

## 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 September 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	777	777
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(240)	(240)
(d) leased assets	-	-
(e) staff costs	(855)	(855)
(f) administration and corporate costs	(682)	(682)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(998)</b>	<b>(998)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	-

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,933	2,933
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(998)	(998)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,935</b>	<b>1,935</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	195	1,053
5.2	Call deposits	1,740	1,879
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,935</b>	<b>2,933</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	105
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.

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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. <b>Financing facilities available</b> <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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	162
9.4 Leased assets	-
9.5 Staff costs	883
9.6 Administration and corporate costs	772
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>1817</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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.



30 October 2017

Sign here: .....  
Company secretary

Date: .....

Andrew Whitten

Print name: .....

**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 30 September 2017

## Record revenue and diversification of revenue streams

### Highlights:

- Revenue of \$780k up 66% on the prior corresponding quarter
- Record sales in Q1 that are anticipated to become revenue in Q2/Q3 and beyond
- Subscription-based contracted Monthly Recurring Revenue (MRR) increased 55% on the prior corresponding quarter and up 12% (\$31k) quarter on quarter
- MyHealth1st signs significant advertising contract which will increase revenue in Q2 by an additional 10-15% above previously expected revenue growth
- Established Standby convertible loan facility of \$2 million with cornerstone investor

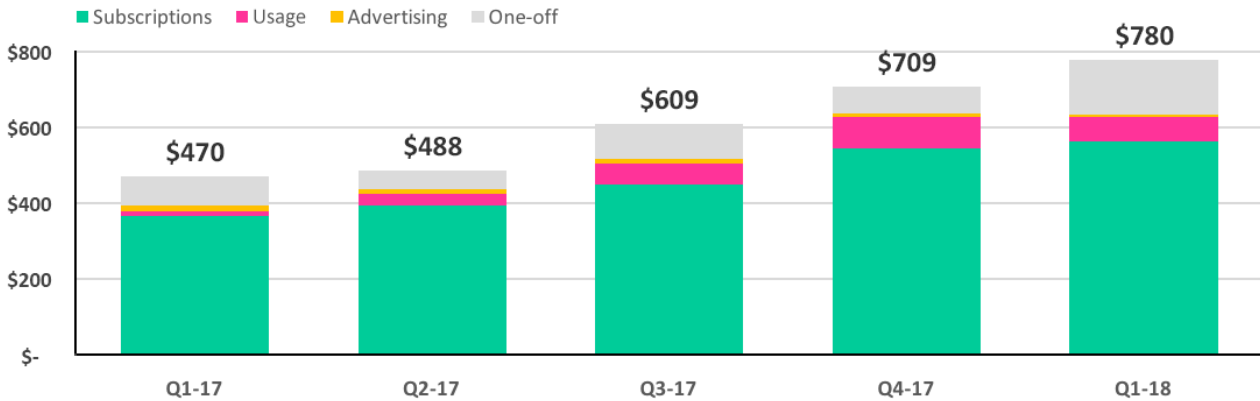
**1st Group Limited (ASX: 1ST)**, the Australian online health, media and technology group, today announced record quarterly revenue, continued growth in subscription-based MRR and continued diversification of its revenue streams.

The first quarter delivered record sales for 1st Group across all four revenue streams; 1: Subscription fees, 2: Usage Fees, 3: Advertising and 4: Set up Fees. Contracted sales from Q1 are anticipated to become revenue during Q2 and Q3 as these customers are on-boarded. Usage fees were lower in Q1 due primarily to seasonal demand.

Q1 results were in line with the company's internal expectation, with strong sales performance including the significant phase 1 advertising deal closed in the quarter off the back of the Company's rapid growth in the optometry market.

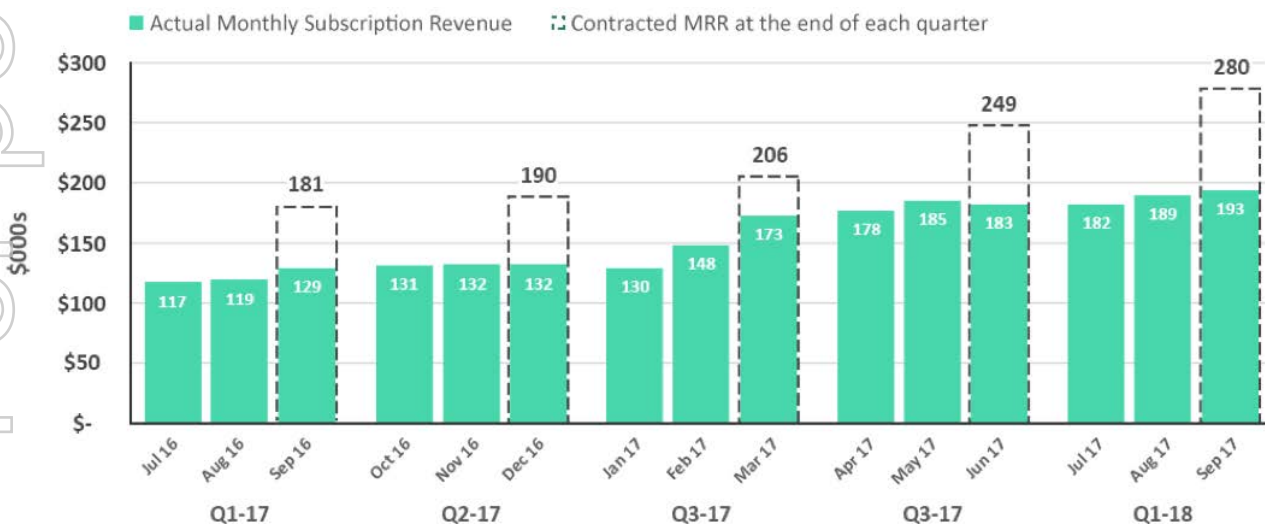


## QUARTERLY REVENUE



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

Subscription revenues increased 55% on the prior corresponding quarter to \$564k reflecting activated site growth within the optical and pharmacy categories. Subscription contracted MRR (Monthly Recurring Revenue), a forward indicator of future potential subscription based revenues, increased during the quarter by \$31k (or \$372k on an annualised basis) as a result of site growth and upsell of new products. If September subscription revenue of \$280k were fully on-boarded, then quarterly revenue would likely

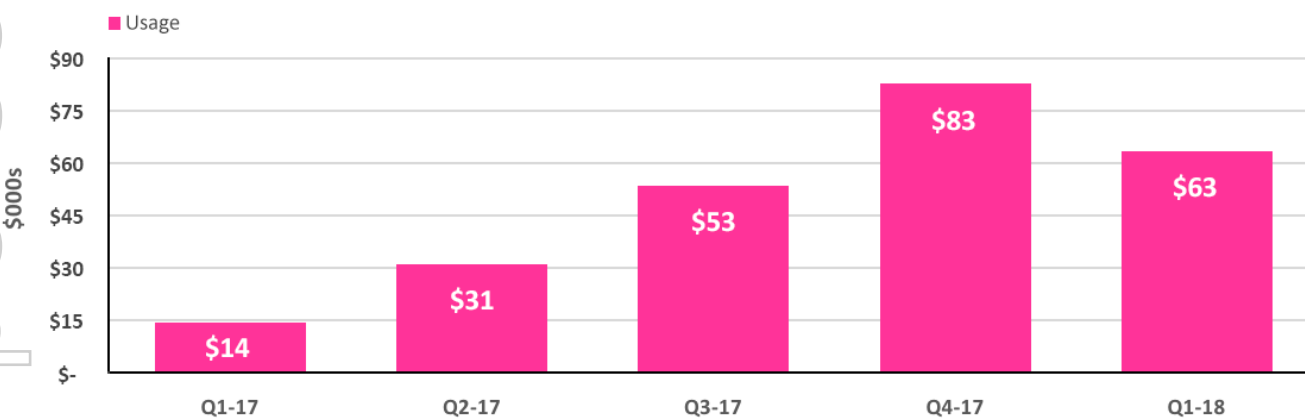


increase from \$564k to \$840k. Please note that large corporate deals can often take months to be on-boarded.

During the quarter, the Group decided to remove minimum monthly advertising revenue commitments from subscription revenue and MRR. We believe this reflects advertising contract terms more appropriately and will better display the potential variability in revenue from advertising for investors. These contracts will now be presented as advertising revenue when recognised. The impact of the change on MRR is detailed below:

	Q117	Q217	Q317	Q417	Q118
<b>Previous MRR</b>	<b>193,000</b>	<b>202,000</b>	<b>218,000</b>	<b>261,000</b>	
<i>QoQ growth rate</i>		5%	8%	20%	
<b>Revised MRR</b>	<b>181,030</b>	<b>190,030</b>	<b>206,030</b>	<b>249,030</b>	<b>280,000</b>
<i>QoQ growth rate</i>		5%	8%	21%	12%

### Usage Revenue



Usage fee revenue was up 350% on the prior corresponding quarter, but decreased 24% quarter on quarter as result of lower SMS and booking fees from the end of the flu season at the end of Q4 FY17 and is a usual seasonal trend. EasyRecall revenues from major skin cancer and dental customers were lower reflecting the seasonal nature of their underlying customer and demand trends.





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### Advertising Revenues

During the quarter the Group signed a significant advertising contract. This contract seeks to capitalise on the MyHealth1st platform's unique position in the independent Optometry market and is initially to only 10% of the available optometry inventory on the MyHealth1st platform. Revenues from this agreement will begin to be recognised in Q2 FY17 and the Group expects this will increase revenue by an additional 10 - 15% over and above normal growth from subscription, usage and one-off fees.

Other advertising revenues were consistent quarter on quarter.

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### Corporate & Cash flow

Cash receipts in the quarter were \$777k, with a closing cash balance of \$1.94m. The decrease in cash receipts quarter on quarter was a result of a customer advance payment in Q4 FY17.

During the quarter the Group entered into a standby convertible note facility of \$2 million with a cornerstone investor. The Standby facility will enable the Company to execute its business strategy confidently driving continued sales growth.

At the end of the quarter, and at present, all of the facility is undrawn.

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### Management Comment

1st Group delivered record sales in Q1 that are anticipated to become revenue in Q2 and Q3 and beyond as these customer contracts are on-boarded.

The Group continues to execute its strategies to grow its market leadership position further in Pharmacy, Optometry and Veterinary markets, and continues to expand in other markets.

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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](http://1stGrp.com), [MyHealth1st.com.au](http://MyHealth1st.com.au), [PetYeti.com.au](http://PetYeti.com.au) and [GoBookings.com](http://GoBookings.com).