

Quarterly Update

For the quarter to 31 December 2018

Quarterly revenue tops \$1 million for the first time, with positive Q3 outlook

Highlights:

- Q2 FY19 revenue of \$1,004k, up 16% on Q1. Largest quarter since 1ST commenced operations
- Annual Contract Value (ACV) at the end of Q2 FY19 of \$4.8 million, an increase of \$276k on Q1 FY19, and up 36% on pcip
- Subscription revenue of \$754k, up 25% on pcip
- Strong Q3 outlook. Activations completed in Q2 are already beginning to deliver further growth in new subscription revenue with advertising revenue expected to commence in H2
- Maiden ACV guidance for H1 FY19 successfully delivered

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

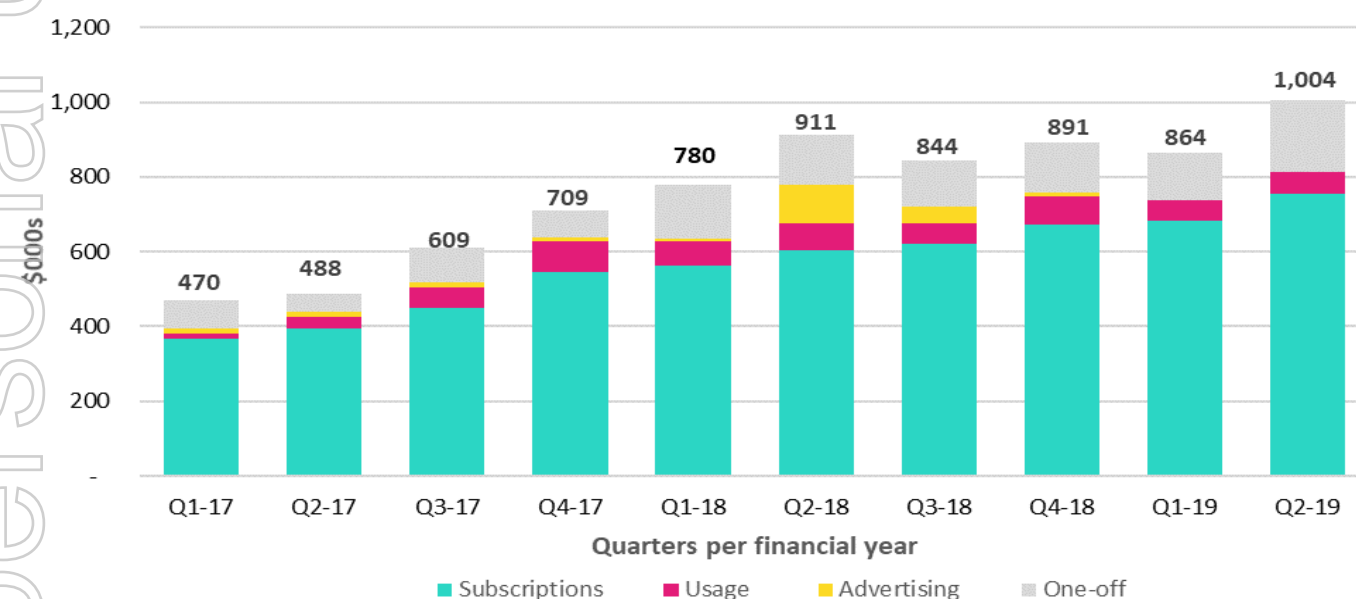
Klaus Bartosch, Managing Director and Co-Founder highlights, *“Revenue performance and growth in Q2 was pleasing. It was a milestone quarter for 1st Group, exceeding \$1m in revenues for the first time. This result starts to reflect the unique value we add to our subscribers and the scalability of our systems and technology.*

We continue to have strong momentum going into H2. Subscription revenue growth is underpinned with the activations we completed in Q2 now starting to generate additional revenues. We are pleased to have successfully delivered on our maiden ACV guidance for H1”.

Summary of key performance indicators

OVERVIEW	Q2FY19	Q1FY19	Q2FY18
New ACV added in the Quarter	\$276k	\$240k	\$192k
ACV at end of Quarter	\$4.84m	\$4.56m	\$3.55m
Number of Sites	8,358	7,931	5,680
Products per Site	1.17	1.17	1.13
Subscription Fees	\$754k	\$681k	\$605k
Advertising Revenue	\$0k	\$0k	\$101k
Usage Fees	\$59k	\$57k	\$71k
Total Revenue	\$1,004k	\$864k	\$911k

Quarterly Revenue



Revenue for the quarter (unaudited) was \$1,004k, representing 10% growth on the prior year corresponding quarter and 16% higher than Q1 FY19. The Group was able to deliver quarter on quarter subscription revenue growth, with an increase of 25% on the prior corresponding period. For completeness, it is noted the revenue and prior year comparatives will be restated in line with the adoption of the new revenue accounting standard (AASB 15) in the Half Year results issued in February.

Strong progress was made with activating previously signed and new contracts in Q2, which will produce increased subscription revenue in Q3 and beyond. Subscription product ACV not yet activated for billing at the end of Q2 FY19, (“backlog” of signed subscription contracts in the process of being activated but not yet generating subscription revenue) was unchanged from Q1 at \$1.2 million at the end of Q2 FY19, reflecting strong activations performance given new contracts of \$276k ACV sold in Q2, and that Q2 is typically a short quarter due to December holiday slow down by clients. The Company expects to activate these signed contracts in the backlog, transforming them into revenue in the coming quarters.

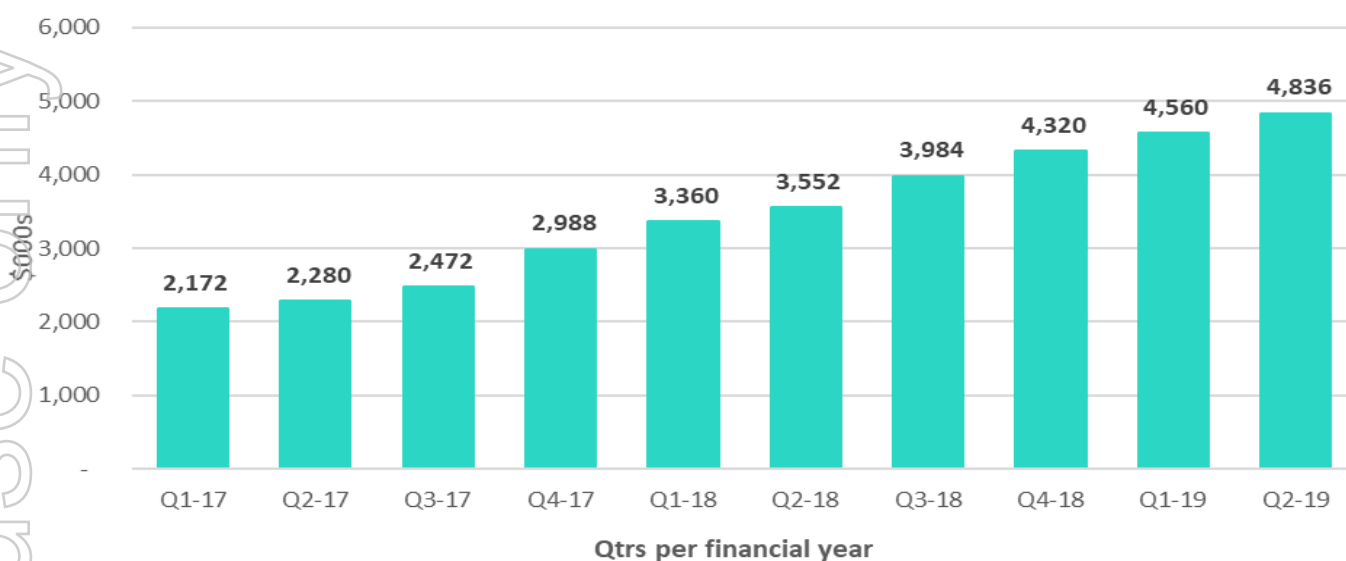
Encouragingly, the Q2 revenues start to reflect 1st Group’s unique and market leading value proposition for subscribers.

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. Revenue derived from these activities forms the basis of our advertising revenue stream. Since our first successful program promoting contact lenses in Q2 FY18, the company has been building a significant pipeline of new advertising opportunities that can be leveraged by its clients. Q2 revenues did not include any contribution from advertising with contracted client marketing campaigns are expected to commence in H2.

In Q2 Usage Fee revenues were in line with the prior quarter and 17% lower than prior year corresponding quarter.

KEY DRIVERS AND METRICS UPDATE

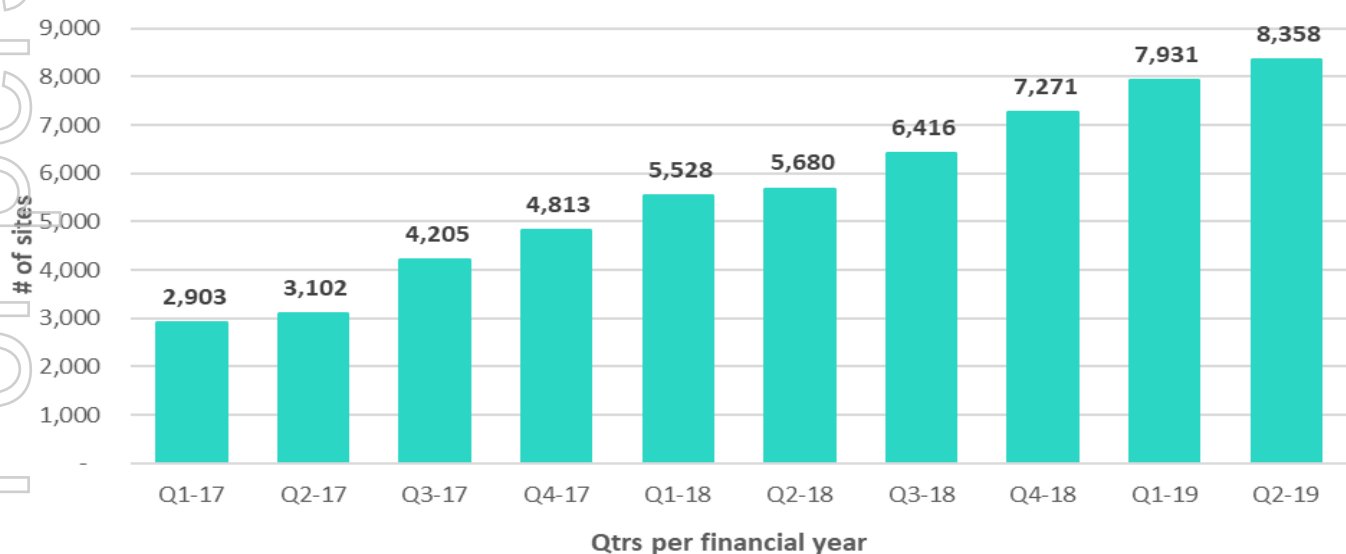
Annualised Contract Value (at the end of each quarter)



ACV, 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 \$4.8 million at the end of Q2 FY19, an increase of 36% from Q2 FY18.

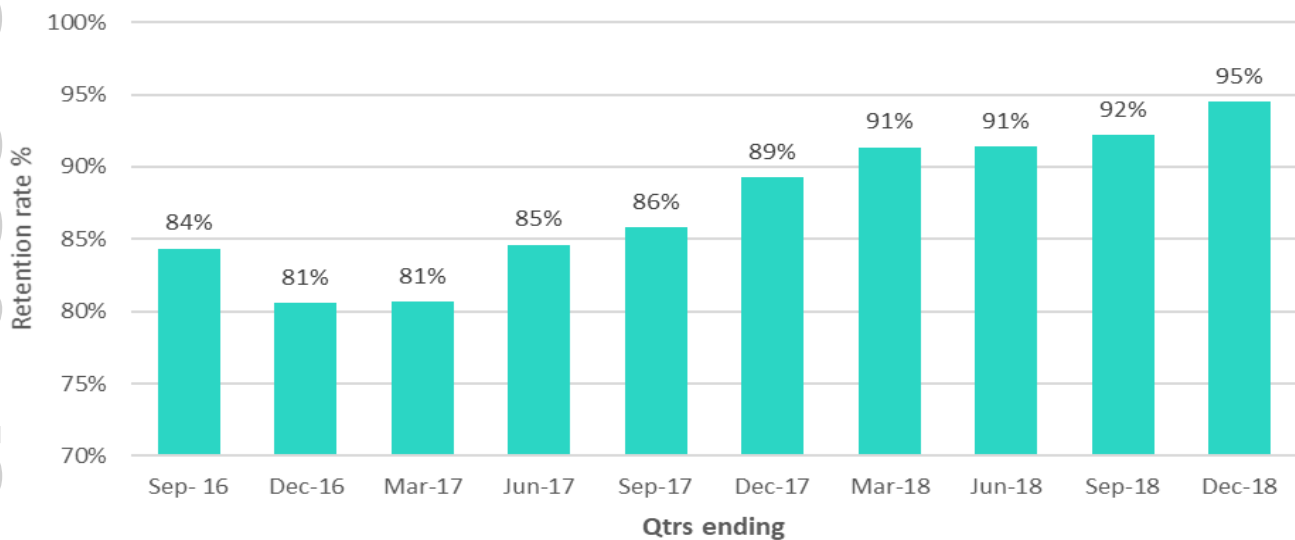
This was driven by an increase in the total number of sites, which increased 47% from Q2 FY18. Some of the recently added sites are expected to deliver revenue in Q3.

Total Sites (at the end of each quarter)



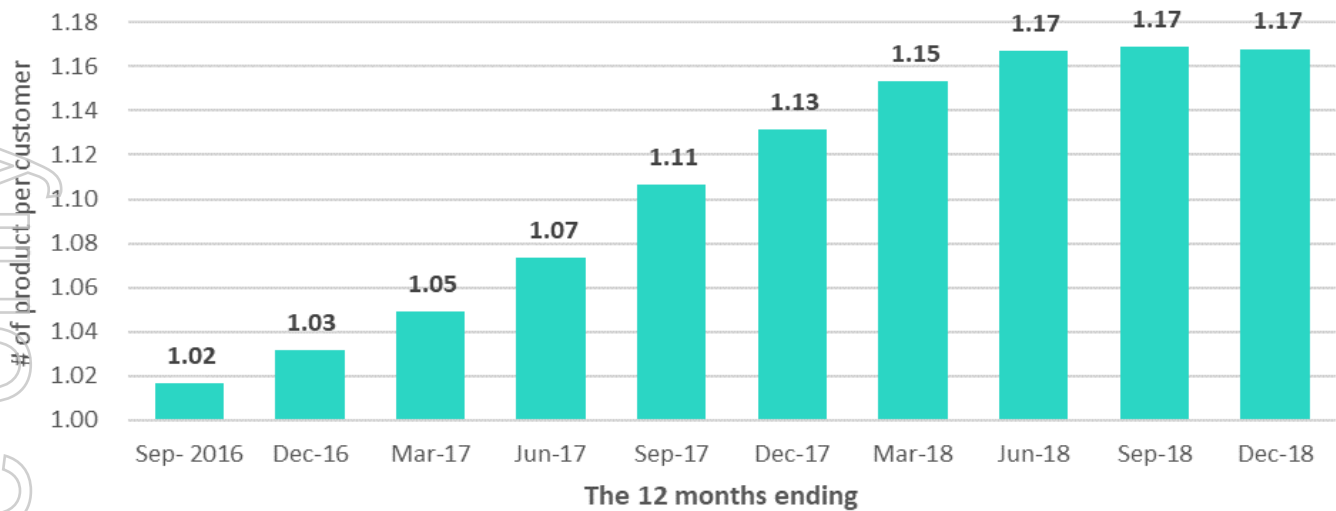
Site/customer acquisition continues to grow steadily, with significant progress being achieved in the key markets in which 1st Group now has a leading market share, being Pharmacy, Optometry and Vet/Pet services. Site acquisition lays the foundation for upsell and cross sell opportunities, enabling the company to drive significant additional value from its customer relationships, as evidenced by the Products per Site metric.

Annual Customer Retention Rate



The company has extended the recent improvement in its Annual Customer Retention Rate (ACRR), improving from 92% to 95%—a rolling 12-month average calculation—demonstrating high customer loyalty and satisfaction with its subscription products and services. Refer to the Glossary on page 6 for the definition of ACRR.

Products per Site

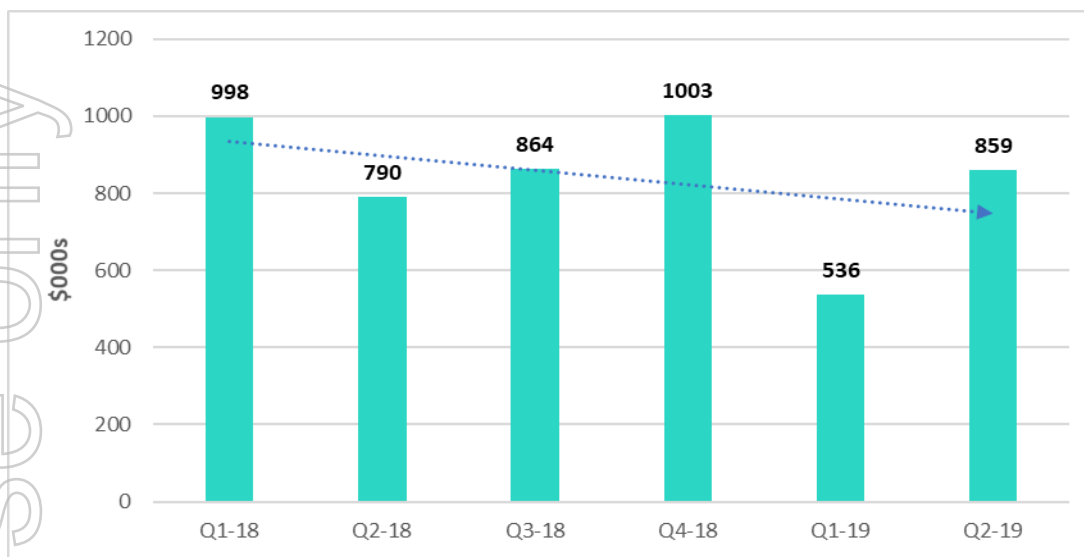


The stability in Products per Site at the end of each quarter demonstrates solid performance given the inherently dilutionary effect of continued rapid site acquisition, where a customer group may commence with a single product such as online appointment booking only, for example, and then over time adopt more of the Group'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 Q1 FY17, the company's primary product line was its mature online appointment booking platforms. Since then the company has released a number of additional products, including EasyFeedback, EasyRecalls, EasyCheck-in Kiosks, 1st Insights and advertising. As these new products mature and are introduced to our existing customer base, we would expect to see the total number of Products per Site increase over time, and therefore revenue per customer rise.

CORPORATE AND CASH FLOW

Cash Burn (net cash used in operating and investing activities)



Cash burn for the quarter of \$859k maintains recent downward movement in the trendline due to reduced costs, careful management of supplier payments and tight control of receivables collection activity.

Cash receipts for the quarter were \$1,030k, with a closing cash balance of \$0.52 million. At the end of the quarter the Group had fully drawn down the original \$2m Standby Facility provided by 1st Group's largest shareholder and entered into an additional Standby Facility agreement for a further \$1m on the same terms as the existing \$2m Facility. The rights issue completed in December 2018, raised \$1.6m of which \$1m was settled by converting \$1m of the drawn Standby Facility to equity.

H1 FY19 Results

Further operational and financial details will be provided at the Half Year results which will be released on or around the 26th of February.

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

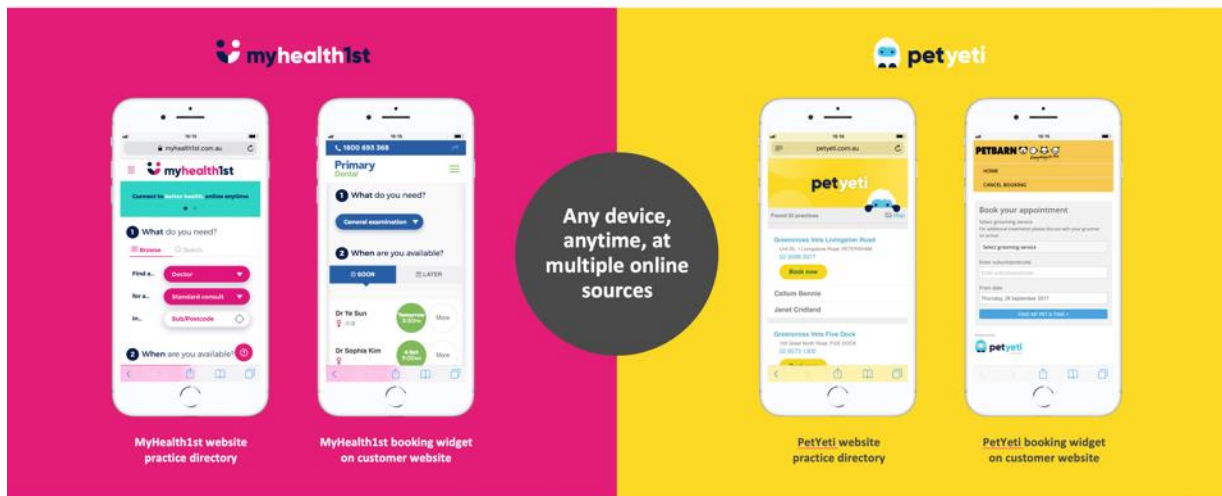
Glossary

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.

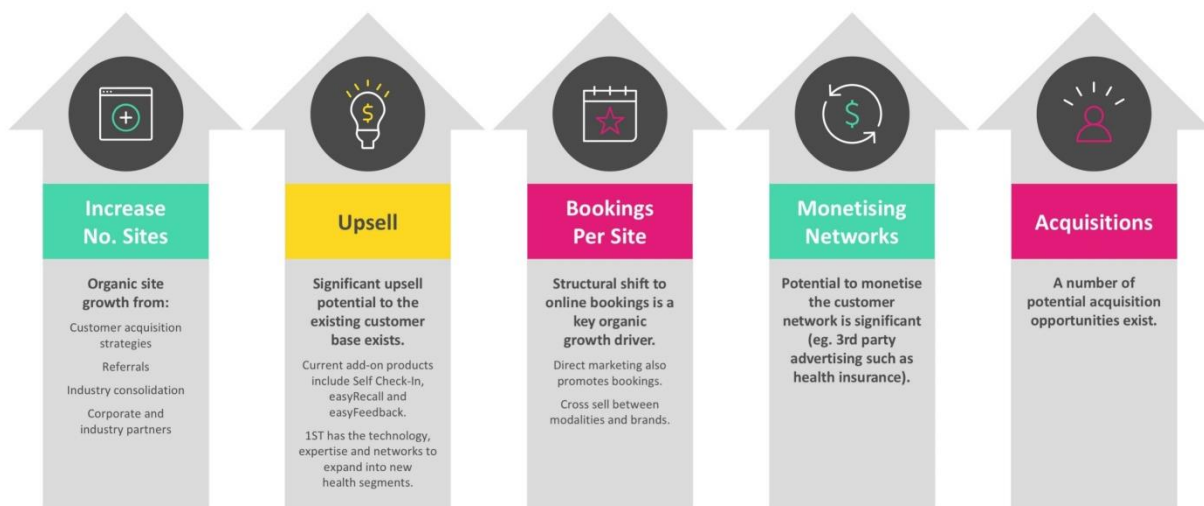
APPENDIX

Our Portals and Web Widgets

Our Solutions in Action



Multiple Growth Options



Key Investment Considerations

