

ASX Announcement 21 April 2023

1ST Group (ASX:1ST) New strategy and restructure delivers results.

Financial highlights

- Total group revenue increased in Q3 to \$1,695K, **an increase of \$472K or 39%**, from \$1,223K in Q2.
- Visionflex revenue increased in Q3 to \$701K, **an increase of \$416K or 146%**, from \$285K in Q2.
- Net cash outflow from operating activities of \$459K in Q3, **a reduction of \$964k or 67%**, from \$1,423K in Q2.
- Previously announced cost savings achieved including staff costs reduction of \$603k, from \$1,335k in Q2 to \$732K in Q3.
- 1ST Group has recapitalised the business as outlined below - The Appendix 4C shows **5.9 quarters of finance** available based on the outflow in Q3 FY23.

Key events

- A strategic restructure has increased revenue and funded investment in Visionflex products, whilst cutting operating expenses and strengthened the balance sheet via a significant reduction in MyHealth1st aged account payables.
- In accordance with the group's forward- looking strategy announced in the half year report, 1ST Group has entered into a binding agreement to sell MyHeath1st for \$1.25M to Healthshare Pty Ltd. Funds from the MyHeath1st sale will provide further capital to support the ongoing growth of Visionflex and GoBookings.
- The group has access to significant additional funding lines, as detailed below, and received an unqualified audit review of 1st half financial reports. Consequently, is now seeking early reinstatement on the ASX.
- Visionflex continued to pursue international growth opportunities, signing a distribution agreement for India with CRT Bionics. This delivered \$93k revenue in the Q3, with further orders expected in Q4.
- Visionflex also continued to win business in the Australian Primary Healthcare Networks (PHN), Aged Care segments and Aboriginal Health Organisations (AHO). We successfully deployed our new Virtual Healthcare Platform, ProEX Net in the Darling Downs and West Moreton PHN's in Queensland and the Murray PHN in Victoria.
- The new sales and account management team for GoBookings has signed new orders in Q3, with an expected increase to GoBookings revenue in Q4.

Revenue



Recapitalisation Update

- During Q3 FY23, 1ST Group increased its Debt Facility **with Adcock Private Equity by \$2M to \$3.2M**, on similar terms to the existing facility with its other major shareholder Mr Plummer, of which \$850K is drawn.
- The company also increased its Debt Facility with Mr Plummer **by \$1.2M to \$5.2M**, which is fully drawn.
- Both Debt Facilities can be converted to equity at the company's discretion.
- As announced on 20 March 2023, the company also **raised \$985K**, by way of a placement to Mr Plummer, of which \$500k was received during Q3 FY23. This placement replaced the conversion of part of Mr Plummer's debt to equity, and re-draw on the debt facility, that was foreshadowed within the most recent half year report and 4D. This simpler mechanism achieves a similar outcome for the company and Mr Plummer.
- The number of funding periods now available is **approximately 5.9 quarters**. (See 4C for further details.)

Operating Cashflow

Net cash outflow from operating activities reduced from \$1,423K in Q2 FY23 to \$459K in Q3 FY23.

Net operating cash in Q3 FY23 included:

- Receipts from customers in the quarter increased from \$1,400K in Q2 FY23 to \$1,890K in Q3 FY23;
- Staff costs of \$732K compared to \$1,335K in Q2 resulting from the cost reductions made during Q2 FY23;
- Payments for product of \$1,225K compared to \$563K in Q2, related to the increased volume of hardware sales in Q3 FY23;
- Administration and corporate costs, including payments to suppliers, of \$921K compared to \$330K in Q2, related to a significant reduction in MyHeath1st aged accounts payable since 31 December 2022; and
- Receipts of government grants and tax incentives of \$878K.

During the quarter, \$179k in payments were made to related parties and their associates, being wages for the CEO, independent Director and Chair remuneration including superannuation.

Board Comments

Q3 FY23 saw the positive impact of the cost reductions made during the previous quarter. In addition to the reduced operating losses, the group has also increased revenue, while investing in Visionflex product manufacturing and reducing MyHeath1st aged account payables.

1ST Group's diagnostic telehealth product Visionflex continued its Australian expansion into the Primary Healthcare Networks (PHN), Aged Care segments and Aboriginal Health Organisations (AHO). The board was also encouraged by continued international expansion, with the announcement of initial sales being achieved in India.

In accordance with the Group's forward-looking strategy outlined in the latest half year report the Board determined that it would be in the best interest of shareholders to sell MyHeath1st. Today's announcement related to the sale of MyHeath1st represents another important milestone in our journey towards a focused and profitable organisation that is well placed to capture market share in a fast-growing global hybrid health technology market.

The recently appointed Board would like to thank all shareholders for their support and patience as we have defined and executed the renewed strategy for 1ST Group. In particular we would like to acknowledge Mr John Plummer and Mr Brook Adcock for their ongoing commitment and support. Our recapitalisation of the business from major investors provides the opportunity for focused investment in product development and revenue growth in order to achieve sustainable profitability in the longer term. This has been done with minimal dilution to shareholders.

1ST Group business summary

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

- Visionflex,
- My Health First (sale announced)
- Go Bookings, and
- Pet-Yeti.

A brief description of each business 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.

My Health First (the transfer of this business to Healthshare Pty Ltd is underway)

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.

Go Bookings

About:

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

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.

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