973
Other revenue	1,609	45,008	46,617
Interest revenue	859	-	859
Total revenue	<u>2,087,158</u>	<u>1,040,291</u>	<u>3,127,449</u>
Adjusted EBITDA			
Depreciation and amortisation	(2,088,758)	(873,287)	(2,962,045)
Impairment of assets	(14,320)	(6,110)	(20,430)
Finance costs	-	(66,630)	(66,630)
	(245,165)	(66,249)	(311,414)
Loss before income tax benefit	<u>(2,348,243)</u>	<u>(1,012,276)</u>	<u>(3,360,519)</u>
Income tax benefit			78,219
Loss after income tax benefit			<u>(3,282,300)</u>
Consolidated- 30 Jun 2023			
Assets			
Segment assets	2,526,352	1,891,671	4,418,023
Intersegment eliminations			(1,062,185)
Total assets			<u>3,355,838</u>
Liabilities			
Segment liabilities	8,550,506	2,607,479	11,157,985
Intersegment eliminations			(1,062,185)
Total liabilities			<u>10,095,800</u>

(*) The 1st Group operating segment includes the overall expenses incurred by the Group as well as the assets and liabilities of the Group.

Note 4. Revenue

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
From continuing operations		
<i>Revenue from contracts with customers</i>		
Subscription fees	717,818	927,979
Usage fees (recalls, SMS and booking fees)	11,202	20,132
Medical hardware revenue	2,944,813	947,476
Set up and customisation	26,500	11,655
Software revenue	140,244	47,807
	<u>3,840,577</u>	<u>1,955,049</u>
<i>Other revenue</i>		
Other revenue	165,490	45,758
	<u>4,006,067</u>	<u>2,000,807</u>

Disaggregation of revenue

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

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	2,944,813	947,476
Services transferred over time	895,764	1,007,573
	<u>3,840,577</u>	<u>1,955,049</u>

Note 5. Discontinued operations

Description

On 30 June 2023, the Group sold the business assets and liabilities of MyHeath1st to HealthShare Pty Ltd for cash consideration of \$750,000 and contingent consideration of up to \$500,000. The Group recognised a gain of \$743,367 on the sale of MyHeath1st during the year ended 30 June 2023.

As at 30 June 2023, no contingent consideration had been received and its fair value at 30 June 2023 was determined to be \$nil. Subsequent to 30 June 2023, contingent consideration of \$300,000 was received. During the half-year ended 31 December 2023, income representing the net fair gain on contingent consideration was recognised and presented separately in discontinued operations. As at 31 December 2023, the fair value of any remaining contingent consideration was determined to be \$nil.

During the half-year ended 31 December 2023, the Group incurred expenses directly related to the sale of MyHeath1st on 30 June 2023, which included the settlement of employee benefits. These expenses were recognised and presented separately in discontinued operations during the half-year ended 31 December 2023.

Financial information relating to the discontinued operation for the half-year ended 31 December 2023 is set out below.

Note 5. Discontinued operations (continued)

Financial performance information

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Revenue	-	1,125,783
Net fair value gain on contingent consideration	300,000	-
Advertising and marketing expenses	-	(74,036)
Professional and consulting fees	-	(91,537)
Employee benefits expense	(106,500)	(581,019)
Operations and administration expenses	(37,587)	(525,584)
Depreciation and amortisation expense	-	(4,582)
Finance costs	-	(129,828)
Total expenses	<u>(144,087)</u>	<u>(1,406,586)</u>
Profit/(loss) before income tax expense	155,913	(280,803)
Income tax expense	-	-
Profit/(loss) after income tax expense from discontinued operations	<u>155,913</u>	<u>(280,803)</u>

Cash flow information

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Net cash used in operating activities	(158,496)	(309,694)
Net cash from investing activities	300,000	805
Net cash from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents from discontinued operations	<u>141,504</u>	<u>(308,889)</u>

Note 6. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Trade payables	558,294	1,050,020
Accrued expenses	534,102	1,341,366
BAS payable	311,277	159,446
Other payables	342,983	345,111
	<u>1,746,656</u>	<u>2,895,943</u>

Note 7. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Converting notes payable	<u>6,250,000</u>	<u>6,050,000</u>

Note 7. Non-current liabilities - borrowings (continued)

The credit standby arrangements relate to two facility agreements with investors. The first relates to a facility with a cornerstone investor Mr Plummer, totalling \$5,200,000 (30 June 2023: \$5,200,000) of which \$5,200,000 is drawn at 31 December 2023 (30 June 2023: \$5,200,000). The second facility relates to a facility with Adcock Private Equity totalling \$3,200,000 (30 June 2023: \$3,200,000) of which \$1,050,000 is drawn at 31 December 2023 (30 June 2023: \$850,000).

The key terms of both facilities include:

- The note was repayable 24 months from the date of each drawdown. The Group obtained signed confirmations confirming the facilities will not be called upon for a minimum period of 12 months from 29 February 2024;
- Line fee of 1% per annum;
- Interest was payable based on the cash rate of the Reserve Bank of Australia plus 8.5% p.a. The interest rate was reduced by 1% to the cash rate of the Reserve Bank of Australia plus 7.5% p.a after the Group achieved a positive operating cash flow result for the quarter ended 30 September 2023. The interest rate at reporting date is 11.85% p.a. payable quarterly in arrears;
- The facility agreement includes a provision to further renegotiate the interest rate downwards subject to the Group delivering a further three consecutive cash flow positive quarters;
- Usual covenants for a facility of this nature and scope including: unsecured obligation, no debt subordination without consent, anti-dilution provisions;
- Facility can be repaid in full or reduced at any time at the election of the Group; and
- Provisions allowing for conversion into shares of a portion of the existing debt and the redraw of an equivalent amount in new drawing against the facilities.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Total facilities		
Converting notes payable	8,400,000	8,400,000
Used at the reporting date		
Converting notes payable	6,250,000	6,050,000
Unused at the reporting date		
Converting notes payable	2,150,000	2,350,000

Note 8. Equity - issued capital

	Consolidated			
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,416,991,197</u>	<u>1,416,991,197</u>	<u>40,268,657</u>	<u>40,274,494</u>

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Note 8. Equity - issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 9. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 10. Related party transactions

Parent entity

Visionflex Group Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Expenses:		
Interest paid/payable to entity controlled by key management personnel	59,936	-

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Current payables:		
Other payables to entity controlled by key management personnel*	33,236	26,988

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Non-current borrowings:		
Converting note payable from entity controlled by key management personnel**	1,050,000	850,000

* Represents interest payable on the converting notes facility provided by Adcock Private Equity.

** The converting notes facility has been provided by Adcock Private Equity, an entity controlled by Non-Executive Director, Mr Brook Adcock.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 11. Share-based payments

Share options granted during the half-year ended 31 December 2023

No share options under the 1st Group Limited Share Option Plan were granted during the half-year ended 31 December 2023.

Performance rights granted during the half-year ended 31 December 2023

Performance rights granted to employees

In December 2023, the remuneration committee granted certain employees 62,344,366 performance rights for no cash consideration. The performance rights were issued in 3 equal tranches and can be exercised subject to the Company achieving a predetermined share price of between \$0.009 and \$0.035. The performance rights have an exercise price of \$nil. 50% of rights can be exercised 12 months from achieving the share price milestone and 50% can be exercised 24 months from achieving the milestone. The performance rights are not subject to any other vesting conditions besides the holder remaining in continuous service to the Company. The performance rights expire 5 years and 15 days from the grant date.

Performance rights granted to directors

In December 2023, the remuneration committee granted certain directors 25,535,716 performance rights for no cash consideration. The performance rights were issued in 2 equal tranches and can be exercised subject to the Company achieving a predetermined share price of between \$0.014 and \$0.035. The performance rights have an exercise price of \$nil and can be exercised upon achieving the share price milestone. The performance rights are not subject to any other vesting conditions besides the holder remaining in continuous service to the Company. The performance rights expire 3 years from the date of issue. Any shares issued under the scheme are subject to escrow until six months after the director has ceased to be on the Board of the Company.

Set out below are summaries of performance rights granted under the plan:

31 Dec 2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
01/12/2023	16/12/2028	\$0.000	-	24,794,100	-	-	24,794,100
01/12/2023	16/12/2028	\$0.000	-	17,003,894	-	-	17,003,894
01/12/2023	16/12/2028	\$0.000	-	20,546,372	-	-	20,546,372
01/12/2023	21/12/2026	\$0.000	-	14,392,858	-	-	14,392,858
01/12/2023	21/12/2026	\$0.000	-	11,142,858	-	-	11,142,858
			-	87,880,082	-	-	87,880,082

No performance rights were exercisable at the end of the financial half-year.

For the performance rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/12/2023	16/12/2028	\$0.010	\$0.000	95.000%	-	4.057%	\$0.0100
01/12/2023	16/12/2028	\$0.010	\$0.000	95.000%	-	4.057%	\$0.0098
01/12/2023	16/12/2028	\$0.010	\$0.000	59.000%	-	4.057%	\$0.0087
01/12/2023	21/12/2026	\$0.010	\$0.000	59.000%	-	3.989%	\$0.0095
01/12/2023	21/12/2026	\$0.010	\$0.000	59.000%	-	3.989%	\$0.0073

Note 12. Earnings per share

	Consolidated	Consolidated
	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Loss per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Visionflex Group Limited	<u>(729,298)</u>	<u>(3,001,497)</u>
	Cents	Cents
Basic earnings per share	(0.05)	(0.23)
Diluted earnings per share	(0.05)	(0.23)
	Consolidated	Consolidated
	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Earnings per share for profit/(loss) from discontinued operations</i>		
Profit/(loss) after income tax attributable to the owners of Visionflex Group Limited	<u>155,913</u>	<u>(280,803)</u>
	Cents	Cents
Basic earnings per share	0.01	(0.02)
Diluted earnings per share	0.01	(0.02)
	Consolidated	Consolidated
	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Loss per share for loss</i>		
Loss after income tax attributable to the owners of Visionflex Group Limited	<u>(573,385)</u>	<u>(3,282,300)</u>
	Cents	Cents
Basic earnings per share	(0.04)	(0.25)
Diluted earnings per share	(0.04)	(0.25)
Options have been excluded from the diluted earnings per share calculation as their inclusion would be anti-dilutive.		
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,416,991,197</u>	<u>1,288,173,816</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,416,991,197</u>	<u>1,288,173,816</u>

Note 13. Events after the reporting period

Following a comprehensive review of the future prospects and opportunities for the Clinic Connect business (branded PetYeti) and GoBookings businesses, as communicated in the FY2023 annual report, the Group has determined that it is in the best interest of shareholders to exit these businesses.

Note 13. Events after the reporting period (continued)

For the GoBookings business, the Group wrote to customers on the 12th of January 2024, advising of the decision to exit the GoBookings business. The Group provided its customers with required notice periods and held discussions with key clients. The business is being wound down over the period February 2024 to May 2024. The last contracts are scheduled to conclude effective 1 May 2024.

For the PetYeti business, the Group wrote to customers on the 12th of January 2024, advising of the decision to exit the PetYeti business. The Group provided its customers with the required notice periods. The business is being wound down over the period February 2024 to March 2024. The last contracts are scheduled to conclude on or around 1 March 2024.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors' made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Christopher Whitehead
Chair

23 February 2024
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF VISIONFLEX GROUP LIMITED (Formerly known as 1st Group Limited)

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Visionflex Group Limited (the 'consolidated entity'), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Visionflex Group Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

We draw attention to Note 2 in the half year financial report, which describes management's assessment of the consolidated entity's ability to continue as a going concern. The matters described in Note 2 indicate a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors of the consolidated entity a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidate entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.



Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Visionflex Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature of the auditor, consisting of the letters "PKF" in a stylized, cursive script.

PKF

A handwritten signature in cursive script that reads "P. Pearman".

PAUL PEARMAN
PARTNER

23 FEBRUARY 2024
SYDNEY, NSW