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Quarterly update
for the quarter to 31 March, 2017

## Growth momentum continues with new products

HIGHLIGHTS

- More than 600 new online appointment sites sold in the quarter, around 500 already activated and billing
- Continued take up of the EasyRecall usage fee product, 90 sites signed up for the service in the quarter, including SunDoctors for use across their 35 sites
- Q3 FY17 revenue up 25% on Q2 FY17 to $0.6m
- Subscription-based Group Monthly Recurring Revenue (MRR) increases to $218k, up $16k (MRR excludes usage fees and one off fees)
- 1ST Group now estimates it has agreements servicing approximately 50% of the pharmacy market and 25% of the optometry market

1ST Group Limited (**ASX: 1ST**), the Australian online healthcare solutions group which operates the MyHealth1st and PetYeti online portal communities, and the GObookings SaaS platform, today reported a substantial increase in sales of usage-based products and subscription-based products for the quarter ended 31 March 2017.

Accelerating adoption of usage-based products

Sales of the group's usage-based digital products accelerated as usage-based fees increased from $6.9k in Q2 to $22.7k in Q3, with $9k of this recorded in March. These products, which help patients communicate with their healthcare service providers digitally, were launched in the second quarter, and provide new revenue streams to add to the group's existing subscription-based revenue. More than 90 new sites signed up for usage-based products in the third quarter.
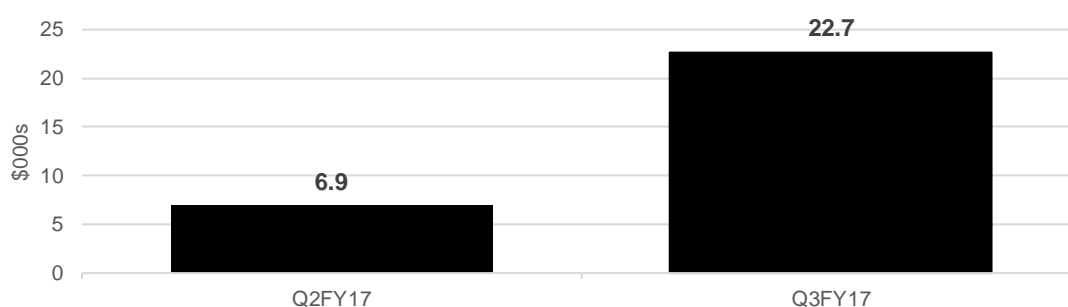
While at this early stage management remains cautious about the long-term revenue impact, around 100 sites are still in the process of adding 1ST Group's usage-based products to their platforms, most of which are expected to be onboarded in early Q4. These sites will go live progressively as customers continue their rollout of the group's services.
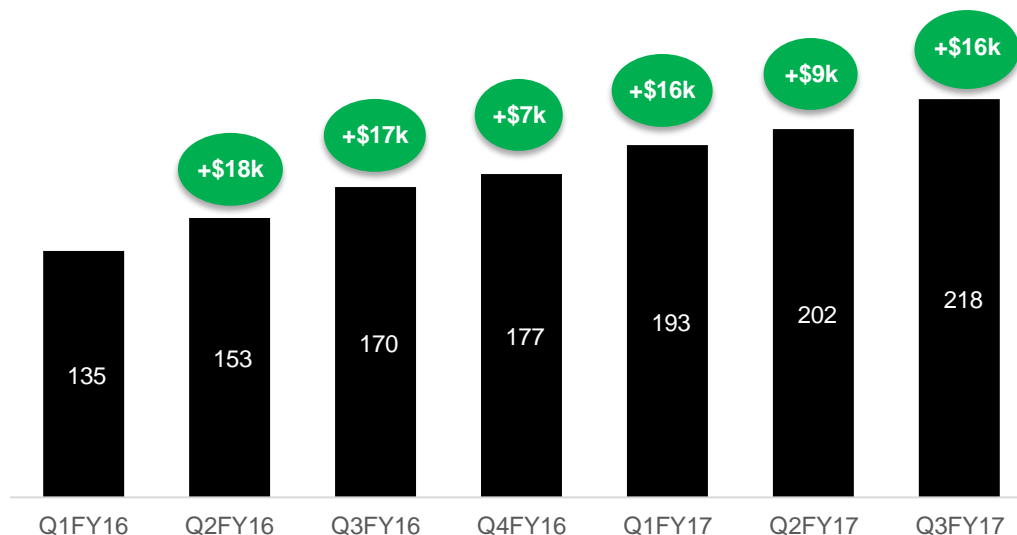
Increasing subscription sales

During the quarter the group added over 600 sites for online appointments across the medical, optical, pharmacy and veterinary sectors , including new sites added as a result of the Alphapharm deal announced in Q2. Growth continued among practitioners using the MyHealth1st and PetYeti consumer online portals , and there was also strong growth in the company's GObookings SaaS product. The group now believes that it supports approximately 50% of the pharmacy market, and is also the clear leader in the optometry market with approximately 25% market share.

Due to successful sales approximately 100 sites still remain in the company's onboarding backlog. In response the Company is automating more of its processes to reduce on-boarding time, expediting the conversion of of new business to revenue.

Group Monthly Recurring Revenue

New contracts sold in the quarter increased Monthly Recurring Revenue (MRR) by $16k, compared with an increase of $9k in Q2. MRR measures recurring subscription revenue and excludes usage fees from products such as SMS and EasyRecall, one-off fees such as development and set-up fees, and variable advertising revenue. At the end of Q3 FY2017 the group's MRR was $218k, up 28% from $170k in Q3 FY2016.

	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17
Change		+$18k	+$17k	+$7k	+$16k	+$9k	+$16k
MRR	135	153	170	177	193	202	218

Cash flow and corporate

The Group ended the quarter with $3.7 million in cash. During the quarter the Group received the R&D tax offset refund of $0.4m.

Q3 FY17 total revenue was $0.6m representing 25% growth on Q2 FY17.

Management comment

1ST Group Managing Director, Klaus Bartosch, said: "This was a strong quarter for new customer sales that we anticipate will generate increasing subscription revenue and usage fees as these customers go live on our platforms. We are very happy with the level of consumer and business acceptance of our new products and expect the resultant usage fees to add substantially to our subscription revenue over time."

"Our booking products have now passed the 5 million online appointments milestone, and the continuing migration of consumers to online services is driving the momentum of our community portals. Our customers are telling us that they are finding that subscribing to our products takes stress and effort away from staff managing day to day operations, freeing them up to deliver improved customer service. We are up-selling products to existing customers and expect this sales success to continue our momentum in the fourth quarter, supported by further activation of products and services and seasonal benefits from the flu season. We are also taking steps, through automation, to reduce overall costs and to expedite activation times."

1ST Group's online platforms are MyHealth1ST for consumers and healthcare providers; PetYeti, which provides consumers a search and appointment booking service for veterinary practices and pet services; and GObookings which services the complex booking needs of large corporate and government clients, and of customers with more complex appointment booking workflows.

- ENDS -

Further information

Klaus Bartosch	**Graham Mason**	**Ashley Rambukwella**
Managing Director	Chief Financial Officer	Financial & Corporate Relations (FCR)
+61 414 992 811	+61 432 207 211	+61 407 231 282

About 1ST Group Limited

1ST Group is an ASX listed media and technology company building Australia's leading health services portal, MyHealth1st.com.au, Australia's online pet service portal PetYeti.com.au and corporate and government solutions platform GObookings.com.au. All platforms provide an easy to use online search and appointment booking service and offer a range of value added apps and services that facilitate digital patient and customer engagement. To find out more visit 1stGrp.com, MyHealth1st.com.au, PetYeti.com.au and GObookings.com.au.

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