

# Quarterly update

For the quarter to 30 September 2017

## Record revenue and diversification of revenue streams

### Highlights:

- Revenue of \$780k up 66% on the prior corresponding quarter
- Record sales in Q1 that are anticipated to become revenue in Q2/Q3 and beyond
- Subscription-based contracted Monthly Recurring Revenue (MRR) increased 55% on the prior corresponding quarter and up 12% (\$31k) quarter on quarter
- MyHealth1st signs significant advertising contract which will increase revenue in Q2 by an additional 10-15% above previously expected revenue growth
- Established Standby convertible loan facility of \$2 million with cornerstone investor

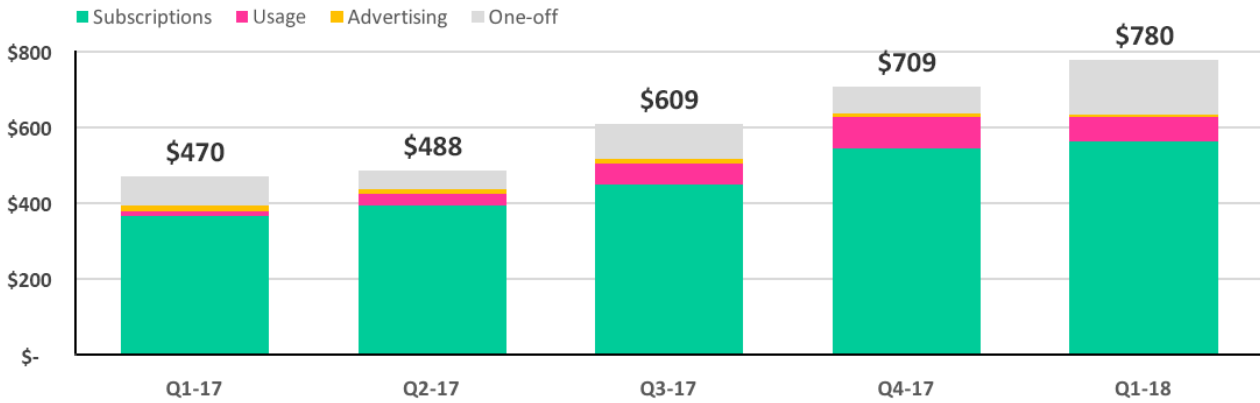
**1st Group Limited (ASX: 1ST)**, the Australian online health, media and technology group, today announced record quarterly revenue, continued growth in subscription-based MRR and continued diversification of its revenue streams.

The first quarter delivered record sales for 1st Group across all four revenue streams; 1: Subscription fees, 2: Usage Fees, 3: Advertising and 4: Set up Fees. Contracted sales from Q1 are anticipated to become revenue during Q2 and Q3 as these customers are on-boarded. Usage fees were lower in Q1 due primarily to seasonal demand.

Q1 results were in line with the company's internal expectation, with strong sales performance including the significant phase 1 advertising deal closed in the quarter off the back of the Company's rapid growth in the optometry market.

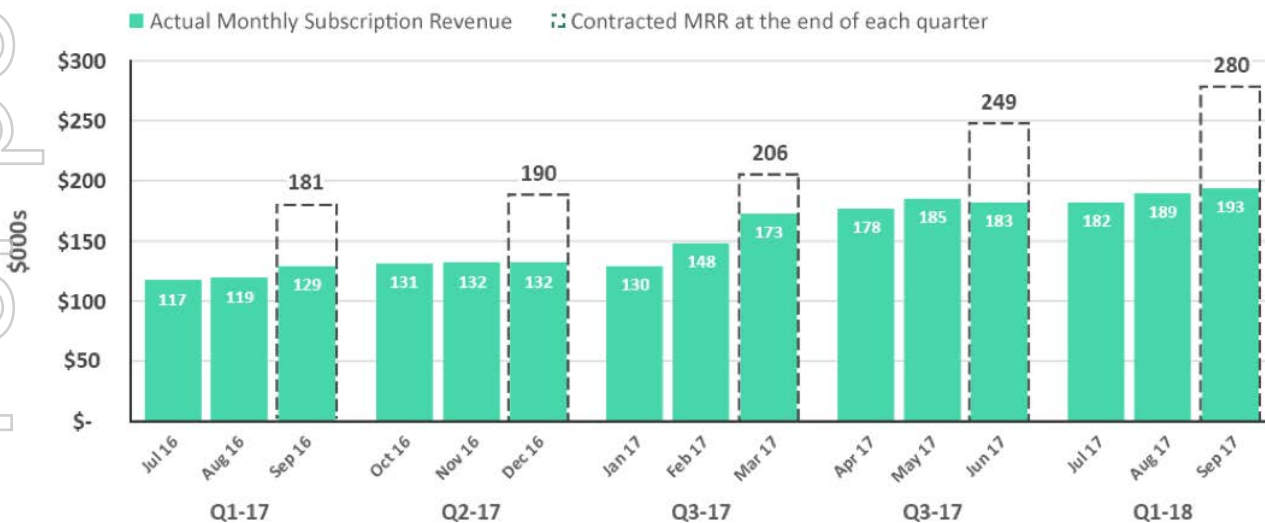


## QUARTERLY REVENUE



## Monthly Subscription Revenue & Contracted MRR at the end of each quarter

Subscription revenues increased 55% on the prior corresponding quarter to \$564k reflecting activated site growth within the optical and pharmacy categories. Subscription contracted MRR (Monthly Recurring Revenue), a forward indicator of future potential subscription based revenues, increased during the quarter by \$31k (or \$372k on an annualised basis) as a result of site growth and upsell of new products. If September subscription revenue of \$280k were fully on-boarded, then quarterly revenue would likely

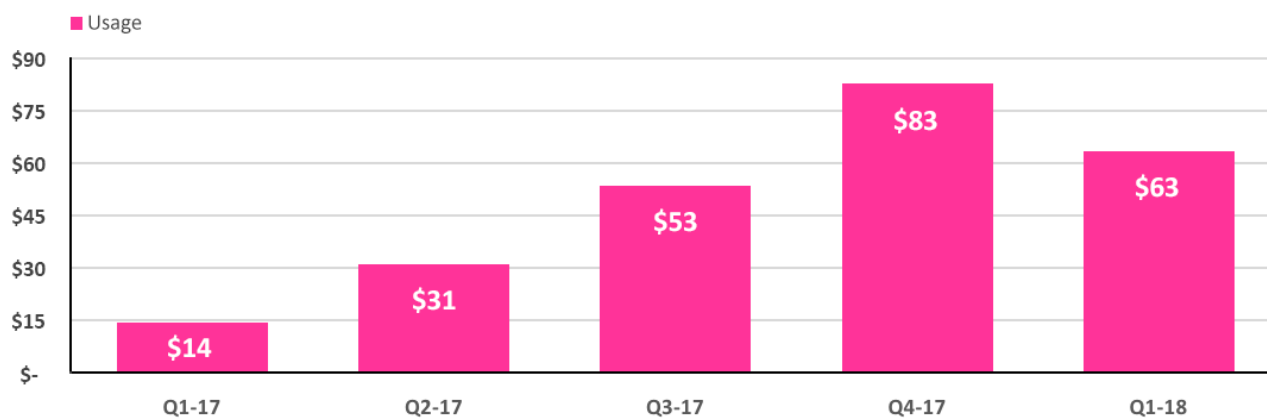


increase from \$564k to \$840k. Please note that large corporate deals can often take months to be on-boarded.

During the quarter, the Group decided to remove minimum monthly advertising revenue commitments from subscription revenue and MRR. We believe this reflects advertising contract terms more appropriately and will better display the potential variability in revenue from advertising for investors. These contracts will now be presented as advertising revenue when recognised. The impact of the change on MRR is detailed below:

	Q117	Q217	Q317	Q417	Q118
<b>Previous MRR</b>	<b>193,000</b>	<b>202,000</b>	<b>218,000</b>	<b>261,000</b>	
<i>QoQ growth rate</i>		5%	8%	20%	
<b>Revised MRR</b>	<b>181,030</b>	<b>190,030</b>	<b>206,030</b>	<b>249,030</b>	<b>280,000</b>
<i>QoQ growth rate</i>		5%	8%	21%	12%

### Usage Revenue



Usage fee revenue was up 350% on the prior corresponding quarter, but decreased 24% quarter on quarter as result of lower SMS and booking fees from the end of the flu season at the end of Q4 FY17 and is a usual seasonal trend. EasyRecall revenues from major skin cancer and dental customers were lower reflecting the seasonal nature of their underlying customer and demand trends.



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### Advertising Revenues

During the quarter the Group signed a significant advertising contract. This contract seeks to capitalise on the MyHealth1st platform's unique position in the independent Optometry market and is initially to only 10% of the available optometry inventory on the MyHealth1st platform. Revenues from this agreement will begin to be recognised in Q2 FY17 and the Group expects this will increase revenue by an additional 10 - 15% over and above normal growth from subscription, usage and one-off fees.

Other advertising revenues were consistent quarter on quarter.

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### Corporate & Cash flow

Cash receipts in the quarter were \$777k, with a closing cash balance of \$1.94m. The decrease in cash receipts quarter on quarter was a result of a customer advance payment in Q4 FY17.

During the quarter the Group entered into a standby convertible note facility of \$2 million with a cornerstone investor. The Standby facility will enable the Company to execute its business strategy confidently driving continued sales growth.

At the end of the quarter, and at present, all of the facility is undrawn.

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### Management Comment

1st Group delivered record sales in Q1 that are anticipated to become revenue in Q2 and Q3 and beyond as these customer contracts are on-boarded.

The Group continues to execute its strategies to grow its market leadership position further in Pharmacy, Optometry and Veterinary markets, and continues to expand in other markets.

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## Further information

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## About 1ST Group Limited

1st Group is an ASX listed health, 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. These integrated 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. We improve lives by connecting consumers to a variety of healthcare services and information anytime, anywhere, so they can get well sooner and stay well longer.

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