

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 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	877	2,537
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(232)	(761)
(c) advertising and marketing	(192)	(549)
(d) leased assets	-	-
(e) staff costs	(804)	(2,602)
(f) administration and corporate costs	(492)	(1,415)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	(20)	(20)
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	(862)	(2,644)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(9)
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(3)	(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	500
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	500

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	1,145	2,933
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(862)	(2,644)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	500	500

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	780	780

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	683	403
5.2	Call deposits	97	742
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)	780	1,145

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	500
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 29th March 2018 the Company announced pursuant to the terms of the Standby facility, the Company had provided notice to Mr. John Plummer to draw down \$1m of the facility with \$0.5m to be received immediately (and reflected section 8.2 above) and the balance to be received within 30 days.

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	169
9.3 Advertising and marketing	110
9.4 Leased assets	-
9.5 Staff costs	932
9.6 Administration and corporate costs	465
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	1,676

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:  Date: 27 April 2018
(Company secretary)

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 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.

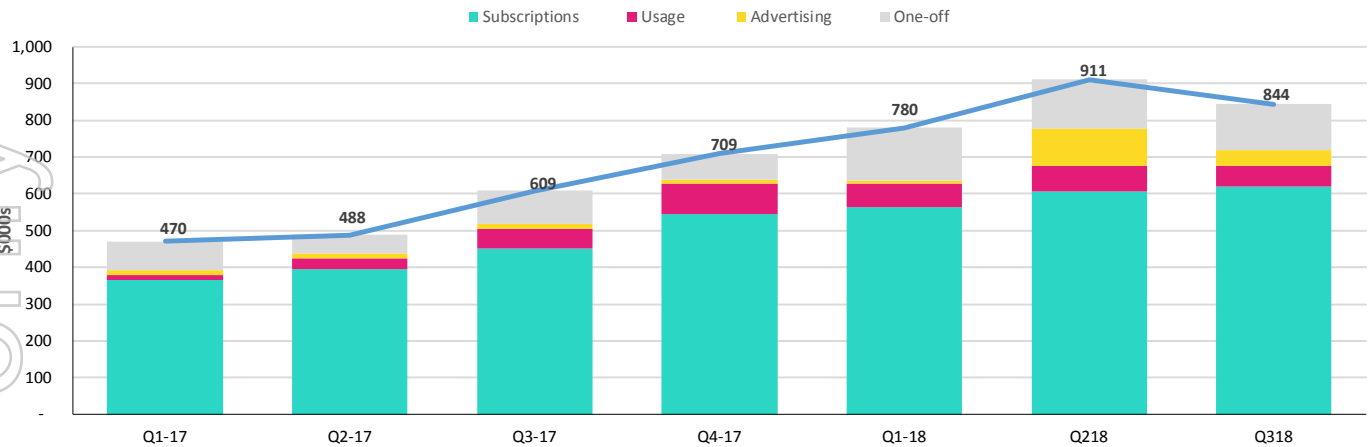
The third quarter of the financial year saw strong momentum in our PetYeti platform as a result of a number of successful marketing events as well as our initial launch into the New Zealand market for MyHealth1st.

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

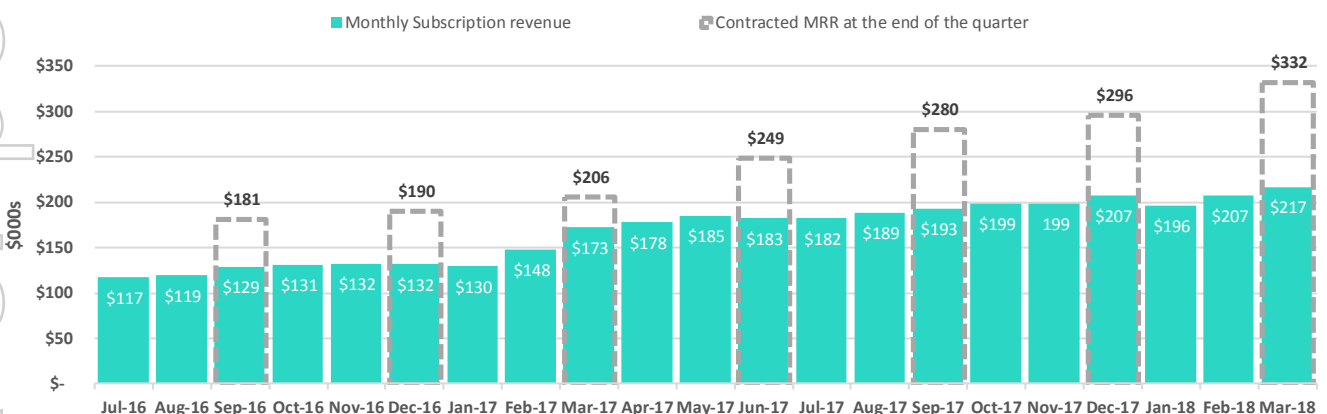


Quarterly Revenue

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.

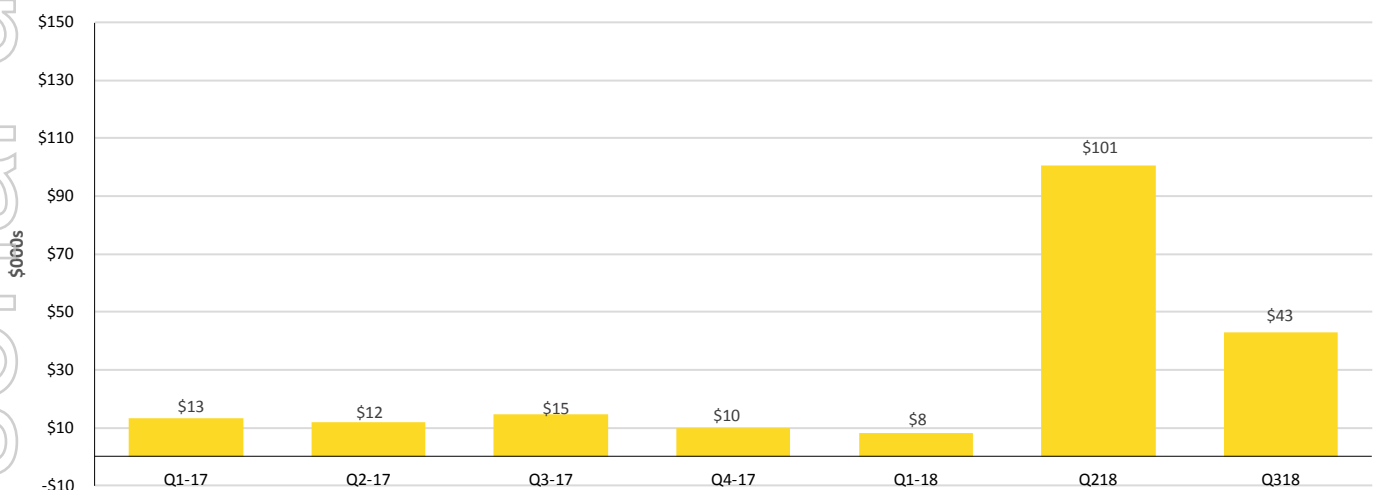
Monthly Subscription Revenue & Contracted MRR



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.

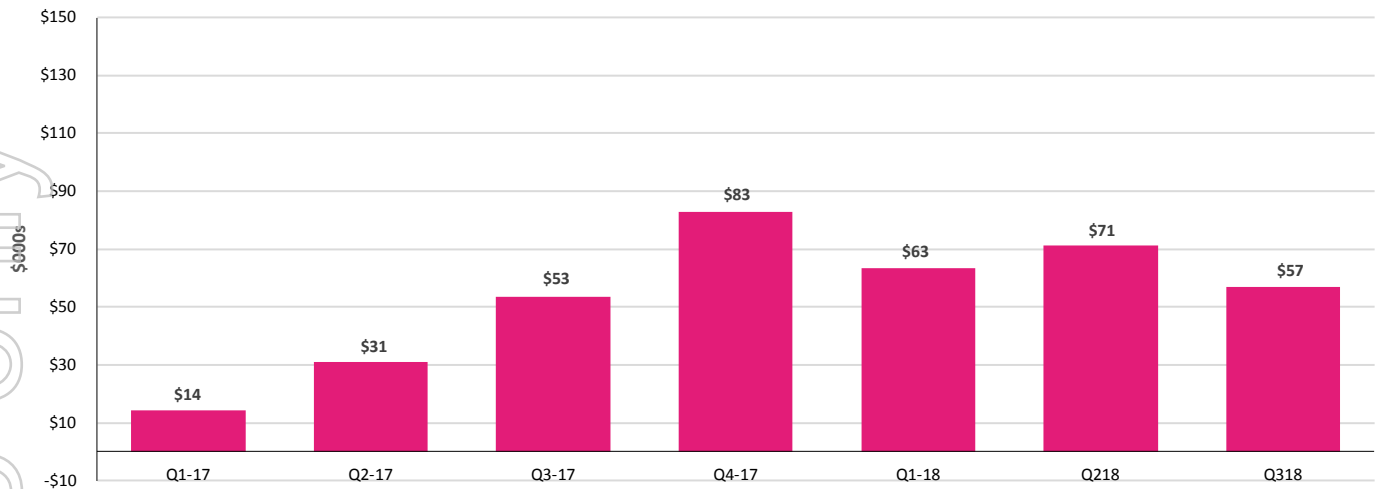
Advertising Revenue



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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Michael Brown

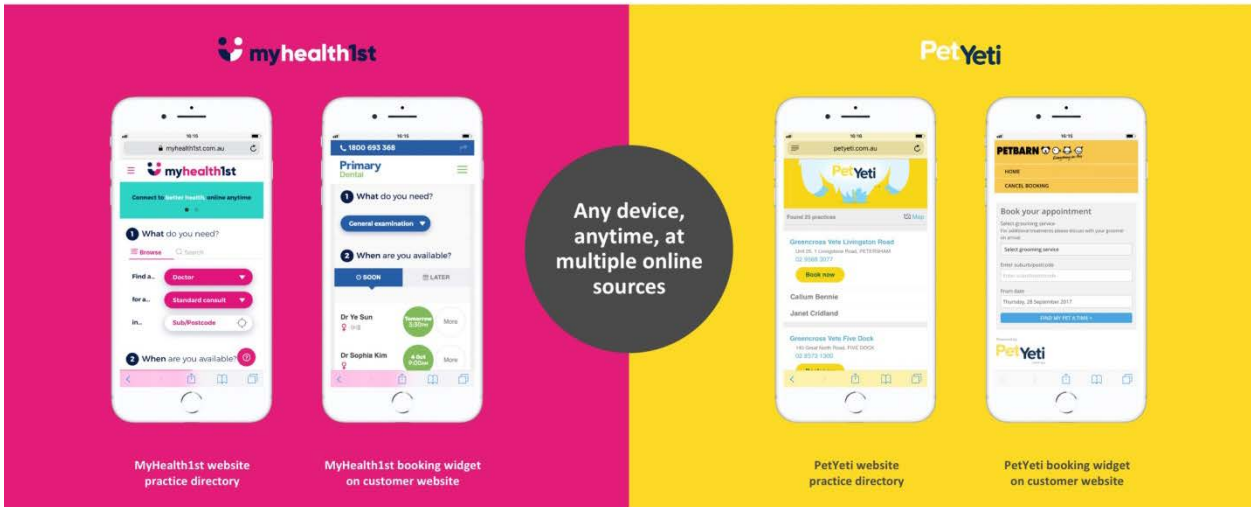
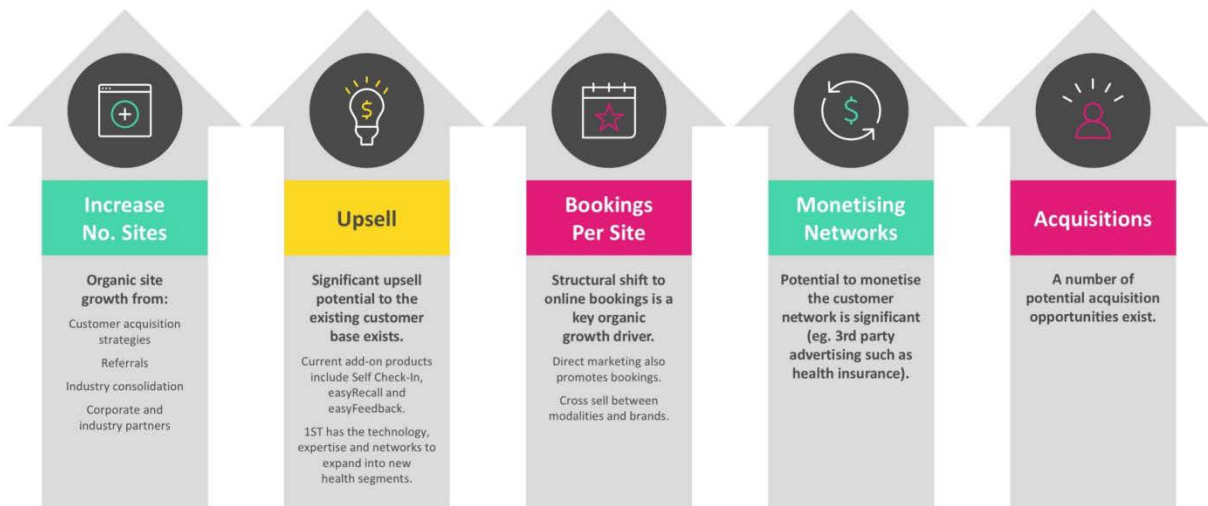
Pegasus Corporate Advisory
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About 1ST Group Limited

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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