

Quarterly Update

For the quarter to 30 September 2018

Continued growth in Annualised Contract Value (ACV) with positive Q2 outlook

Highlights:

- ACV at the end of Q1 FY19 of \$4.6 million, an increase of \$240k on Q4 FY18, and up 36% on pcp
- Q1 FY19 revenue of \$864k, up 11% on pcp. Subscription revenue of \$681k, up 21% on pcp and no contribution from advertising in the quarter
- Cash burn reduced by \$467k, -47% from Q4 FY18
- Strong Q2 outlook with record Q1 activation progress that will deliver growth in new subscription revenue in Q2. We exited September with record monthly recurring subscription revenue of \$255k (which excludes setup, usage and advertising revenue)
- Maiden ACV guidance on track and affirmed

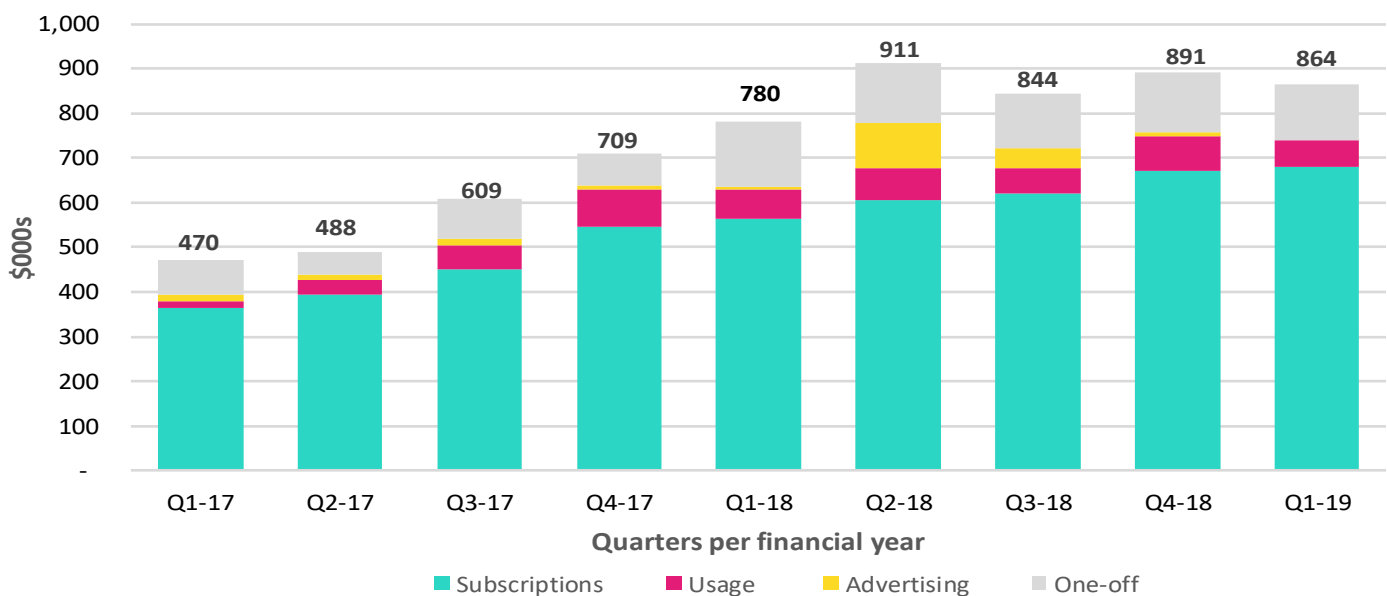
1st Group Limited (ASX: 1ST), the Australian online health, media and technology group, today announced its quarterly update for the quarter ended 30 September 2018. Revenues presented for the quarter are unaudited.

Klaus Bartosch, Managing Director and Co-Founder highlights, *“While revenue performance in Q1 was disappointing, it conceals our record level of activations in the quarter of signed contracts which will result in increased revenues in Q2. Our Q1 performance was also impacted by lower advertising revenue, although the pipeline for Q2 is much healthier. It is encouraging to see strong growth in adoption and engagement as we build scale and momentum in FY19. Our maiden ACV guidance for 1H FY19 is on track and affirmed.”*

Summary of key performance indicators

OVERVIEW	Q1FY19	Q4FY18	Q1FY18
New ACV added in the Quarter	\$240k	\$336k	\$372k
ACV at end of Quarter	\$4.56m	\$4.32m	\$3.36m
Number of Sites	7,931	7,271	5,528
Products per Site	1.17	1.18	1.17
Subscription Fees	\$681k	\$671k	\$564k
Advertising Revenue	\$0k	\$10k	\$8k
Usage Fees	\$57k	\$76k	\$63k
Total Revenue	\$864k	\$891k	\$780k

Quarterly Revenue



Revenue for the quarter was \$864k, representing 11% growth on the prior year corresponding quarter and 3% lower than Q4 FY18. The Group was able to deliver quarter on quarter subscription revenue growth, with an increase of 21% on the prior corresponding period.

Subscription product ACV not yet activated for billing at the end Q1 FY19, (“backlog” of signed subscription contracts in the process of being activated but not yet generating subscription revenue) was reduced from \$1.4 million to \$1.2 million at the end of Q1 FY19. Record progress was made with activating previously

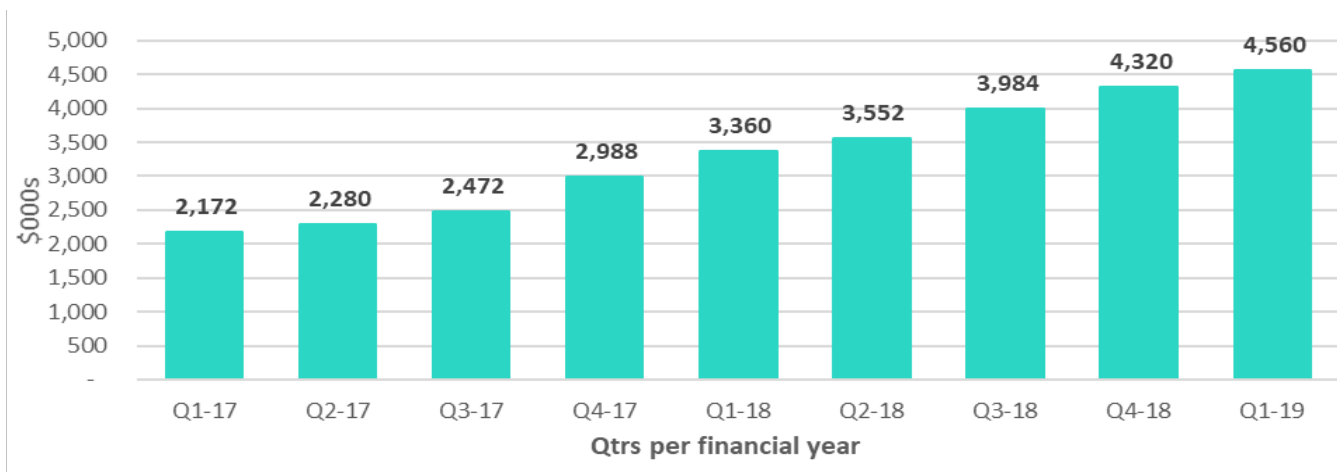
signed and new contracts in Q1, which will produce increased revenue in Q2. Q1 activation momentum is expected to continue into Q2, which will further increase revenue in Q3.

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 maturing pipeline of new advertising opportunities that can be leveraged by its clients.

Usage Fee revenues were slightly down on the prior quarter and prior year corresponding quarter, however future growth from this line of products is expected.

KEY DRIVERS AND METRICS UPDATE

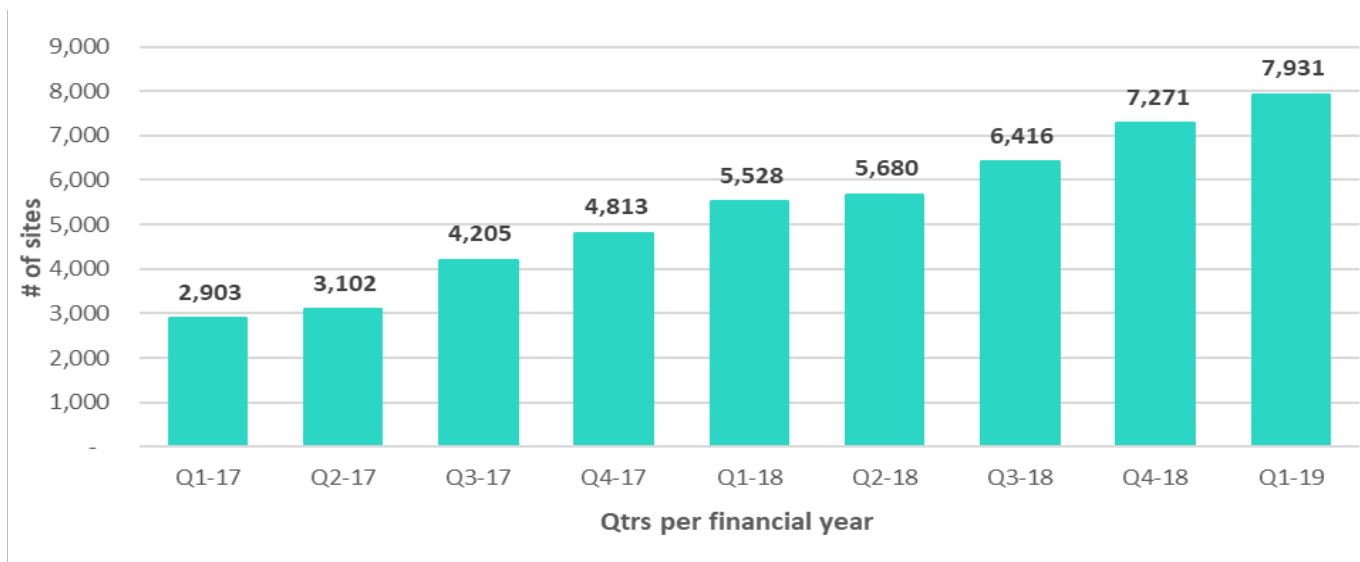
Annualised Contract Value (at the end of each quarter)



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 \$4.6 million at the end of Q1 FY19, an increase of 36% from Q1 FY18.

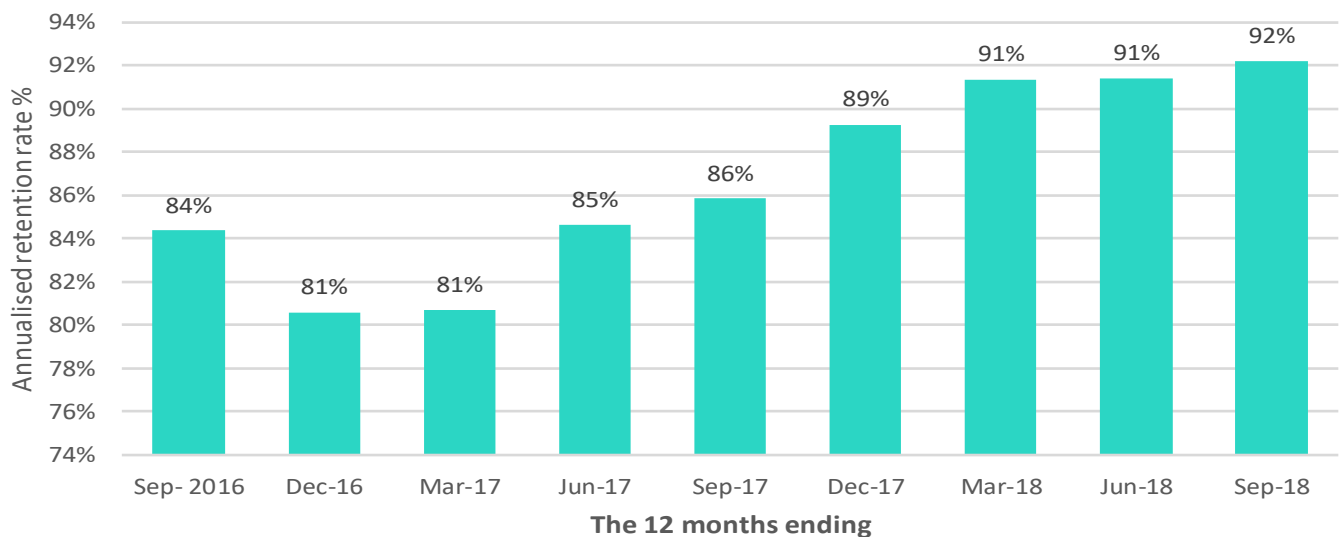
This was driven by an increase in the total number of sites, which increased 43% from Q1 FY18. Some of the recently added sites are expected to deliver revenue in Q2.

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.

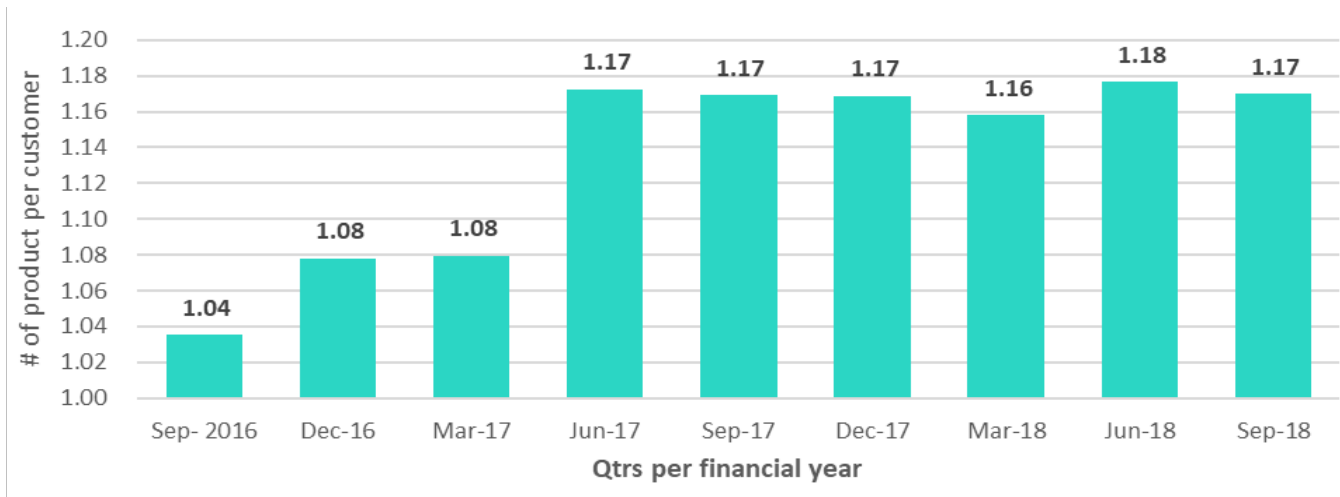
Annual Customer Retention Rate



The company has maintained the recent improvement in its Annual Customer Retention Rate (ACRR), improving from 91% to 92%—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

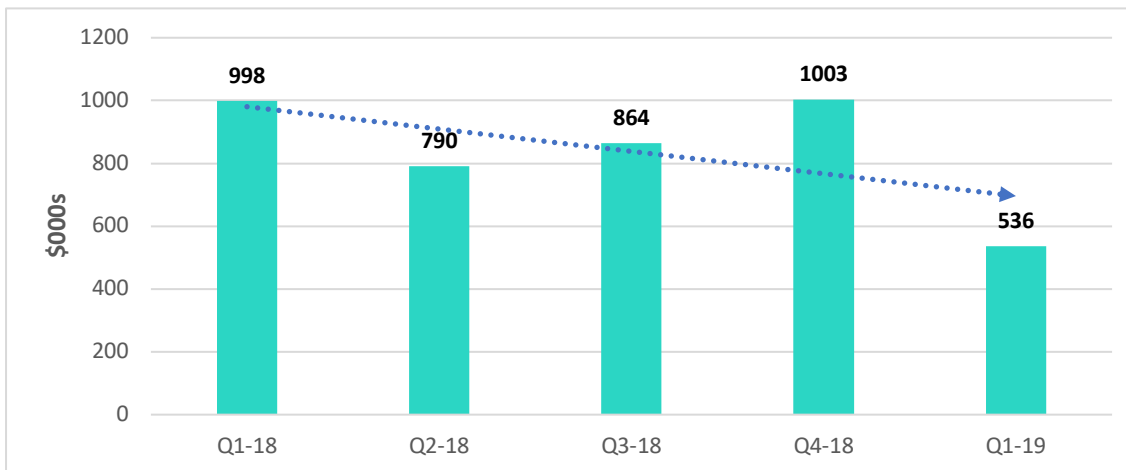


The stability in Products per Site at the end of each quarter demonstrates solid performance given the inherently dilutionary effect of continued rapid site acquisition, where a customer group may commence with a single product such as online appointment booking only, for example, and then over time 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. In the past 18 months 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, 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 reduced by 47% from \$1,003k in Q4, to \$536k in Q1 due to reduced costs, careful management of supplier payments and tight control of receivables collection activity.

Cash receipts for the quarter were \$994k, with a closing cash balance of \$0.49 million. At the end of the quarter the Group had drawn down \$1.75 million of the \$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.

Further information**Klaus Bartosch**Managing Director
+61 414 992 811**Richard Rogers**Chief Financial Officer
+61 438 409 482**Michael Brown**Pegasus Corporate Advisory
+61 400 248 080

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.

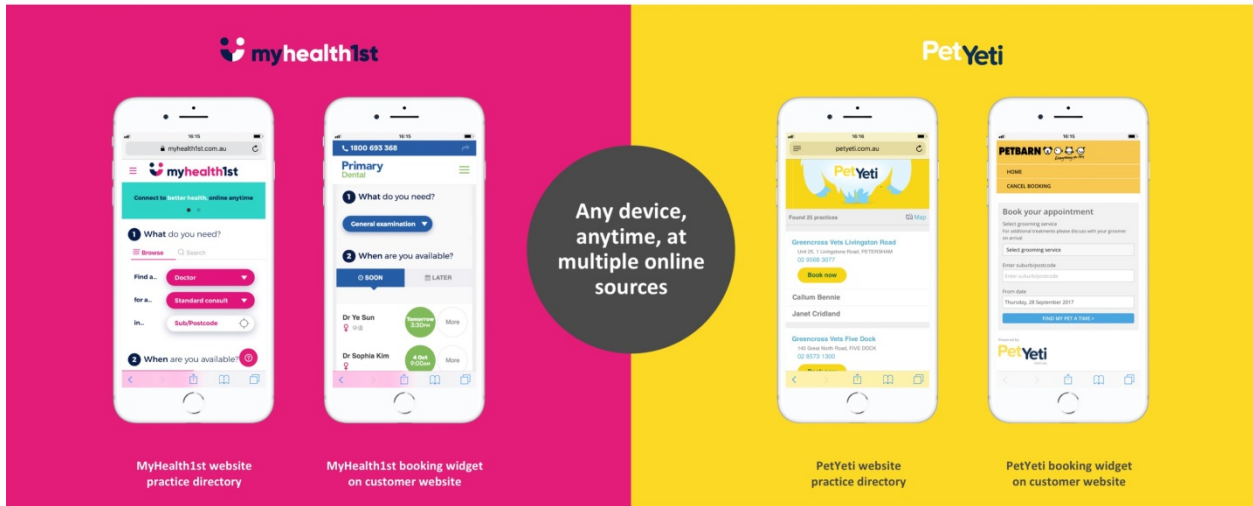
Glossary

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.

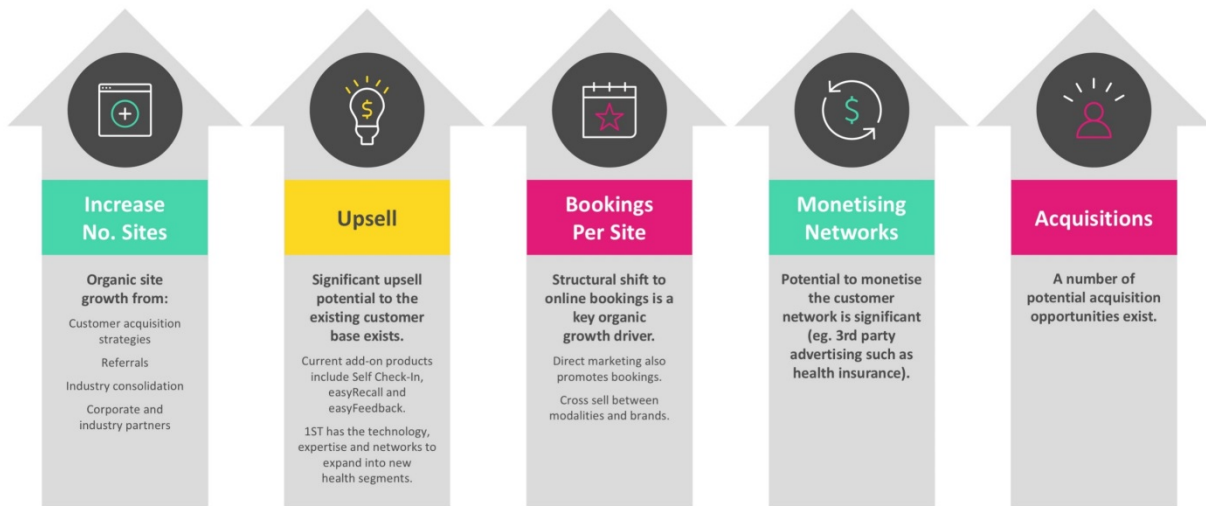
APPENDIX

Our Portals and Web Widgets

Our Solutions in Action



Multiple Growth Options



Key Investment Considerations

