

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

1ST Group Limited

ABN

25 138 897 533

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	883	1,660
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(117)	(357)
(d) leased assets	-	-
(e) staff costs	(943)	(1,798)
(f) administration and corporate costs	(770)	(1,452)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	161	161
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(784)	(1,782)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(6)
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(6)	(6)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,935	2,933
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(784)	(1,782)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,145	1,145

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	403	195
5.2	Call deposits	742	1,740
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,145	1,935

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	118
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Includes wages for CEO/Managing Director and independent Directors/Chairman remuneration including superannuation as applicable and consulting fees.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	2,000	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The credit standby arrangements relate to a \$2 million facility with a cornerstone shareholder investor Mr John Plummer, key terms include:

- Maximum term of 2 years ending on 1st August 2019;
- Drawdown in \$0.5 million tranches on 30 days' notice;
- Interest rate of RBA Cash Rate +8.5% currently 10% per annum, payable quarterly in arrears;
- Convertible to Equity in the Company at the election of the Company (subject to Shareholder Approval and compliance with the Corporations Act) at a 15% discount to the 30 Day VWAP prior to conversion;
- Usual covenants of a Facility of this nature and scope including: unsecured obligation, no debt subordination without consent, anti-dilution provisions etc.; and
- Can be repaid in full or Facility reduced at any time at the election of the Company.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	180
9.4 Leased assets	-
9.5 Staff costs	925
9.6 Administration and corporate costs	670
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,775

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company secretary

Date: 30 January 2018

Print name: **Andrew Whitten**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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Quarterly update

For the quarter to 31 December 2017

Record revenue quarter, +87% on prior corresponding quarter, across all four revenue streams

Highlights:

- Revenue of \$911k up 87% on the prior corresponding quarter
- New site acquisition and client upsell drove growth in subscription-based contracted Monthly Recurring Revenue (MRR), which increased 56% on the prior corresponding quarter
- Usage fee revenue up 131% on the prior corresponding quarter
- Successfully executed first large-scale advertising agreement

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 usage fees, as well as the successful implementation of our inaugural large-scale advertising agreement.

The second quarter of the financial year again delivered record revenue for 1st Group across all four revenue streams: 1: Subscription Fees, 2: Usage Fees, 3: Advertising and 4: Set Up Fees.

The Company's focus in the quarter was to activate existing customers as well as ensure the successful launch of the advertising agreement.

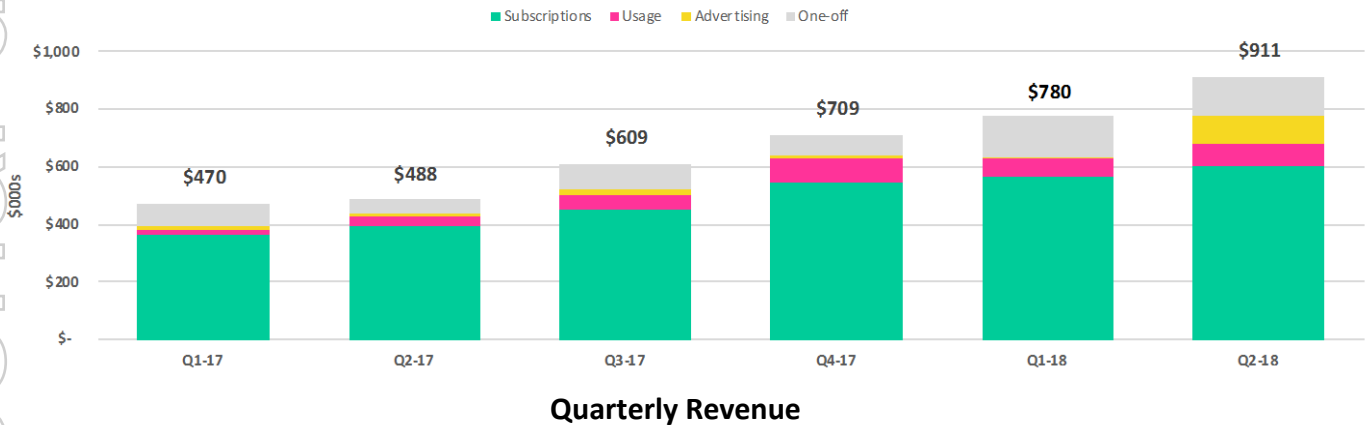
Half year results will be released on or around the 26th February.

Executing Strategic Priorities

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

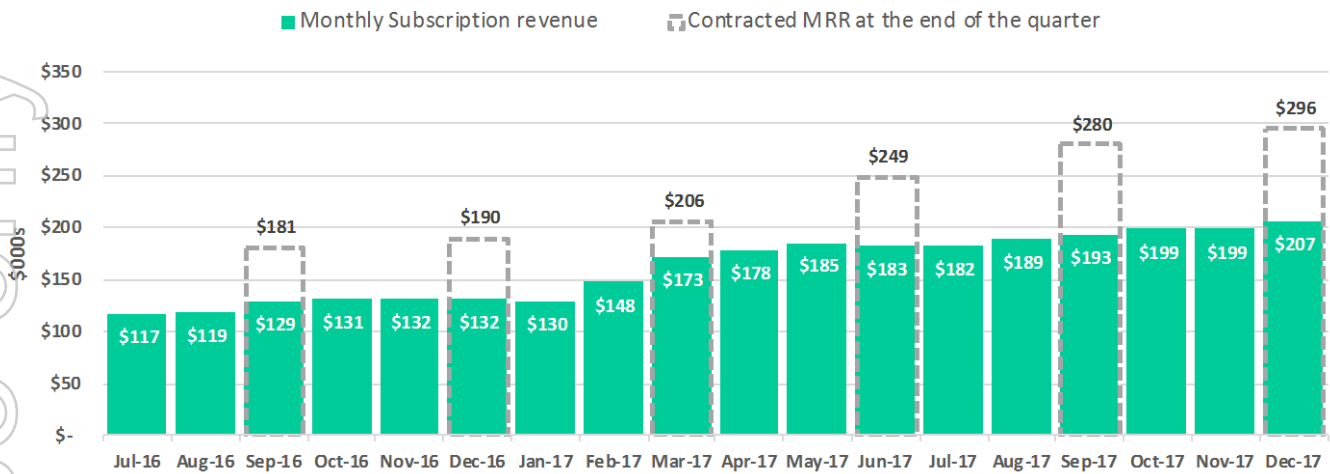
1. Accelerate further growth in markets we dominate
2. Upsell existing customers to new products and services
3. Improve new customer on-boarding to reduce time to revenue
4. Expand into New Zealand
5. Identify new advertising opportunities that leverage 1stGroup’s unique market positions, technology and approach to high value advertising

Quarterly Revenue



Quarterly revenue was up 87% on the prior corresponding quarter to \$911k, and up 17% on the previous quarter.

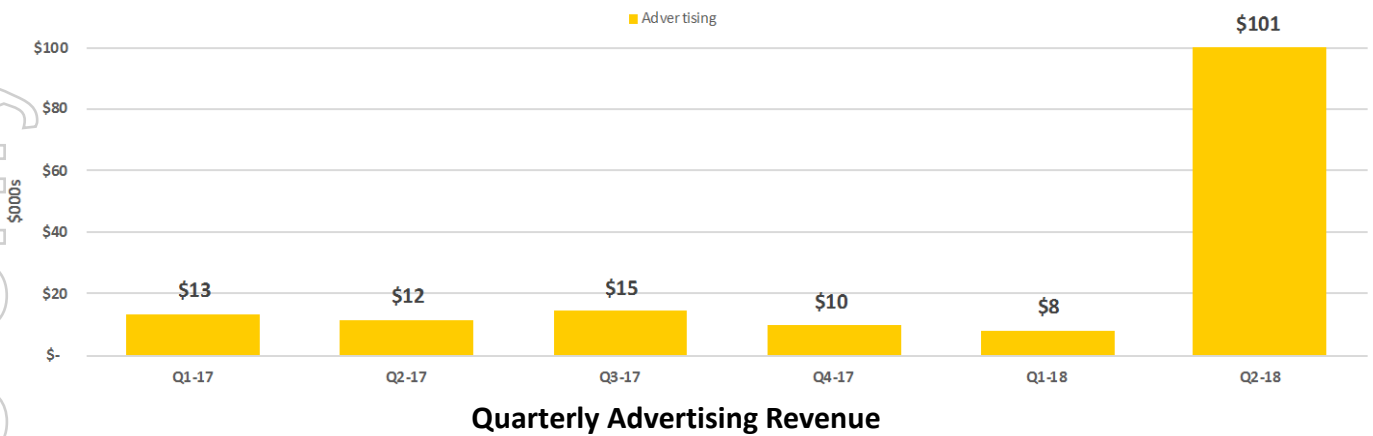
Monthly Subscription Revenue & Contracted MRR



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

Subscription revenues increased 53% on the prior corresponding quarter to \$605k. Subscription contracted MRR (Monthly Recurring Revenue), a forward indicator of future potential subscription-based revenues, increased during the quarter by \$16k as a result of site growth and upsell of new products, up 78% on the prior corresponding quarter. If December contracted subscription MRR of \$296k were fully on-boarded (assuming no cancellations), then quarterly subscription revenue would likely increase from \$605k to \$888k. Please note that large corporate deals often require customised development and therefore can take several months from the time of sale to be on-boarded and hence to become revenue producing.

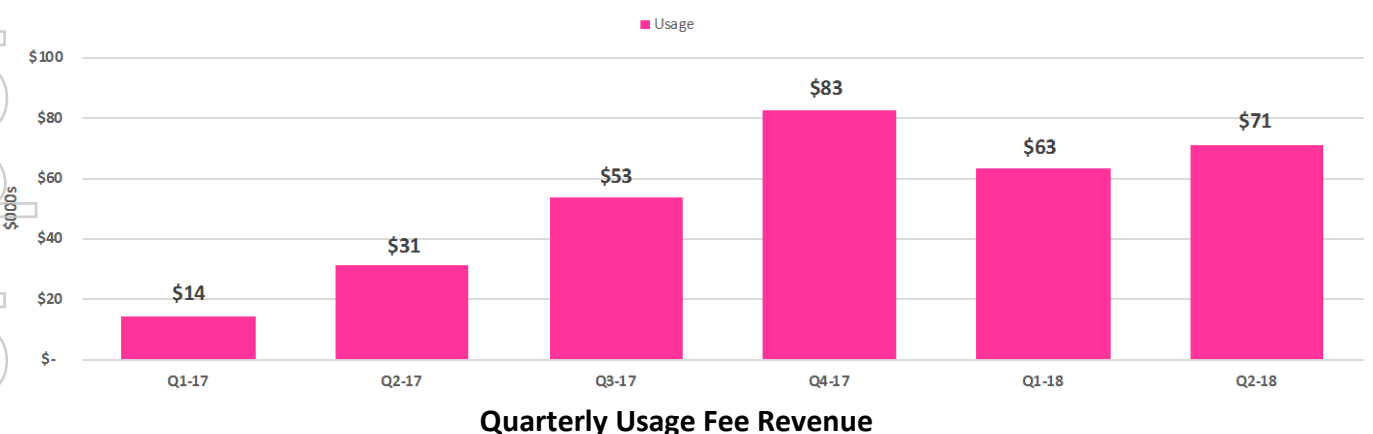
Advertising Revenue



Advertising revenues were up 752% on the prior corresponding quarter delivering \$101k of revenue during the quarter. As announced during Q1, the Group signed a significant advertising contract which sought to leverage MyHealth1st's unique position in the independent Optometry market. The launch of this agreement drove the increase in advertising revenue in the period.

Other advertising revenues were consistent quarter on quarter. 1st Group's approach to high value advertising has sparked interest from other advertisers resulting in a growing pipeline of new opportunities.

Usage Fee Revenue



Usage Fee Revenue was up 131% on the prior corresponding quarter and increased 12% quarter on quarter as result of upsell of existing clients. Our larger dental and skin cancer customers experienced seasonal changes in bookings and usage volumes, which can affect quarter on quarter revenue.

Corporate & Cash flow

Cash receipts in the quarter were \$883k, with a closing cash balance of \$1.145m. The standby \$2m convertible debt facility remains undrawn.

The group received its expected R&D tax offset in the period of \$160k.

Further information

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About 1ST Group Limited

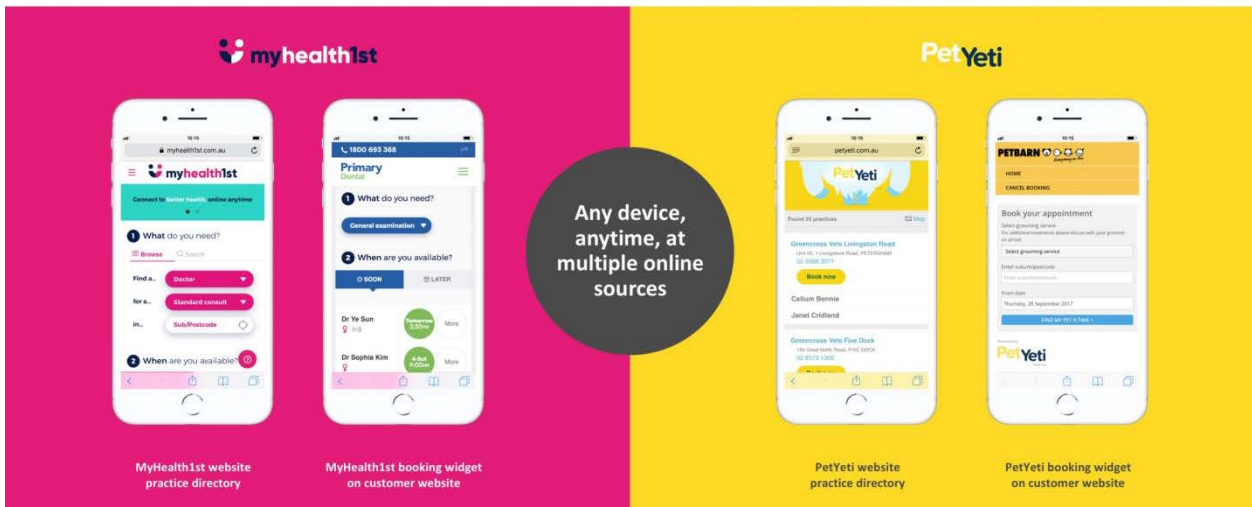
1st Group is an ASX listed health, media and technology company building Australia's leading health services portal, MyHealth1st.com.au, Australia's online pet service portal PetYeti.com.au and corporate and government solutions platform GoBookings.com. These integrated platforms provide an easy to use 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.

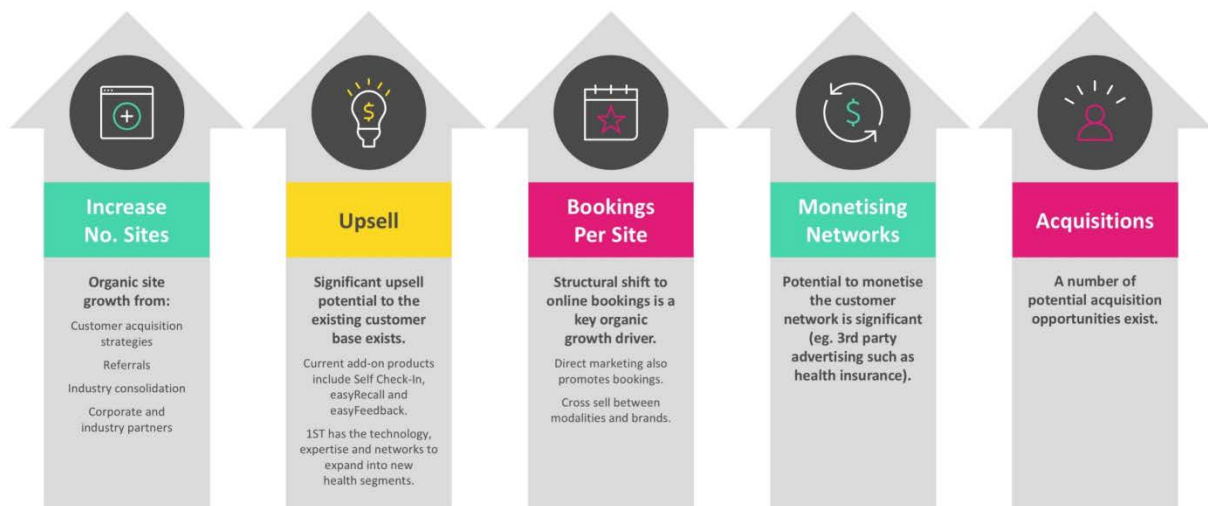
APPENDIX

Our Portals and Web Widgets

Our Solutions in Action



Multiple Growth Options



Key Investment Considerations



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