

ASX Announcement 30 January 2024
Visionflex Group Limited (ASX:VFX)

Sustaining Forward Momentum

Visionflex Group Limited (ASX: VFX) (the “Company”) issues its market update for the quarter and half year ending 31 December 2023. The results outlined in this ASX Announcement are the preliminary unaudited results.

Highlights:

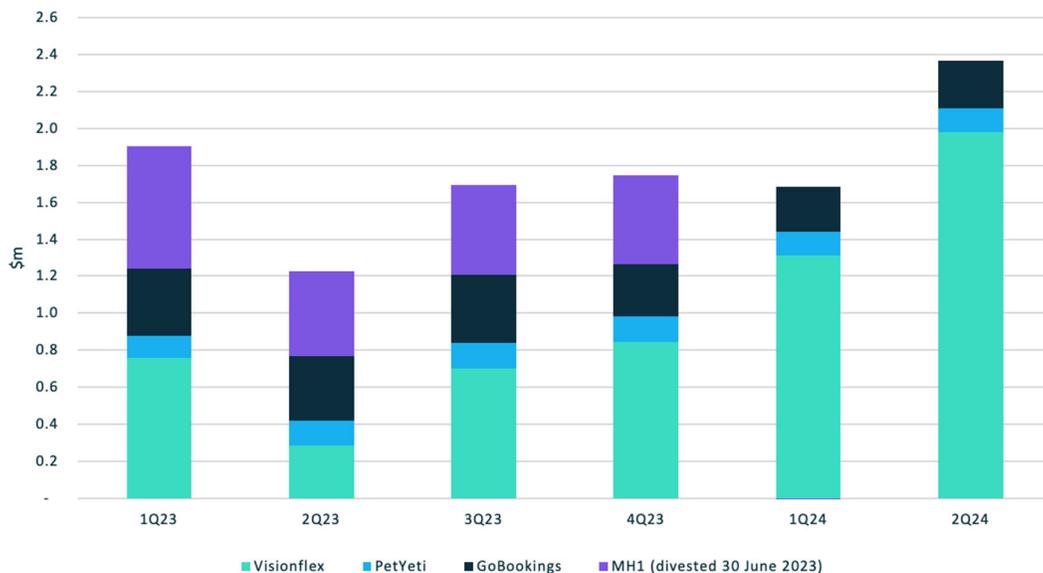
- Consolidated revenue¹ for 2Q FY24 of \$2.4 million up 210% over 2Q FY23 when adjusted for the MyHealth1st divestment.
- Visionflex revenue¹ of \$2.0 million for 2Q FY24, up 596% on the \$0.3 million generated in 2Q FY23.
- Consolidated revenue for 2Q FY24 increased by \$0.7 million or 40% from 1Q FY24.
- Total cash outflows of \$0.3 million for 2Q FY24.
- Closing 2Q FY24 cash balance of \$1.8 million or \$3.9 million when including undrawn finance facilities.
- Strategic review of GoBookings and PetYeti finalised with a timeline established to exit both businesses.

Consolidated Quarterly Result

The Company reported \$2.4 million in consolidated revenue for the quarter ending 31 December 2023 (2Q FY24), a 94% increase from the \$1.2 million generated in the prior corresponding period (pcp). Adjusting for the divestment of MyHealth1st (\$0.4 million of revenue in the pcp), revenue grew by 210% up from \$0.8 million in the pcp.

Chart 1 illustrates the distribution of revenue by business division, highlighting the swift acceleration in the Visionflex division’s contribution to the Company’s overall revenue composition.

Chart 1: Quarterly Revenue Breakdown by Business Division



1. Revenue outlined throughout this announcement is in accordance with the Companies revenue recognition accounting policy.

Visionflex Division – Quarterly Result

The primary driver of the consolidated Company's revenue increase continues to be the Visionflex division, demonstrating sustained traction and growth within the market. In 2Q FY24, the Visionflex division generated revenue of \$2.0 million, up 596% on the \$0.3 million generated in 2Q FY23.

This growth can be attributed to the partial fulfillment of goods and services associated with the Western Australia Primary Health Alliance (WAPHA) contract, announced in August and October 2023, bolstered by the ongoing acquisition of new customers. \$1.1 million of revenue from the WAPHA contract (46% of the initial two contracts signed), remains unrecognised and will be recognised as revenue as the hardware is delivered in 3Q FY24 and software licenses and support are utilised over the initial 12-month contracted period.

The Company continued forward momentum in 2HY FY24, propelled by a growing pipeline for ProEX Clinical Virtual Care Software to large health providers. Additionally, the influx of customer referrals and tender requests underscores the success of our strategic growth initiatives. This favorable momentum strategically positions the Company for sustained success in the fast-growing global market of virtual healthcare.

Visionflex Division - Strategic Shift to Software as a Service (SaaS) Revenue

Visionflex continues to shift its focus towards growing Software as a Service (SaaS) revenue, through enterprise licensing solutions for its ProEX Clinical Virtual Care Software. This strategy complements the previous emphasis on upfront hardware sales and aims to substantially elevate recurring revenue.

Half Year Result

The Company reported consolidated revenue of \$4.1 million for 1HY FY24 which reflects growth of 30% from the \$3.1 million of revenue generated in the comparative 1HY FY23 period. Adjusting for the divestment of MyHealth1st (\$1.1 million recognised in 1HY FY23) to show a comparable revenue result, revenue grew by 103% from \$2.0 million to \$4.1 million.

The primary driver of the revenue increase is attributed to the Visionflex division. In 1HY FY24, the Visionflex division generated revenue of \$3.3 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).

Following the successful execution of a strategic restructure in FY23, the Company remains steadfast in its commitment to catapult the business into an era of profitability. Demonstrating the efficacy of these initiatives, the Company's preliminary unaudited consolidated after-tax loss for the first half of the year (1HY FY24) amounted to \$0.5 million. This notably presents a favorable comparison to the corresponding \$3.3 million loss recorded in 1HY FY23.

The Company is dedicated to focusing on high gross margin products and continues to optimise its revenue mix and pricing strategy to achieve this outcome. The company has achieved strong top line revenue growth during 1HY FY24, whilst reducing operating costs with the operating ratio improving from 200% in 1HY FY23 to 111% in 1HY FY24. This underscores the Company's commitment to sustainable growth and delivering increased value to our stakeholders.

Strategic Review and Business Exit of GoBookings and PetYeti

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

The Company will exit GoBookings effective 1 May 2024, having successfully negotiated more favorable commercial terms with key clients to operate the service until this period, further reducing any operating losses from GoBookings. The Company will exit PetYeti effective 1 March 2024.

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

Other Commentary

During 2Q FY24, \$92k in payments were made to related parties and their associates being Director fees (including superannuation) for non-executive directors and interest paid on the Converting Note Facility provided by Adcock Private Equity Pty Ltd.

Furthermore, during 2Q FY24, the Company successfully concluded its search for a Chief Financial Officer, who commenced in the role in mid-January 2024. This strategic addition to our leadership team further enhances our capabilities and aligns with our commitment to sustained growth and operational excellence.

Commenting on the appointment, Joshua Munday, Visionflex Group CEO *“James brings a comprehensive skill set encompassing accounting, financial reporting, treasury, tax, M&A due diligence and corporate governance. He joins us at an exciting time for the company and his experience will enable us to further capitalise on the growth opportunities for Visionflex in the year ahead.”*

Financial Position

With a closing 2Q FY24 cash balance of \$1.8 million, the Company had \$0.3 million of net cash outflows for 2Q FY24. This was comprised of:

- \$0.6 million of net cash outflows used in operating activities;
- \$0.1 million of net cash inflows received from investing activities after receipt of further sale proceeds from the divestment of MyHealth1st;
- \$0.2 million of net cash inflows received from financing activities under the existing convertible note facility.

Refer to the Appendix 4C for further details on the cash flows for 2Q FY24 and 1H FY24.

The Company remains adequately funded, concluding 1HY FY24 with a strong cash balance of \$1.8 million or \$3.9 million with unused finance facilities. This represents a significant improvement compared to the \$0.1 million and \$0.6 million held as of 31 December 2022.

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

About Visionflex

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 organisations, hospitals, corrective services, and the resource sectors.