

Quarterly Update

For the quarter to 31 March 2019

Significant agreements signed in Q3 and strong outlook for Q4 and beyond

Highlights:

- **Significant new landmark events in Q3 that will propel future growth:**

- **Medibank Private agreement**
- **Benestar Group agreement**
- **Launch of a new advertising initiative EyeHealth1st**

- **Growth is already accelerating:**

- **Site growth up 10% QoQ to 9,206 (key lead growth indicator)**
- **Cash receipts for Q3 were up \$103k from Q2 to \$1.133m**
- **Q3 revenue up 20% on pcp to \$963k (adjusted for AASB 15)**
- **ACV (Annualised Contract Value) up 29% on pcp to \$5.1 million**
- **Subscription revenue up 24% on pcp to \$769k**

1st Group Limited (ASX: 1ST), the Australian digital health group, today announced its update for the quarter ended 31 March 2019. Revenues presented for the quarter are unaudited.

1st is enjoying a period of intense new contract activity.

Klaus Bartosch, Managing Director and Co-Founder said, *"In Q3 1st passed a critical inflection point. As announced to the ASX, we have signed new landmark agreements with industry leading partners that underpin a strong revenue growth outlook for Q4 and beyond. Importantly, these new agreements illustrate that key industry players are recognising our unique value proposition, technology and product advantages, and our ability to scale to support their significant and growing requirements."*

In the quarter we also launched our EyeHealth1st.com.au eye disease initiative. We expect to see these new contracts and our EyeHealth1st advertising initiative delivering strong future growth in setup, subscription, advertising and usage fee revenues.”

Summary of recent major ASX announcements or Press Releases (“PR”)

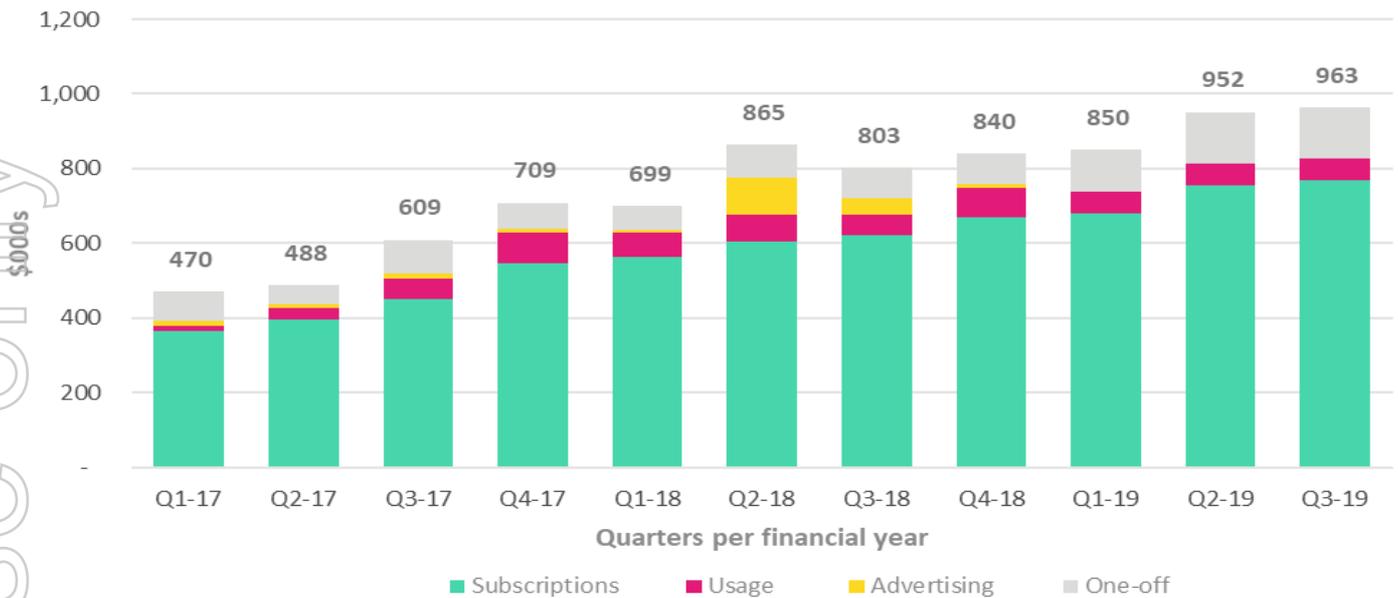
Date Announced	Name	Summary
11 April 2019	Benestar Group	Benestar, Australia’s leading Employee Assistance Service provider funding 1st Group’s entry into the psychology market, with the goal of bringing a minimum of 2,600 psychologists onto MyHealth1st in the first few months. The contract is estimated to have the potential to generate revenue of over \$1m pa.
21 March 2019	Vetcentric	New customer with 85+ vet practices each deploying two PetYeti digital products for the first time.
15 March 2019	Medibank Private	Strategic pilot with Medibank’s Members Choice Advantage bringing initially hundreds of dental practices onto MyHealth1st and enabling the MyMedibank mobile app with online appointments for access by Medibank’s 2.8m members.
5 March 2019 PR	EyeHealth1st	National early intervention campaign for eye health targeting those aged 40 and over. Aggregates the nation’s independent optometrists on MyHealth1st into a new initiative to generate future advertising revenue from appointments created through EyeHealth1st.com.au.

Summary of key performance indicators

OVERVIEW	Q3FY19	Q2FY19	Q3FY18
New ACV added in the Quarter	\$310k	\$276k	\$432k
ACV at end of Quarter	\$5.15m	\$4.84m	\$3.98m
Number of Sites	9,206	8,358	6,416
Products per Site	1.24	1.16	1.17
Subscription Fees	\$769k	\$754k	\$620k
Advertising Revenue	\$0k	\$0k	\$43k
Usage Fees	\$60k	\$59k	\$57k
Total Revenue (AASB 15 basis)	\$963k	\$952k	\$803k

Growth and improvement in the number of sites, products per site and improvement in customer retention rates are leading indicators of future revenue growth.

Quarterly Revenue



Revenue for the quarter (unaudited) was \$963k, representing 20% growth on the prior year corresponding quarter. The revenue growth rate from Q2 to Q3 was affected by the actions of a small number of our GoBookings clients who were able to reduce their number of appointment books in January and February, and therefore their monthly subscription fees, to suit their seasonal demand. This was higher than previous years but had reversed by the end of March. In spite of this 1st was able to deliver quarter on quarter subscription revenue growth, and achieved an increase of 24% on the prior corresponding period. As outlined in the Half Year results issued in February 2019, the revenue and FY18 comparatives are stated in line with the adoption of the new revenue accounting standard (AASB 15).

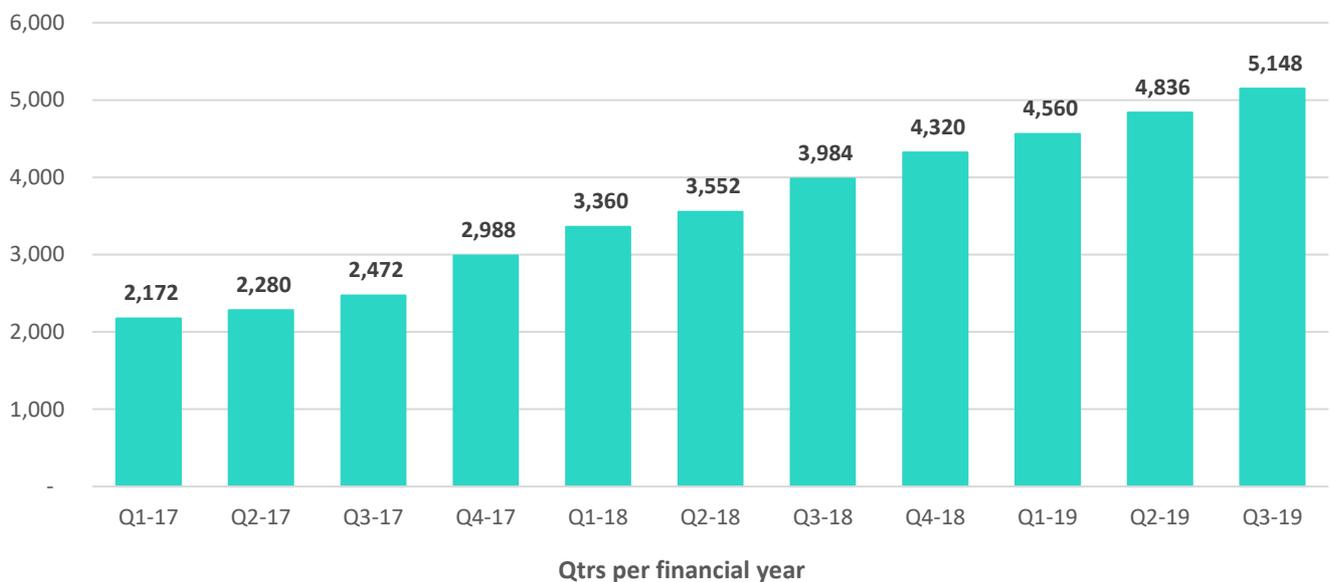
Subscription product ACV not yet activated for billing at the end of Q3FY19, (that is the “backlog” of signed subscription contracts in the process of being activated but not yet generating subscription revenue) was \$1.3 million at the end of Q3FY19 up by \$0.1 million from Q2, including net new ACV of \$310k in Q3, highlighting the strong activations during the quarter despite usual seasonal slowdown for January. The vast majority of activations were in February and particularly March.

Advertising Revenue

Our platforms provide healthcare practices/businesses an opportunity to help educate patients about their choices; simplifying the referral process to specialists; and improving patient health literacy through comprehensive education programs which are conducted with a practice's consent, and in collaboration with them. Q3 revenues did not include any revenue contribution from advertising. However, as the EyeHealth1st initiative builds momentum, and we secure new advertising contracts, we are expecting advertising revenue to return in the near future.

KEY DRIVERS AND METRICS UPDATE

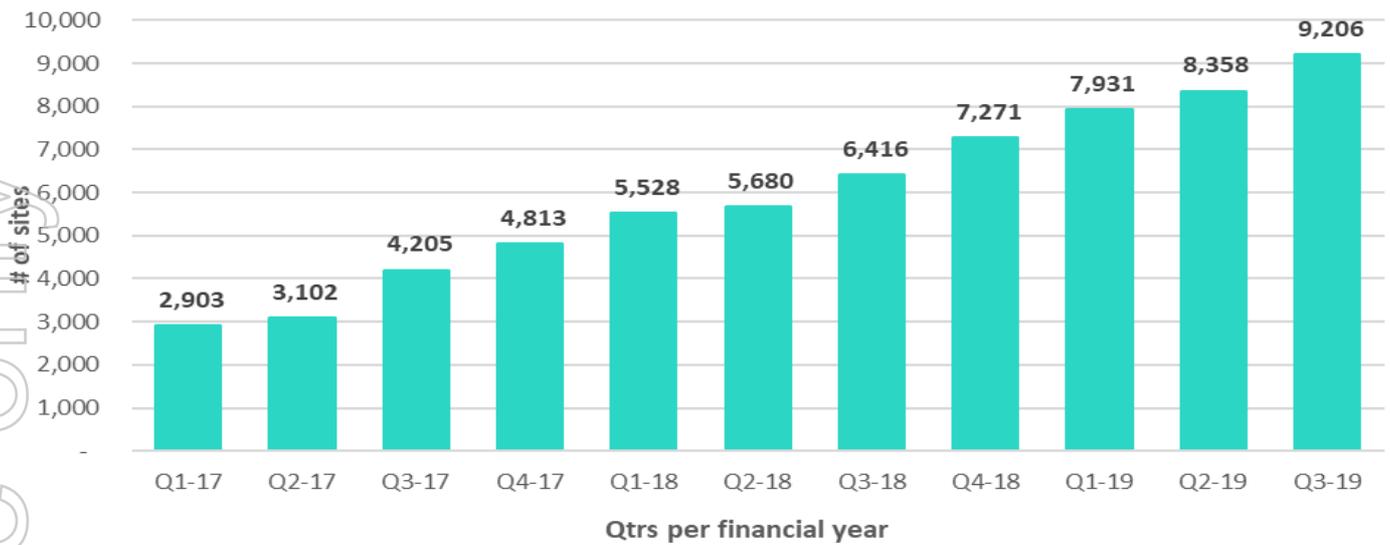
Annualised Contract Value (at the end of each quarter)



ACV (a leading indicator of future revenue), which represents the annual expected revenue from contracted customers for subscription products including Online bookings, EasyFeedback and EasyCheck-in Kiosks (excluding setup, usage and advertising revenues), was \$5.1 million at the end of Q3FY19, an increase of 29% from Q3FY18.

It is important to note that the new agreements with Medibank Private and Benestar Group are all expected to contribute new additional revenue to our normal underlying sales momentum, in Q4 and beyond.

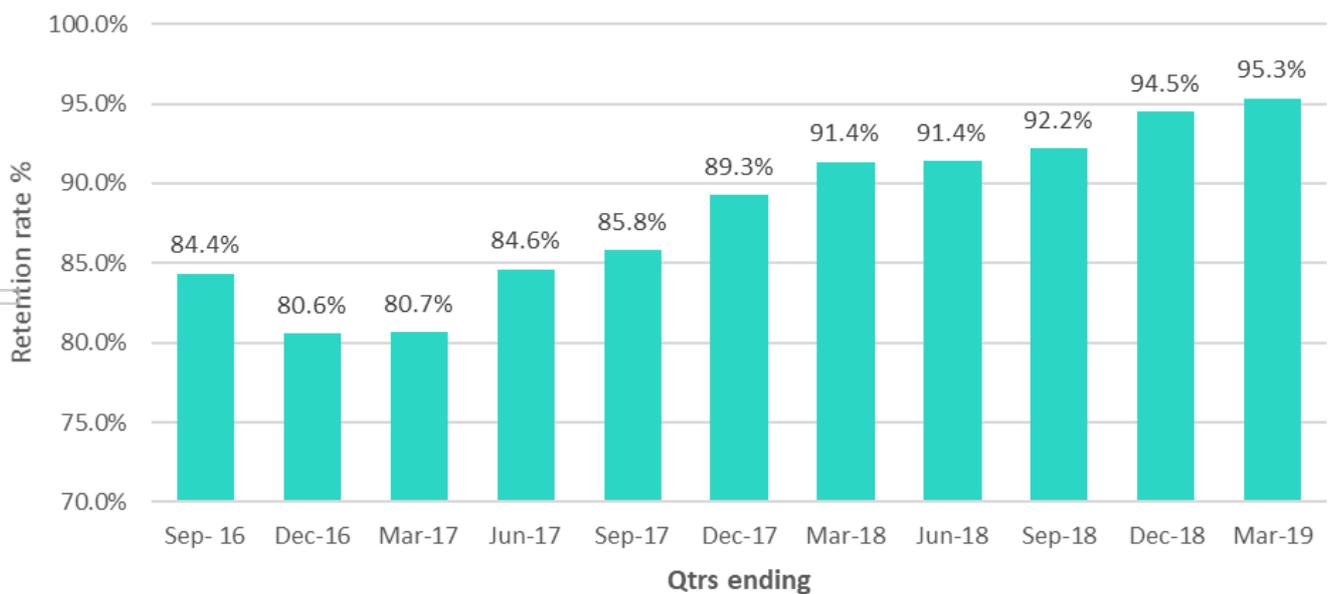
Total Sites (at the end of each quarter)



Site/customer acquisition continues to grow steadily across all of our markets, with Q3FY19 up 43% pcp.

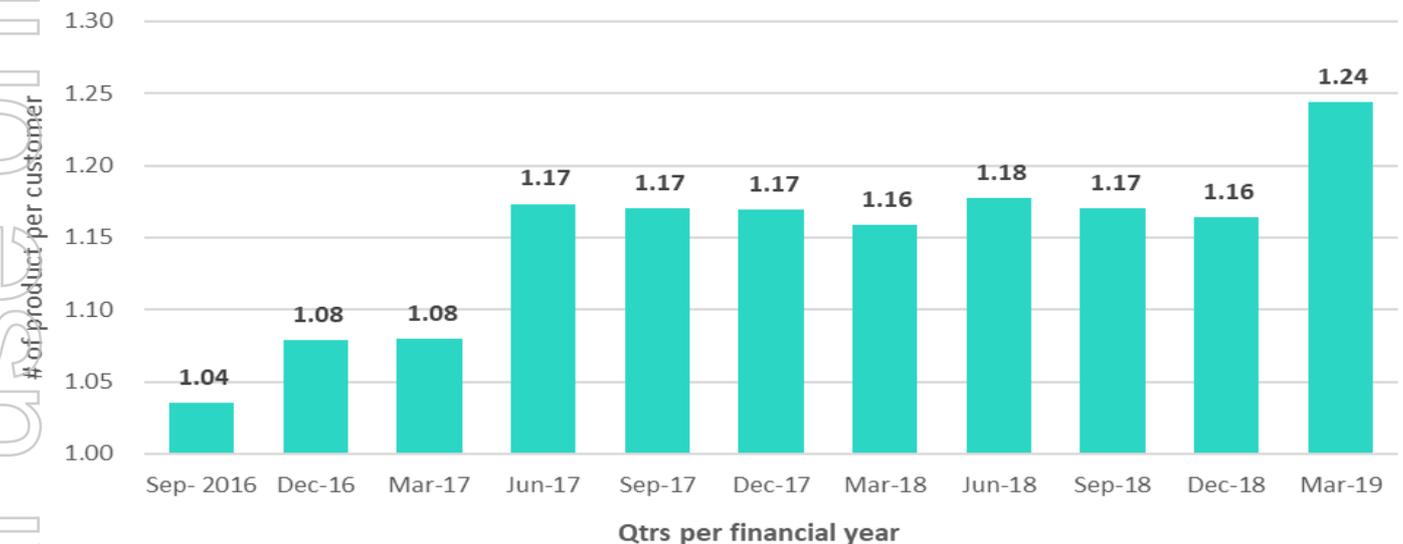
Site acquisition lays the foundation for upsell and cross sell opportunities, enabling 1st to drive additional revenues from its customer relationships, as evidenced by the Products per Site metric. Site growth from Medibank or Benestar is not included in the Q3FY19 site number, but will appear in future reported site growth figures.

Annual Customer Retention Rate



1st has maintained the recent improvement in its Annual Customer Retention Rate (**ACRR**), a rolling 12-month average calculation improving from 92% at the end of Q1FY19 to 95% in the last 2 quarters. This demonstrates high customer loyalty and satisfaction with 1st's products and services. Refer to the Glossary on page 8 for the definition of ACRR.

Products per Site



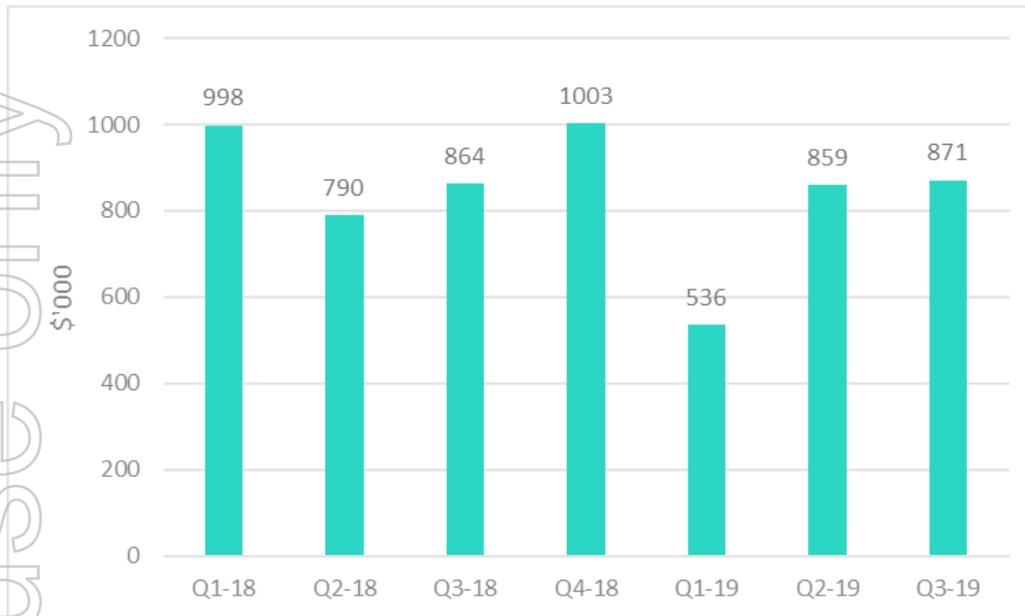
The products per site chart above is changed from the 12 month moving average version reported previously to show more clearly the impact of recent upsells. The increase in products per site at the end of Q3FY19, comes from newly added multi-product customers and the addition of a new product, EasyInvites (an enhanced version of EasyRecalls), that automates and simplifies the sending of invitations for healthcare services such as flu vaccinations by key existing corporate customers.

The historical stability in Products per Site at the end of each quarter demonstrates solid performance given the inherently dilutionary effect of continued rapid site acquisition, where a customer group may commence with a single product such as online appointment booking only and then over time adopt more of 1st's products.

Growth in Products per Site is an indicator of the success of upselling customers to additional products, and therefore growth in revenue per customer. Prior to Q1FY17, 1st's primary product line was its mature online appointment booking platforms. Since then 1st has released a number of additional products, including EasyFeedback, EasyRecalls, EasyCheck-in Kiosks, EasyInvites, 1st Insights and Advertising. As these new products mature and are introduced to our existing customer base, we expect to see the total number of Products per Site further increase over time, and therefore revenue per customer rise.

CORPORATE AND CASH FLOW

Net cash used in operating and investing activities



Net cash used in the quarter was \$871k, in line with Q2. Cash receipts for the quarter were \$1,133k, compared to Q2 FY19 of \$1,030k contributing to a closing cash balance of \$0.2 million. At the end of the quarter the Company had drawn down \$550k of the additional \$1 million Standby Facility provided in December 2018 by John Plummer, the Company's largest shareholder. The Company has reached agreement with John Plummer to extend the availability of the Standby Facility from August 2019 to August 2020.

On March 25, 2019, 1st released a 2019 Roadmap announcement including the Company's goal to achieve cash flow break even in the near term. The Company has continued confidence in the achievement of that goal and of the continued strong growth in the business, building on the announcements over recent weeks. Given the recent successes with new landmark contracts the Board is considering options to accelerate growth.

Further information

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About 1st Group Limited

1st Group is an ASX listed digital health group 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.

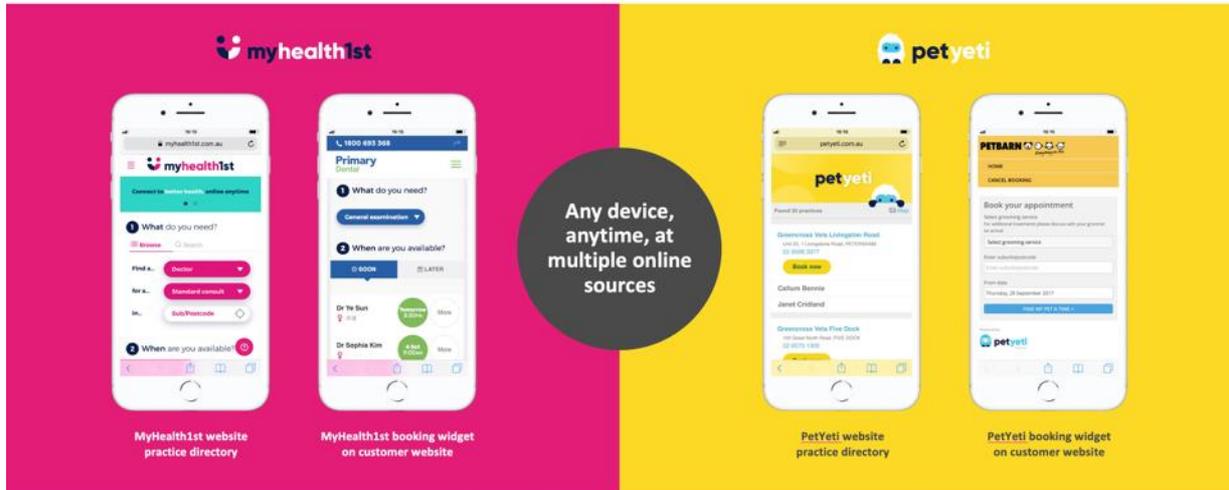
Glossary

Term	Definition
Annualised Contract Value (ACV)	Represents the annual expected revenue from contracted customers for subscription products including Online Bookings, EasyFeedback, EasyCheck-in Kiosks. Excludes potential variable revenue from Usage Fees and advertising.
ACV Churn Rate	ACV Churn Rate is an annualised figure calculated by taking twelve times the average monthly churn rate over the previous twelve months. The monthly churn rate is the ACV from customers who leave 1st Group in a month as a percentage of the total ACV at the start of that month.
Annual Customer Retention Rate (ACRR)	100% – ACV Churn Rate.

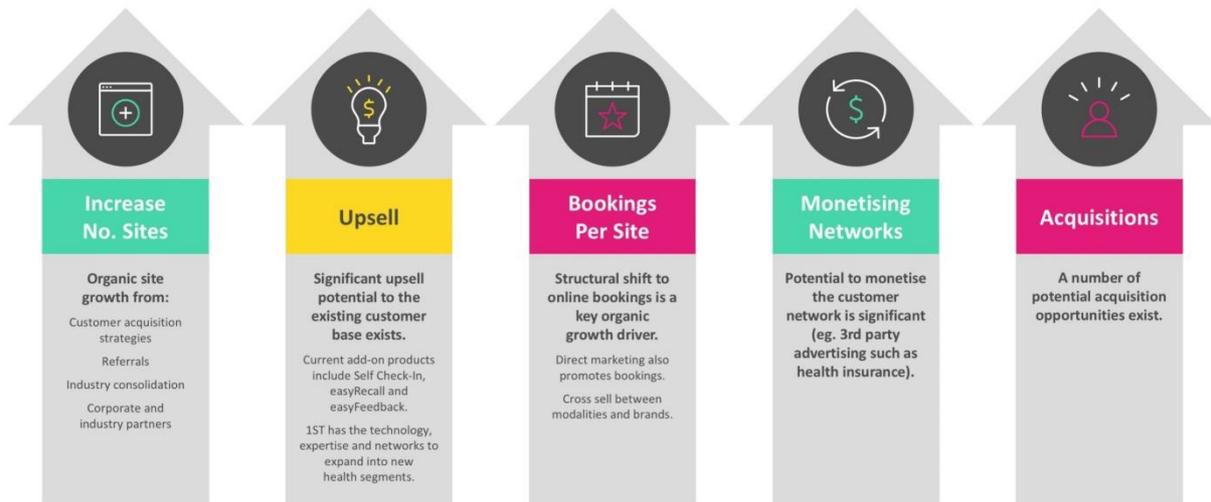
APPENDIX

Our Portals and Web Widgets

Our Solutions in Action



Multiple Growth Options



Key Investment Considerations



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