

Quarterly update

For the quarter to 31 March 2018

Ongoing strong growth in subscription revenue in key verticals

Highlights:

- Contracted Monthly Recurring Revenue (MRR) sales in Q3 of \$36k up 125% on Q2, to \$332k
- New site acquisition and client upsell drove growth in subscription-based contracted Monthly Recurring Revenue (MRR), which increased 61% on the prior corresponding quarter
 - Revenue of \$844k up 39% on the prior corresponding quarter
- Advertising revenue down quarter on quarter, however, up 194% on prior corresponding period
- Strong sales outlook and pipeline across all subscription, advertising and usage fee products

1st Group Limited (ASX: 1ST), the Australian online health, media and technology group, today announced its quarterly update for the quarter ended 31 March 2018.

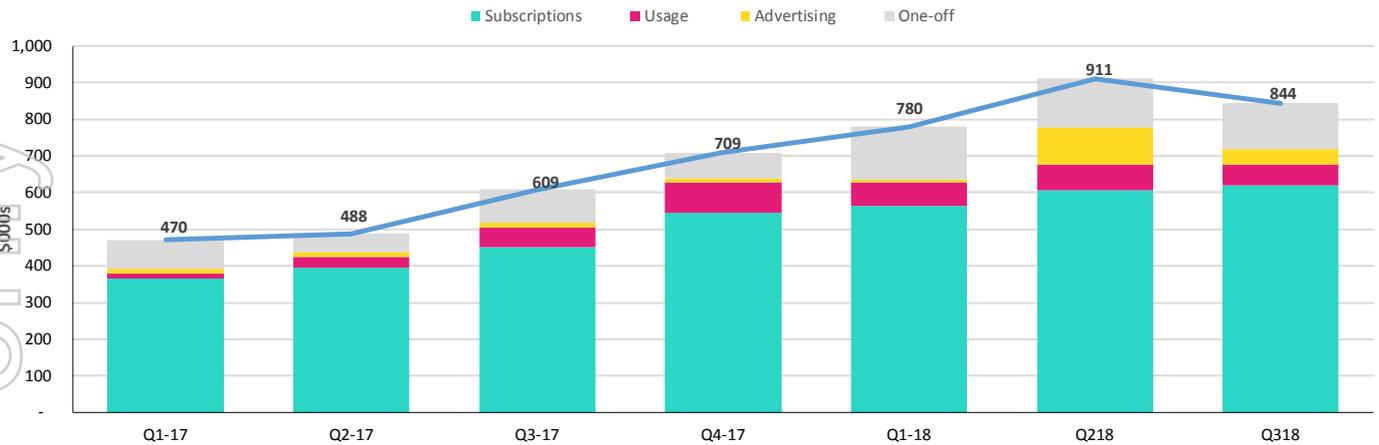
The third quarter of the financial year saw strong momentum in our PetYeti platform as a result of a number of successful marketing events as well as our initial launch into the New Zealand market for MyHealth1st.

Executing Strategic Priorities

1st Group continues to make solid progress in executing its clear strategic priorities:

| Strategic Priority | Progress Update |
|--|--|
| Accelerate further growth in markets we dominate | <ul style="list-style-type: none"> ▪ Continue to acquire new practices in the Australian independent optometry, pharmacy and veterinary markets ▪ Upsell customers to additional products and services |
| Upsell existing customers to new products and services | <ul style="list-style-type: none"> ▪ Upsell rate for EasyRecall continues for the optical segment. ▪ Product enhancements currently being developed are focussed on EasyRecall usability and the Veterinary market use case. |
| Improve new customer on-boarding to reduce time to revenue | <p>Our non-corporate customer backlog has continued to reduce in the quarter and on-boarding times are now in line with our internal expectations.</p> <p>Product enhancements to be released in Q4 will further automate and reduce customer on-boarding times.</p> |
| Expand into New Zealand in Optometry | <p>Successfully launched first sales and marketing events in New Zealand with strong interest and initial sales volume. Follow up campaigns currently in planning stage for roll out in Q4 FY2018</p> |
| Identify new high value advertising opportunities | <p>The successful advertising strategy of Q2 has led to the development of a significant advertising sales pipeline, with several deals in advanced stages of negotiation.</p> |

Quarterly Revenue

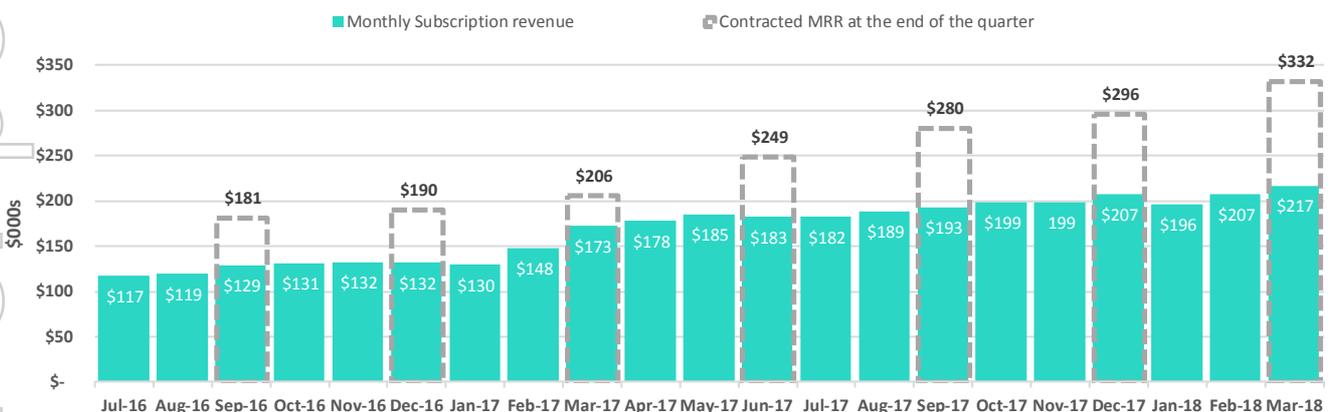


Quarterly Revenue

Quarterly revenue was up 39% on the prior corresponding quarter to \$844k, with continued quarter on quarter growth in subscription fee revenue.

Advertising revenues were adversely affected by the temporary postponement of a significant optical marketing campaign by the client and beyond our control. The campaign delivered highly successful results and returns on investment, increasing product sales by over 400% benefiting both the advertiser and 1st Group practice customers. This demonstrates that 1st Group has a unique and powerful model for advertisers wanting high value consumer engagement and returns.

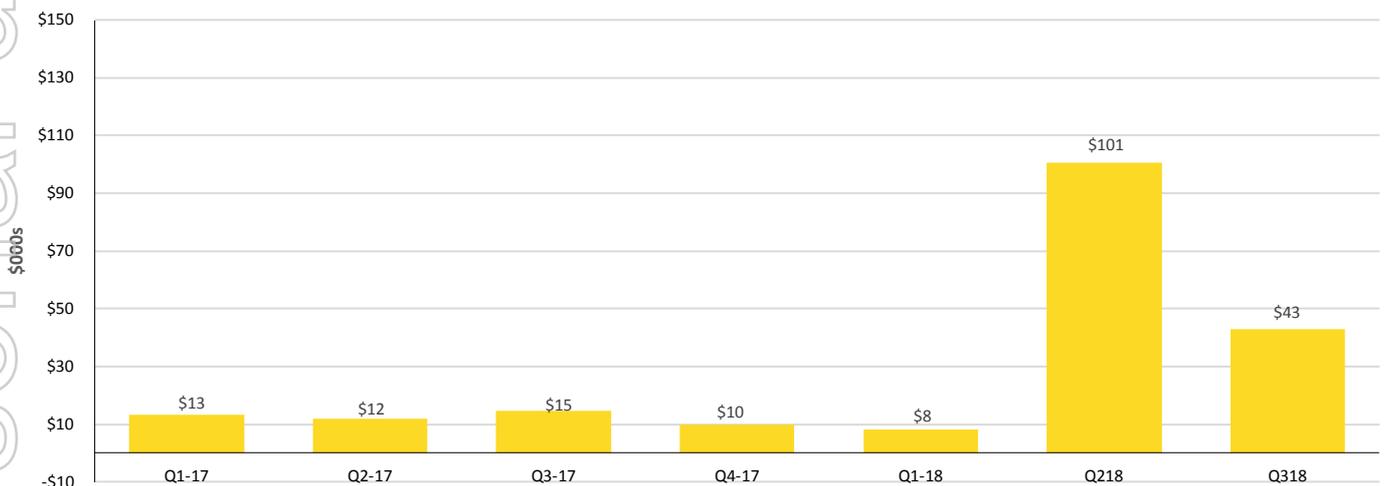
Monthly Subscription Revenue & Contracted MRR



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

Subscription revenues increased 38% on the prior corresponding quarter to \$620k. Subscription contracted MRR (Monthly Recurring Revenue), a forward indicator of contracted future subscription-based revenues, increased by 61% on the prior corresponding quarter, and MRR sales for the quarter were up 125% on Q2 FY 2018 MRR sales. New site growth and upsell of new products drove this increase. The Company is encouraged by our Q3 sales performance considering this is a traditionally slower sales period. If March contracted subscription MRR of \$332k were fully on-boarded then quarterly subscription revenue would likely increase from \$620k to \$996k, excluding advertising, usage and one-off fees. A significant proportion of the MRR backlog (now \$115k MRR) are large corporate deals which require customised development and more complex implementation programs, and therefore have longer implementation timeframes from the time of sale to being on-boarded and therefore revenue producing.

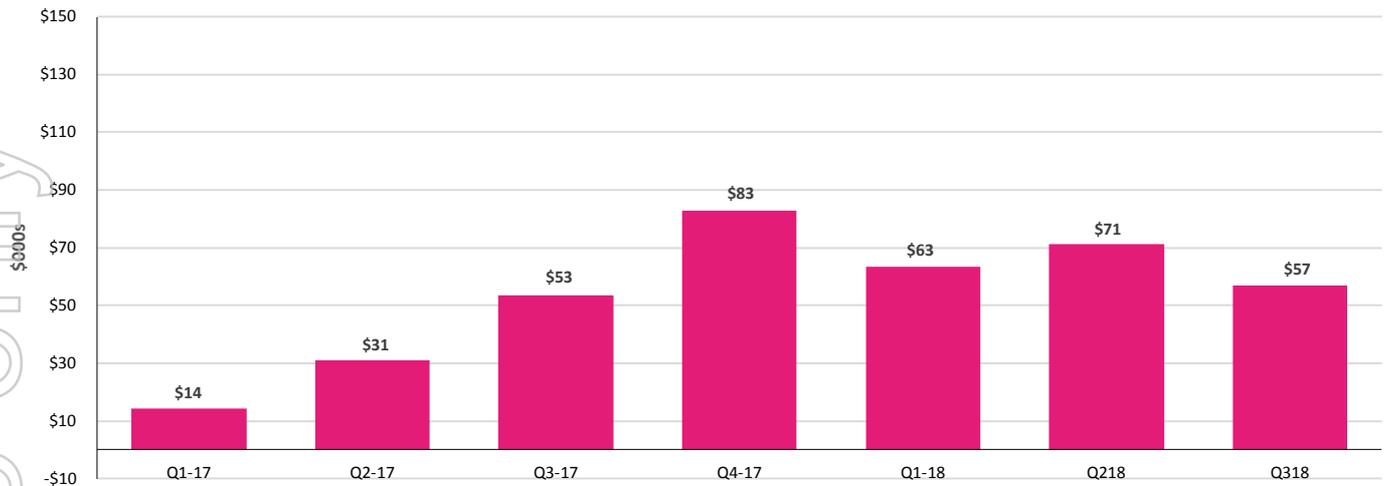
Advertising Revenue



Quarterly Advertising Revenue

As highlighted in our last quarterly update the Company launched its first major advertising campaign in Q2 FY2018. The campaign is expected to resume in the new financial year but this is not yet completely certain. This has adversely impacted advertising revenue in the quarter. However, 1st Group's successful high value advertising has fuelled interest from other advertisers which has grown our pipeline significantly, with new potential advertising sales expected in the near term.

Usage Fee Revenue



Quarterly Usage Fee Revenue

Usage Fee Revenue was up 7% on the prior corresponding quarter and decreased 20% quarter on quarter as a result of seasonality changes in our customers' businesses. In addition, we are seeing a delay in commencing of the flu shot season, due to the warmer weather, with associated usage fees impacted.

Corporate & Cash flow

Cash receipts in the quarter were \$877k, with a closing cash balance of \$0.78m. On the 29 March 2018, the Company provided notice to Mr. John Plummer to draw down \$1m of the \$2m Standby Facility with \$0.5m to be received immediately, with the remaining \$0.5m to be received within 30 days.

The cash balance includes a drawdown receipt of \$0.5m from our standby convertible note facility with the balance of \$0.5m due within 30 days of the draw down notice. \$1m of the Standby facility remains undrawn.

Further information**Klaus Bartosch**

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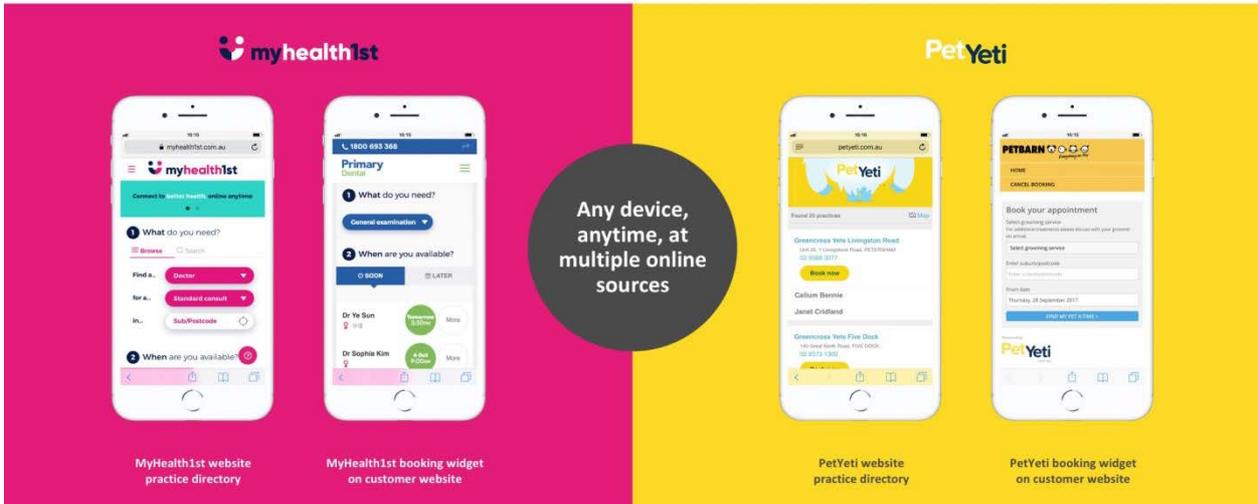
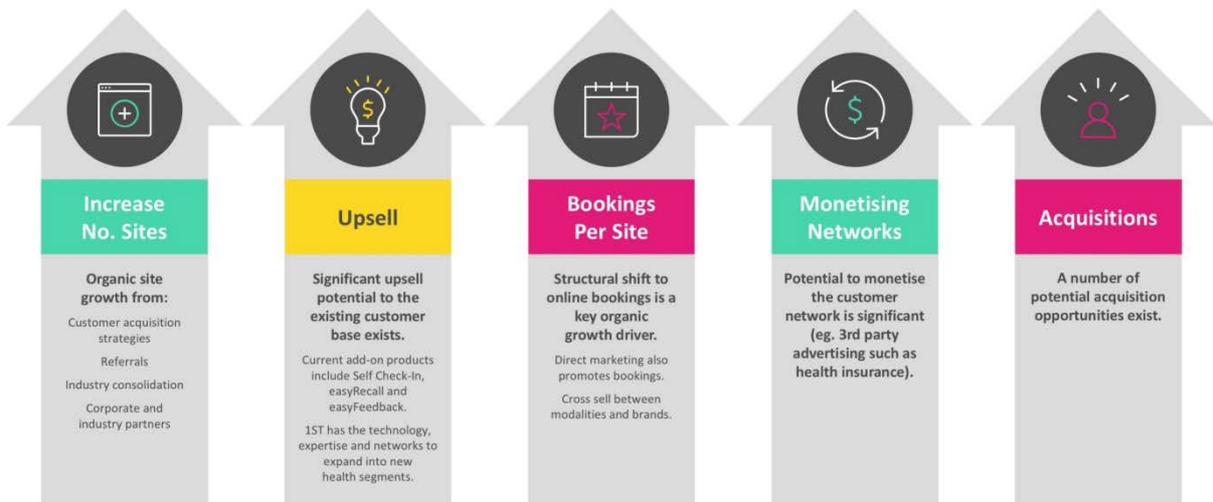
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About 1ST Group Limited

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. To find out more visit 1stGrp.com, MyHealth1st.com.au, PetYeti.com.au and GoBookings.com.

APPENDIX
Our Portals and Web Widgets

Our Solutions in Action


Multiple Growth Options

Key Investment Considerations


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