



ASX Announcement 26 October 2023 1ST Group Limited (ASX:1ST)

Chair and CEO Addresses – 2023 Annual General Meeting

Chair's Address – Christopher Whitehead

I was appointed as a Non-Executive Director and the Chair of 1ST Group on December 15th, 2022. At that time the shares were suspended from ASX trading, and the company was clearly in a very weak financial position. The strategy that had been pursued was not working and cash was being consumed at an alarming rate. Even more worryingly, there had also been a blow-out in accounts payable over the previous 12 month – many of these liabilities aging, without apparent arrangements in place, in many cases.

You might question why I joined the Board in such circumstances. This was solely due to the combination of committed major shareholders and my own evaluation of the Visionflex product line, which I had conducted prior to my appointment. I was excited by the Visionflex' technology and the market opportunities that were available for these. I was also impressed by the then acting Chief Executive Officer, Josh Mundey. He had already demonstrated strong leadership and delivery capability in a significant re-structure of the business, to reduce operating costs and cash outflow, whilst focusing on the sales opportunities available to Visionflex, in particular. Just as important, I was confident in the capabilities of other Directors, Brook, John and Geoff, and my ability to work well with them.

I am pleased to say that with the solid support of major shareholders, Mr Brook Adcock and Mr John Plummer and the hard work of the management team, the business has been turned around - and is in an increasingly strong position. The best evidence of this to date is the announcement this week of the first ever quarterly positive operating cashflow. This comes on the back of significant new orders, including from existing clients – demonstrating their confidence in the product.

The Board has been willing to make significant and difficult decisions in a complete re-consideration of the previous strategy. The most significant being the disposal of the MyHealth 1st platform. This had been developed over a long period of time but showed no likelihood, in the opinion of the new Board, of achieving the success previous management and Directors had pursued.

Achieving re-instatement of trading on the ASX was complex and, understandably, it took a lot of effort to convince important stakeholders of the validity of doing so. However, it should be noted that since re-instatement the company has achieved, and in many respects over-achieved, on the goals that it has set. This reflects that the Board has an achievement focus. I can assure you that it also has a strong focus on implementing the very best in governance practice. Despite the urgent business priorities, the Board has also invested significant time in reviewing and updating Board policies and procedures.

We see that your company has an exciting outlook, and we will continue to navigate with the purpose of making the most of every opportunity. Your Board will continue to work with the executive in developing clear strategy, with strong delivery via a culture supporting innovation and a customer focus.

I will conclude by thanking my fellow Directors for their support of me in the role of Chair and all our patient and supportive shareholders. I would also like to thank Josh and every member of our employee team for their incredible commitment and hard work. I am looking forward to leading the Board and supporting excellent Management in the years to come, subject to the vote of shareholders on my appointment later in this meeting.

Chief Executive Officer's Address – Joshua Mundey

Thanks Chris, and good morning to everyone joining us in the room today.

Firstly, I apologise I'm not able to join you in the room today, instead I'm joining you remotely from Perth, where it's 6am and the day is only just beginning. But I am here for good reason, I'm here to support our Visionflex staff and our important partnership with the National Aboriginal Community Controlled Health Organisation (NACCHO), at their annual conference.

NACCHO is the national peak body representing 145 Aboriginal Community Controlled Health Organisations delivering healthcare to First Nations people right across the country. With over 400 delegates here representing those regions from all areas of our vast country, Visionflex is actively involved in the conversation and effort to deliver quality healthcare to everyone, everywhere, anytime.

With the Australian government investing over \$1 Billion dollars annually on First Nations healthcare, it's a significant market opportunity for Visionflex, where we can not only achieve commercial success but make a real difference in closing the gap between First Nations people and the rest of Australians in terms of health outcomes. This is core to our mission of delivering quality healthcare to everyone, everywhere, anytime, and something our whole team is incredibly passionate about.

I wanted to start my business update by saying it's an honour to address you today, to share an update about the remarkable journey 1ST Group has been on over the last year. In the face of significant challenges last year, we made bold decisions that reshaped our business.

Our commitment to growth and innovation has led to transformative changes that are now shaping our path to a promising future. The merger with Visionflex and the subsequent sale of MyHealth1st (MH1) were pivotal moves that brought new life to our company.

The 2023 financial year reflects the cumulative effect of these changes. We completed a strategic restructure that increased revenue, funded Visionflex's expansion, reduced operating expenses, and strengthened our balance sheet.

Some notable financial highlights from FY23:

- Total receipts from customers in FY23 of \$7.8M versus \$6.0M in FY22. An increase of 29%
- Operating loss of \$0.9M in H2 FY23 from \$3.4M in H1 FY23. A reduction of \$2.5M or 74%
- Operating expenses of \$4.4M in H2 FY23 from \$6.5M in H1 FY23. A reduction of \$2.1M or 32%
- Increased Debt Facilities to \$8.4M, which can be converted to equity at the company's discretion

Our positive trajectory in H2 FY23 has led us into a record first quarter in FY24, where we have achieved our first cash flow positive quarter in history, with operating activities generating \$404,000 in cash. Total group receipts from customers reached \$3.91 million, a remarkable 60% increase compared to the last quarter, notwithstanding MH1 revenue is no longer attributed to the group, following the sale of MH1.

Our primary division, Visionflex, continues to shine, achieving a record \$3.2 million in customer receipts in Q1 FY24, an impressive 119% increase from the previous quarter. Q1 revenue was approximately \$1.4 million, marking a 66% increase from the previous quarter. And it's worth noting that the additional \$1.8 million in customer receipts for orders not yet attributed to revenue will contribute to our revenue in Q2 and Q3. We have a significant market opportunity for further growth in Australia, specifically within Primary Healthcare Networks, Residential Aged Care Facilities, and Aboriginal Health Organisations. As these sectors increasingly recognise the benefits of virtual health solutions, we are poised to play a pivotal role in meeting their needs, as they actively seek innovative solutions to improve healthcare delivery and enhance patient outcomes.

Our expansion into these sectors has already yielded impressive results, with over \$2.4 million in orders from the Western Australia Primary Health Alliance in the last two quarters alone. Our ongoing selection by these sectors right across Australia represents a significant milestone for the company. We continue to demonstrate our value as innovative and trusted partners in the transition to virtual and hybrid healthcare.

Our success in Australia has given us the confidence to explore and expand internationally, and we see immense potential in replicating our success overseas. The demand for innovative healthcare solutions is not limited by borders, and our Visionflex products have already received attention from international markets, with early initial sales in FY23 across America, Europe, Asia and India.

Promising opportunities are progressing, and we are actively working on establishing a strong international presence. We are excited about the possibilities ahead and are committed to positioning ourselves as global leaders in the virtual healthcare space, providing innovative healthcare solutions that impact lives and transform healthcare delivery.

I would like to express my deepest thanks for your continued support and trust. Together, we will continue to build a brighter future and drive our company's success to new heights.

For more information, please contact:

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