

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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	971	3,508
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(389)	(1,150)
(c) advertising and marketing	(239)	(788)
(d) leased assets	-	-
(e) staff costs	(961)	(3,563)
(f) administration and corporate costs	(375)	(1,790)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	5
1.5 Interest and other costs of finance paid	(10)	(30)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	161
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,003)	(3,647)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(9)
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	-	(9)

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	500	1,000
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	500	1,000

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	780	2,933
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,003)	(3,647)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(9)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	500	1,000

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	277	277

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	109	684
5.2	Call deposits	168	96
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)	277	780

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
118
-

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

- 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

Current quarter \$A'000
-
-

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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	1,000
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.		

On the 13th July 2018 the Company announced pursuant to the terms of the Standby facility, the Company had provided notice to Mr. John Plummer to draw down \$0.5 million on the facility.

Key terms of the Standby Convertible note facility

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	226
9.3 Advertising and marketing	188
9.4 Leased assets	-
9.5 Staff costs	884
9.6 Administration and corporate costs	545
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,843

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	-	-

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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: 
(Director/Company secretary)

Date: 18 July 2018

Print name: Klaus Bartosch

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.

Quarterly & Full Year Update

For the quarter to 30 June 2018

Strong growth in new Annualised Contract Value, up 54%

Highlights:

- Unaudited FY18 revenue of \$3.4 million, a 51% increase year over year
- Net new Annualised Contract Value (ACV) added in FY18 of \$1.3 million, an increase of 54% on FY17
- ACV as at the end of Q4 FY18 of \$4.3 million, an increase of \$336k in new ACV for the quarter
- Q4 FY18 revenue of \$891k, up 26% on the prior corresponding quarter and 6% higher than Q3 FY18, despite limited advertising revenue which reduced by \$33k in Q4 FY18

1st Group Limited (ASX: 1ST), the Australian online health, media and technology group, today announced its quarterly update for the quarter ended 30 June 2018. Revenues presented for the quarter and full year are unaudited.

Klaus Bartosch, Managing Director and Co-Founder highlights, *“FY18 was a critical and successful year for 1st Group. We built our online health patient engagement platforms for scalability and sustainable success, achieving dominant market shares in our chosen verticals. We validated our value proposition to our customers, based on driving convenience, patient education and engagement. It is pleasing to see strong growth in adoption and engagement as we enter FY19 with confidence and momentum”.*

OVERVIEW	Q4FY18	Q3FY18	FY18	FY17
New ACV	\$336k	\$432k	\$1.33m	\$0.864m
ACV	\$4.32m	\$3.98m	\$4.32m	\$2.99m
Number of Sites	7,271	6,416	7,271	4,813
Products per Site	1.18	1.16	1.18	1.17
Subscription Fees	\$671k	\$620k	\$2.46m	\$1.76m
Advertising Revenue	\$10k	\$43k	\$162k	\$49k
Usage Fees	\$76k	\$57k	\$268k	\$181k
Total Revenue	\$891k	\$844k	\$3.426m	\$2.276m

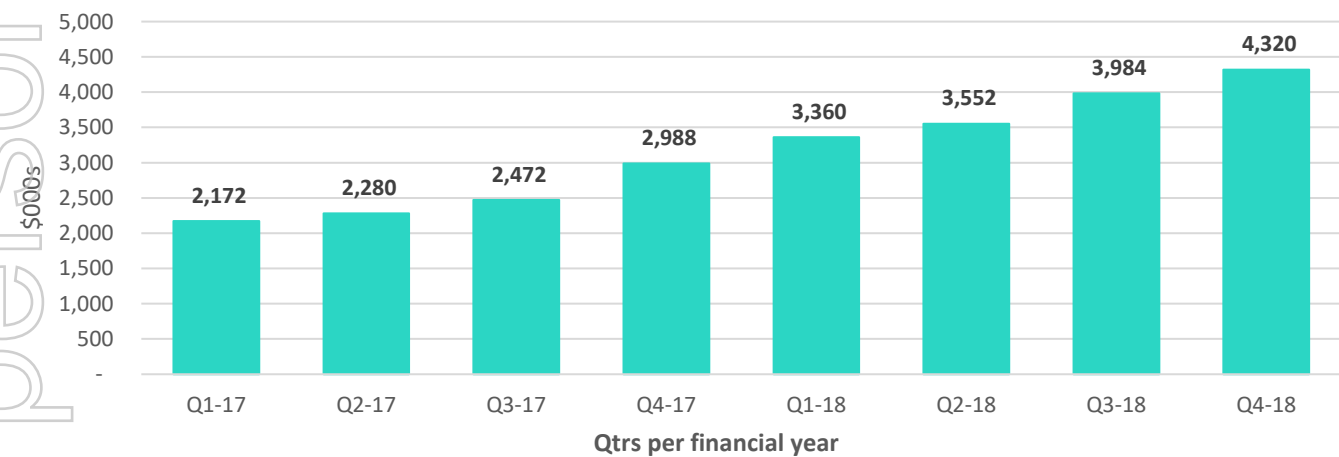
Annualised Contract Value (calculated as contracted Monthly Recurring Revenue from subscription fee products (MRR) x 12), Number of Sites, Annual Customer Retention Rate and Products per Site included in this quarterly for the first time, represent some of the key global metrics used by the investor community to measure the performance and value of a business like 1st Group. The business has now matured sufficiently to commence reporting these metrics. (See also Glossary on page 6 for definitions).

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 working to build its pipeline of new advertising opportunities that can be leveraged by its clients.

The fourth 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 with MyHealth1st and PetYeti.

KEY DRIVERS AND METRICS UPDATE

Annualised Contract Value (at the end of each quarter)

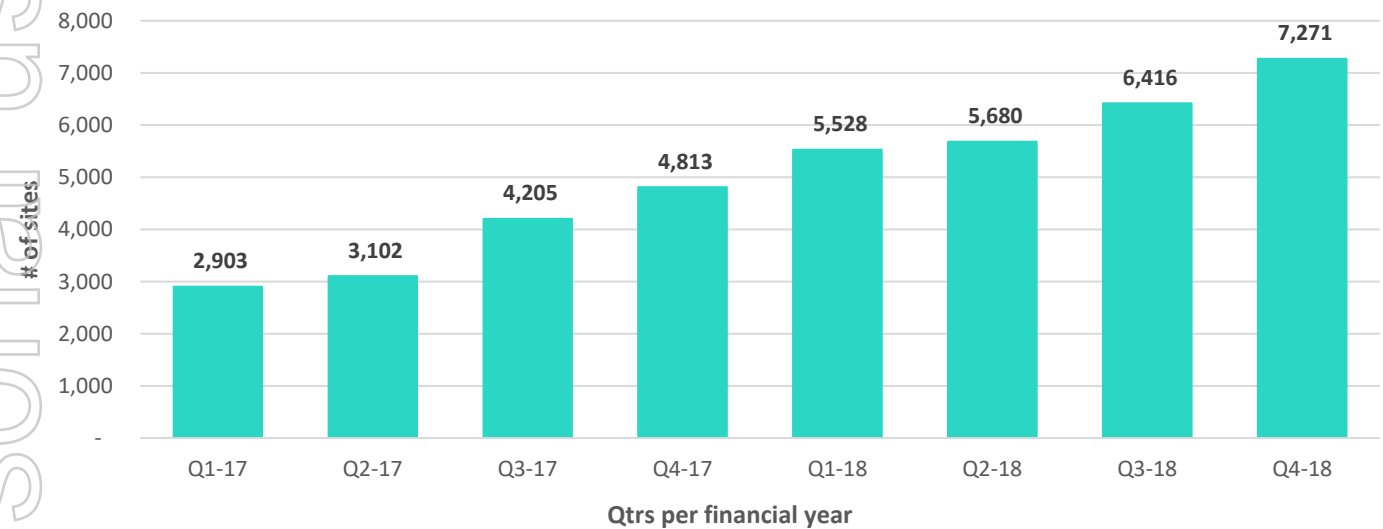


ACV, which represents the annual expected revenue from contracted customers for subscription products including Online bookings, EasyFeedback and EasyCheck-in (excluding usage and advertising revenues), was \$4.3 million at the end of Q4 FY18, an increase of 45% from Q4 FY17. This was largely driven from a corresponding increase in the total Number of Sites, which increased 51% from Q4 FY17.

The Q4 FY18 ACV and site growth drivers were consistent with the full year trends and driven by our focus on the active growth markets of Optometry in Australia and New Zealand, and Veterinary, Pet Services, and Pharmacy in Australia. We secured a number of key milestones in these markets achieving 25% market share in the independent Optometry market in New Zealand, as well as securing all 120 grooming locations of the PETstock group. In addition to growth in our dominant markets, we also entered into a 2-year agreement with a fast-growing GP medical centre group which is taking the full suite of MyHealth1st products.

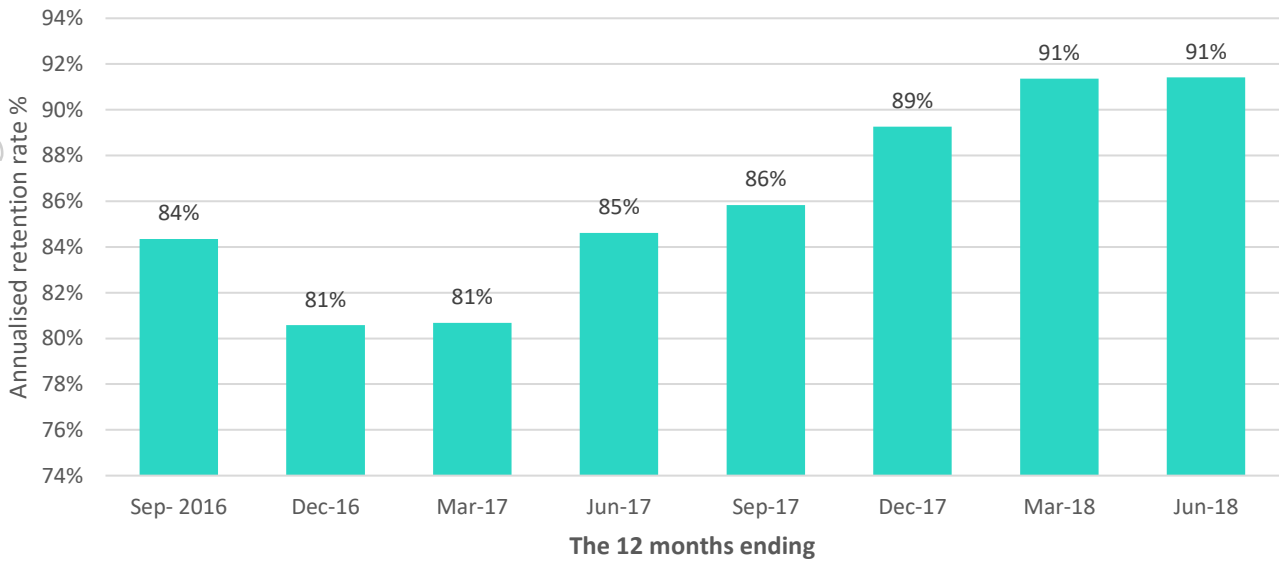
The ACV growth we are seeing from new site acquisition is complemented by the improvement in the customer retention rate over the last 12 months.

Total Sites (at the end of each quarter)



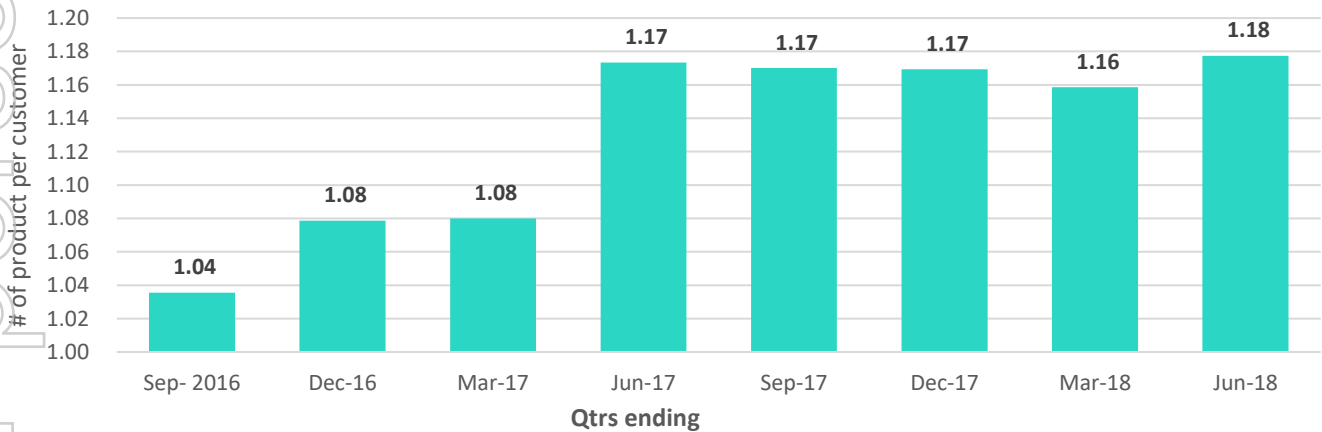
Site/customer acquisition continues to grow steadily, with significant progress being achieved in the key markets that 1st Group now dominates, being Pharmacy, Optometry and Vet/Pet Services. Site acquisition lays the foundation for upsell and cross sell opportunities, enabling the company to drive significant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

Annual Customer Retention Rate



The company has steadily been improving its Annual Customer Retention Rate (ACRR), a rolling 12-month average calculation, demonstrating customer loyalty and satisfaction with its subscription products and services. Refer Glossary on page 6 for definition of ACRR.

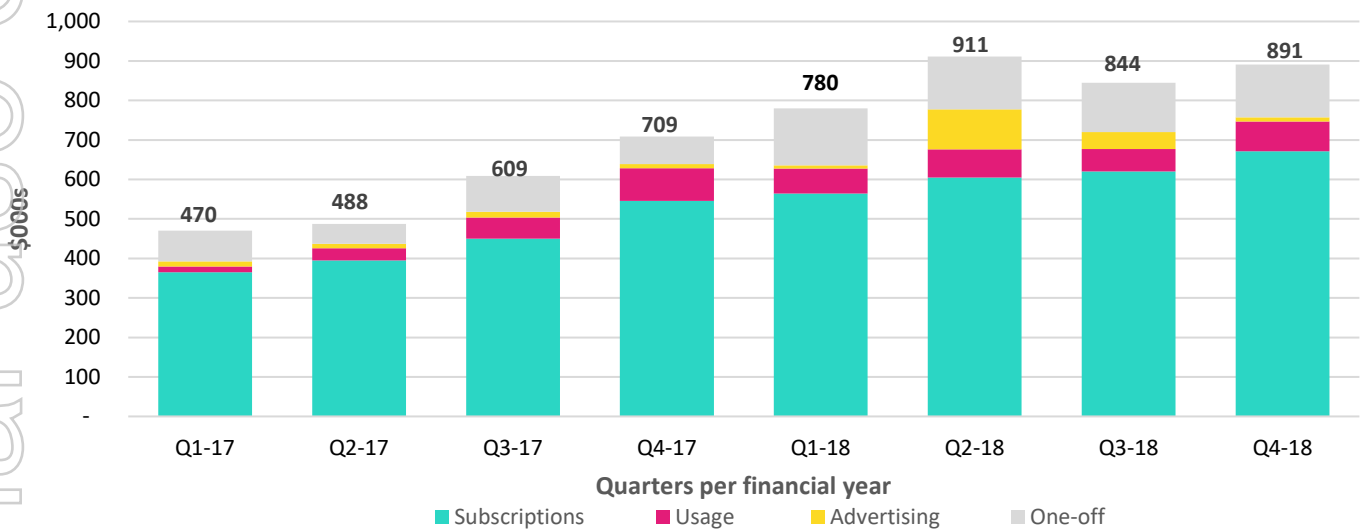
Products per Site



The fluctuations in Products per Site at the end of each quarter is due to continued rapid site acquisition, where a customer group may commence with 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 success with upselling customers to new 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. In the past 18

months the company has released a number of additional products, including EasyFeedback, EasyRecalls, EasyCheckin 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, and therefore revenue per customer. Importantly, the Products per Site average is higher in markets that we are most active like Optometry where the **June 2018 Products per Site average for Optometry customers is 1.6.**

Quarterly Revenue



Revenue for the quarter was \$891k, representing a 26% growth on the prior year corresponding quarter and 6% higher than Q3 FY18. Revenue growth was primarily driven by the activation of customers on our subscription products. Our subscription product ACV not yet activated for billing at the end Q4 FY18 was \$1.4 million. **We are expecting significant progress in activation of signed contracts with corporate customers in H1 FY19, which will reduce cash burn and increase revenue.**

The Group was able to deliver quarter on quarter revenue growth in the quarter despite the reduction in advertising revenues. Advertising revenues are a new revenue stream for the Group, and while the lack of growth of revenue from advertising during FY18 was disappointing, the successful campaign we conducted in Q2 FY18 has led to the company growing a pipeline of new opportunities, which we expect should see a return of future growth from this revenue stream. Usage Fee revenues were slightly down on the prior year corresponding quarter, however increased 33% compared to Q3 FY18. In addition, the Group is launching a number of enhancements to our usage products that are designed to improve existing customer take up and upsell initiatives.

Unaudited FY18 revenue was \$3.4 million, an increase of 51% year on year.

Corporate & Cash flow

Cash receipts for the quarter were \$971k, with a closing cash balance of \$0.28 million. At the end of the quarter the Group had drawn down \$1 million of the \$2m Standby Facility provided by the 1st Group's largest shareholder.

Subsequent to the end of the quarter the Group had completed a further draw down of the Facility of \$0.5 million to fund its growth strategies.

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.

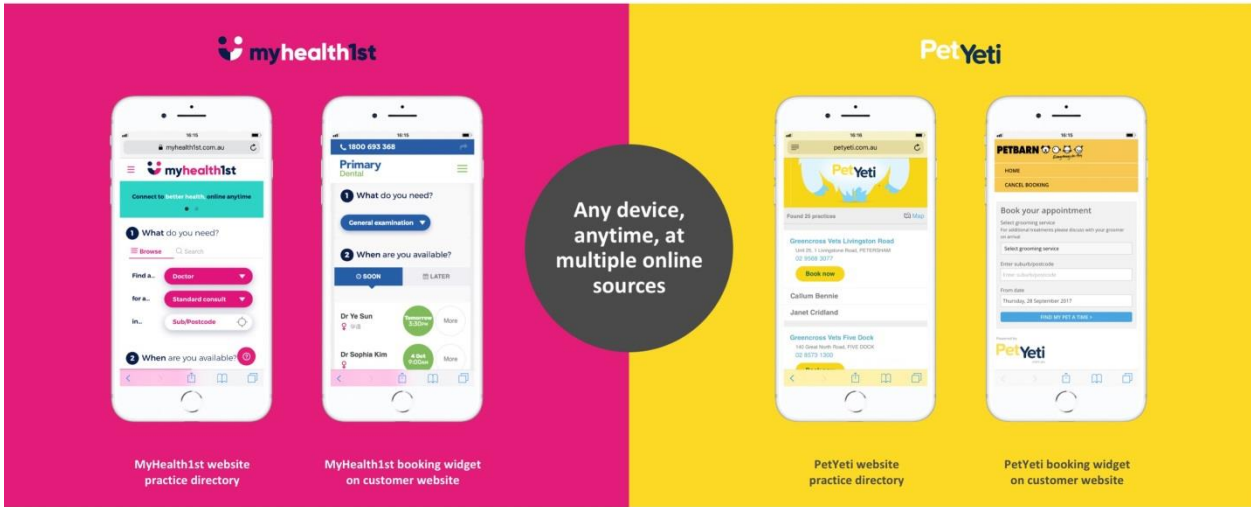
Glossary

Term	Definition
Annualised Contract Value (ACV)	Represents the annual expected revenue from contracted customers for subscription products including Online bookings, EasyFeedback, EasyCheck-in. Excludes potential variable revenue from Usage Fees and advertising.
ACV Churn Rate	ACV churn is the value of Annualised Contract Value (ACV) from customers who leave 1st Group in a month as a percentage of the total ACV at the start of that month. The percentage provided is the average of the monthly churn for the previous 12 months multiplied by 12 to arrive at an annual churn rate.
Annual Customer Retention Rate	100% – ACV Churn Rate

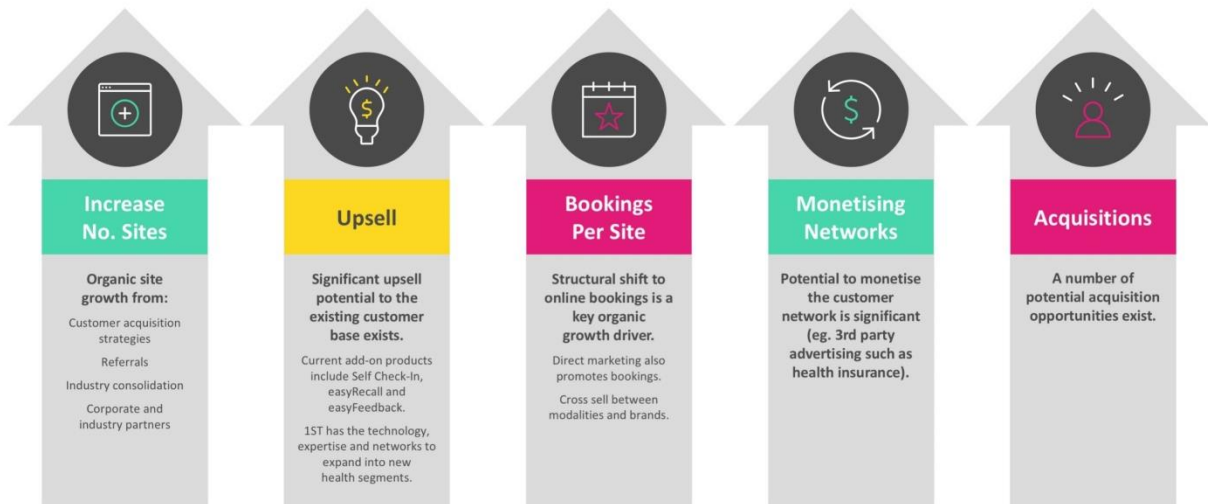
APPENDIX

Our Portals and Web Widgets

Our Solutions in Action



Multiple Growth Options



Key Investment Considerations



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