

Quarterly & Full Year Update

Strong Q4 growth, +41% vs. pcp, underpins FY20

For the quarter to 30 June 2019

Q4 Highlights:

- **Accelerated Growth:**
 - Q4 FY19 total revenue up 41% on Q4 FY18, (up 23% on Q3 FY19)
 - Annualised Contract Value (ACV) grew by \$310k to \$5.5m
- Well funded with new capital of \$3.7m (before costs)

FY19 Full Year Highlights:

- ACV up 26.6% to \$5.5m
- Site growth up 35% to 9,782
- Landmark agreements signed with Medibank, St Vincent's & Benestar in 2H FY19. Major deals reaching revenue ramp up phase
- Strategic 2019 Roadmap announced with solid execution now underpinning increased scale, cash flow and profitability

1st Group Limited (ASX: 1ST), the Australian digital health group, today announced its results for the quarter ended 30 June 2019. Revenues presented for the quarter and the full year are unaudited.

Klaus Bartosch, Managing Director and Co-Founder said, *"Our growth in FY19 reflects the outstanding 1st platforms and propositions that we deliver to our clients.*

"Q4 delivered strong revenue growth. We are also starting to see the impact of our recent landmark agreements with industry leaders – these will underpin continued strong revenue growth as we onboard practices secured through these partnerships.

“In the quarter we also further developed our EyeHealth1st.com.au eye disease initiative and related consumer marketing which launched in July (see also lookdeeper.com.au). We expect to see the new contracts delivering additional setup, subscription, advertising and usage fee revenues in 1H FY20.

“We enter FY20 with increased momentum and confidence. We expect strong growth will continue in FY20 driven by the implementation of our strategic deals, our developing advertising proposition and by organic growth in sites and products per site.”

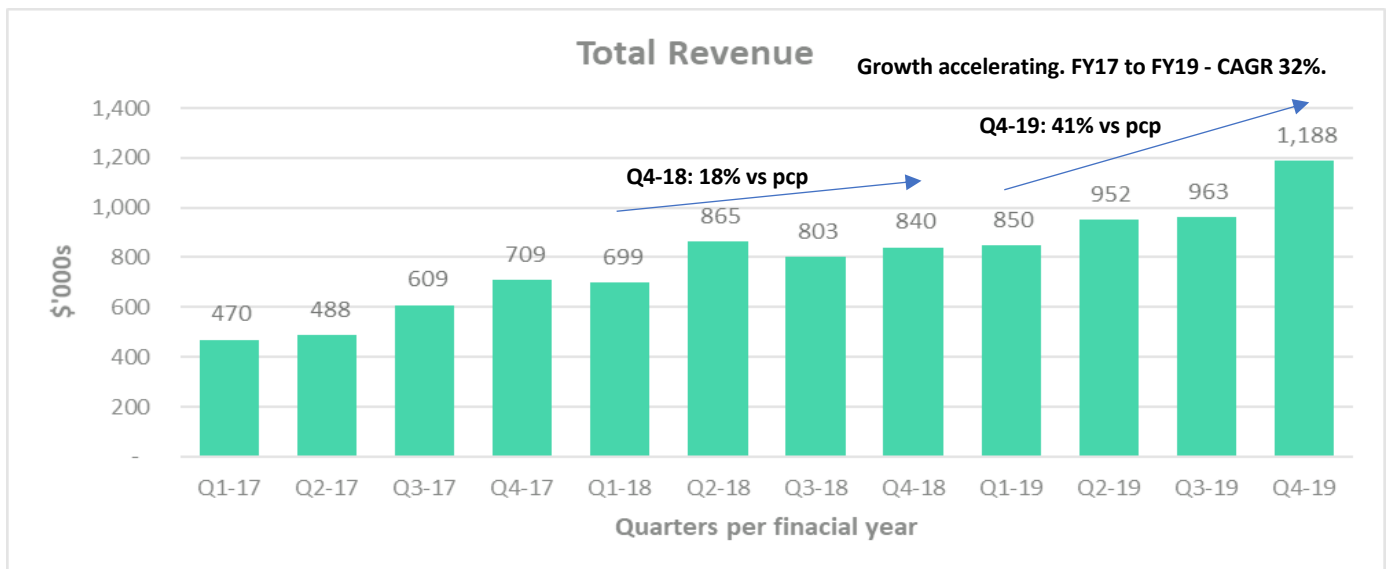
Summary of key performance indicators

OVERVIEW	Q4FY19	Q3FY19	FY19	FY18
New ACV added	\$320k	\$310k	\$1.15m	\$1.33m
ACV at end of Quarter	\$5.47m	\$5.15m	\$5.47m	\$4.32m
Number of Sites	9,782	9,206	9,782	7,271
Products per Site	1.51	1.24	1.51	1.18
Subscription Fees	\$809k	\$769k	\$3.01m	\$2.46m
Usage Fees	\$87k	\$60k	\$263k	\$268k
Total Revenue	\$1.188m	\$963k	\$3.953m	\$3.207m

NOTE: All FY19 figures above and below are unaudited

Growth in the number of sites, products per site and improvement in customer retention rates are leading indicators of future revenue growth.

Quarterly Revenue



Revenue for the quarter was \$1,188k, representing 23% growth on Q3 and 41% on the prior corresponding period (pcp).

2019 STRATEGIC ROADMAP – EXECUTION UPDATE

On March 25, 2019, 1st released a 2019 CY Strategic Roadmap announcement outlining our growth, customer experience and financial goals. We have made strong progress in each of the areas as outlined.

Recent Initiatives and Deals: Progress Update

Date Announced	Name	Summary	Revenue Contribution
9 May 2019	St Vincent's Hospitals Australia (SVHA)	SVHA is funding the development of a digitised referral platform in a new specialist health services vertical for 1st. The solution will simplify and transform processes supporting a seamless and integrated patient experience. We have progressed product and marketing development and expect to roll out the solution to targeted practices and related specialists commencing Q1 FY20.	Revenue expected to commence in Q1 FY20 from specialist subscriptions to referral platform and new GP subscriptions plus additional products signed up.
11 April 2019	Benestar Group	Benestar, Australia's leading Employee Assistance Service provider is funding 1st Group's entry into the psychology market. We have begun marketing and processing the resulting leads. Based on results so far and feedback from psychologists we expect to bring the minimum of 2,600 psychologists targeted onto MyHealth1st in H1 FY20.	Revenue expected to commence in Q1 FY20 from new patient fees.
21 March 2019	Vetcentric	New customer with over 85+ vet practices each deploying two PetYeti digital products for the first time.	Normal 1st vet practice revenue flows are expected to commence in Q1 FY20 and grow progressively as practices are onboarded.
15 March 2019	Medibank Private	Strategic pilot with Medibank's Members Choice Advantage bringing initially hundreds of dental practices onto MyHealth1st and enabling the MyMedibank mobile app with online appointments for access by Medibank's 2.8m members. Recently completed software integrations will increase	Revenue expected to commence in 1H FY20 from new patient fees.

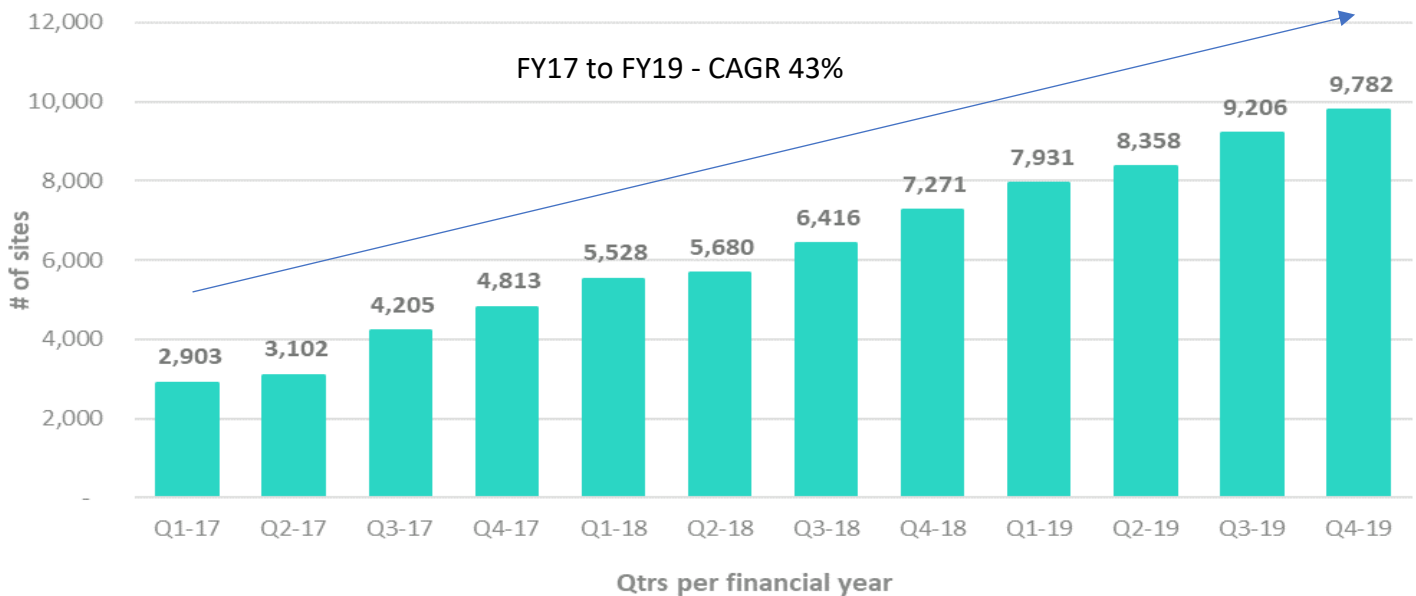
		the rate of onboarding in the coming months.	
5 March 2019	EyeHealth1st	<p>National early intervention campaign for eye health targeting those aged 40 and over. Aggregates the nation's independent optometrists on MyHealth1st into a new initiative to generate future advertising revenue for 1st from appointments created through EyeHealth1st.com.au. Test marketing is completed and 1st is scaling up the consumer marketing program.</p>	<p>Revenue expected to commence in Q1 FY20 based on new patients who book eye tests with participating optometrists.</p>

KEY REVENUE DRIVERS AND METRICS UPDATE

A simple way to understand 1st Group's revenue growth trajectory is to multiply the number of sites we serve by the average revenue per site. Both our site numbers and revenue per site are growing. Part of the Q4 FY19 revenue increase comes from one-off customisation revenue related to the major deals. We expect the follow-on revenue from subscription, usage fees, new patient booking fees and advertising fees to maintain and grow the increased revenue from the major deals in subsequent quarters. We saw an excess of \$130 per month per site for new sales made in Q3 and Q4. We expect this to be maintained or grow in coming quarters. The increase from historic levels comes from low historic pricing for early customers and from new customers signing up for more than one product and at more favourable prices. For 2H we expect the average across all sites, existing and new, to be in line with or above Q4 FY19.

Number of Sites	x Average Revenue Per Site/mth	= Total Revenue/quarter
Q4 FY19 = 9,782	\$40	\$1,188k
Q4 FY18 = 7,271	\$38	\$840k

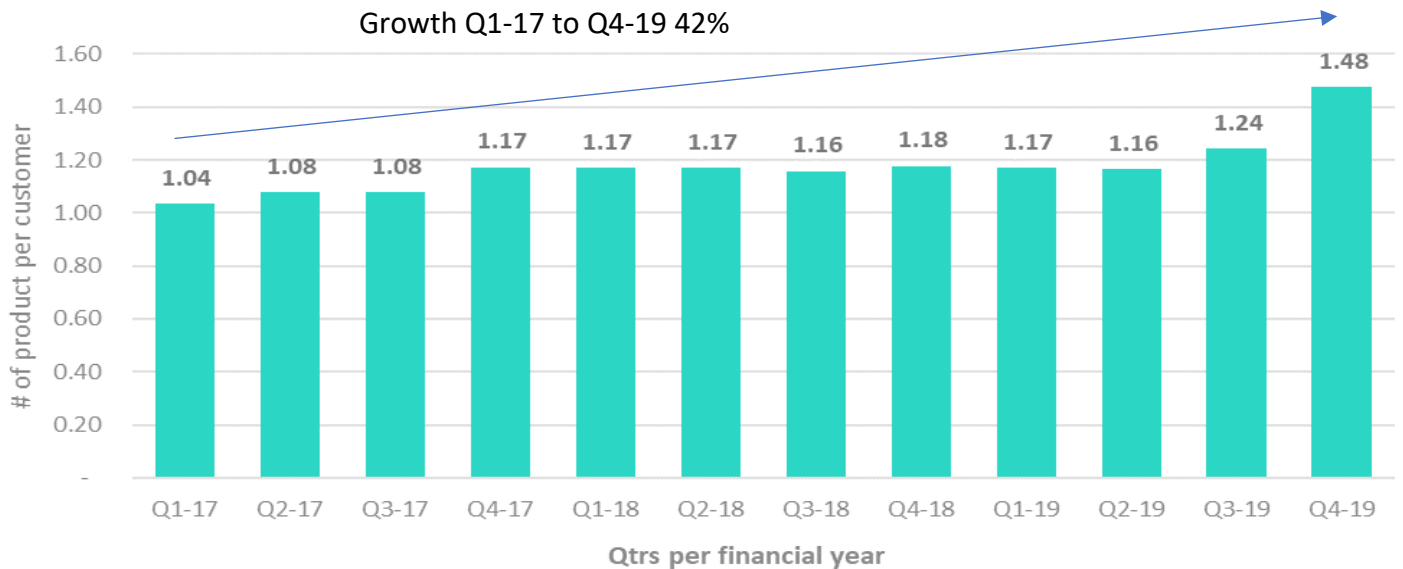
Total Sites (at the end of each quarter)



Site/customer acquisition continues to grow steadily across all markets, with Q4 FY19 up 35% on the prior corresponding period. Site acquisition also lays the foundation for upsell and cross sell opportunities, enabling 1st to drive additional revenues from its existing customer relationships, as evidenced by the Products per Site metric and by recent quarters' sales with revenue value per new site in excess of \$130 per

month, being significantly higher than in previous years and with potential to grow further. Site growth from Medibank, St Vincent’s and Benestar are not included in the Q4 FY19 site number as these contacts are still being implemented, but they will appear in future reported site growth figures.

Products per Site

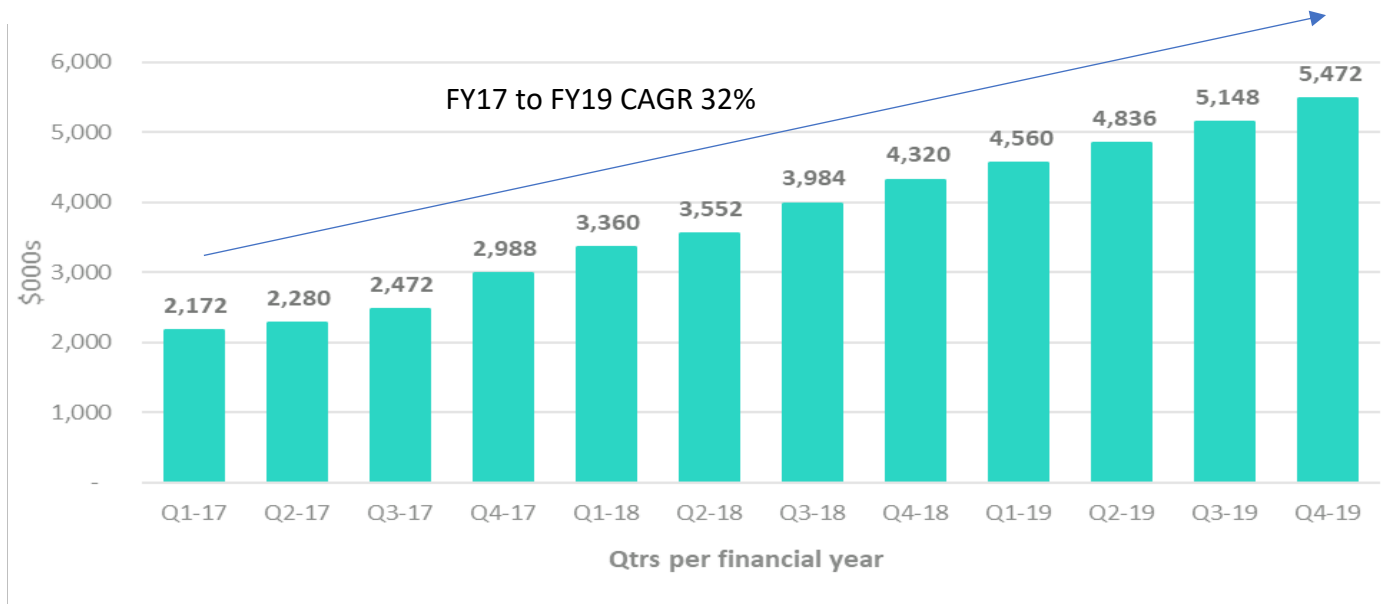


The increase in products per site since the end of Q3 FY19 primarily comes from newly added multi-product customers and the addition of a new product, EasyInvites (an enhanced version of EasyRecalls), that automates and simplifies the sending of invitations for healthcare services such as flu vaccinations by key existing corporate customers.

The historical stability in Products per Site demonstrates solid performance given the inherently dilutionary effect of continued rapid site acquisition. Typically, a customer group commences with a single product, such as online appointment booking and then over time adopts more of 1st’s products.

Growth in Products per Site is an indicator of 1st’s success in upselling customers with additional products resulting in future revenue growth per customer. Prior to Q1 FY17, 1st’s primary product line was its mature online appointment booking platforms. Since then, 1st has released a number of additional products, including EasyFeedback, EasyRecalls, EasyCheck-in Kiosks, EasyInvites, 1st Insights and Advertising. As these new products mature and are introduced to our existing customer base, we expect to see the total number of Products per Site increase over time, and revenue per customer to rise as a consequence.

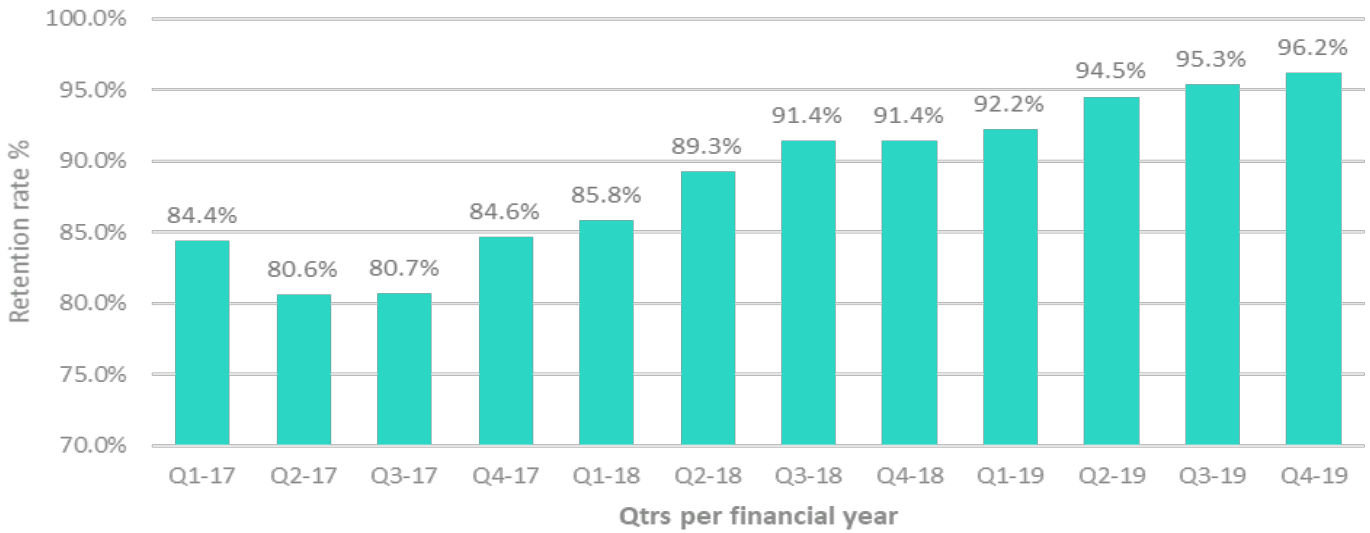
Annualised Contract Value (at the end of each quarter)



ACV (a leading indicator of future revenue) represents the annual expected revenue from contracted customers for subscription products including Online bookings, EasyFeedback and EasyCheck-in Kiosks but excludes additional revenues from setup, usage and advertising. ACV was \$5.5 million at the end of Q4 FY19, an increase of 6% from Q3 FY19.

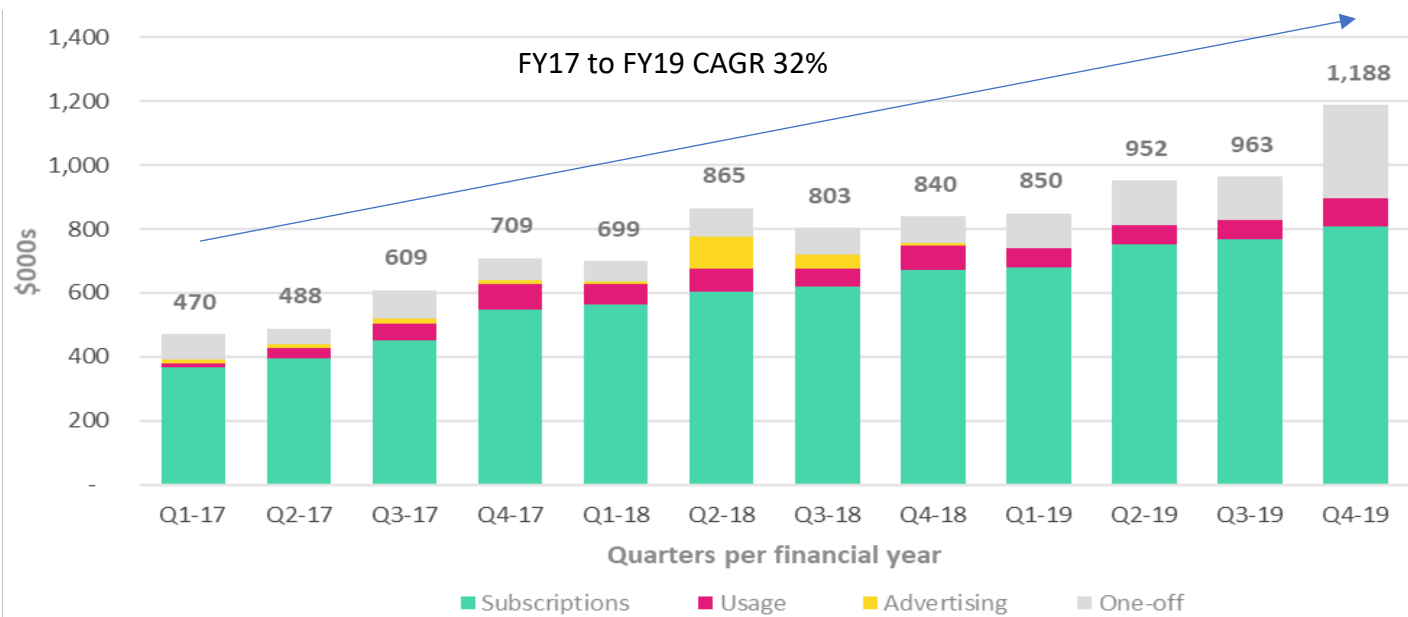
It is important to note that the new agreements with Medibank Private, Benestar Group and St Vincent's Health Australia are expected to contribute new incremental revenue to 1st's normal underlying sales momentum, in Q1 FY20 and beyond.

Annual Customer Retention Rate



1st has maintained the recent improvement in its Annual Customer Retention Rate (ACRR), a rolling 12-month average calculation. ACRR has improved from 92% at the end of Q1 FY19 to 96% in the last quarter. This demonstrates high customer loyalty and satisfaction with 1st’s products and services. Refer to the Glossary on page 8 for the definition of ACRR.

Quarterly Revenue Profile



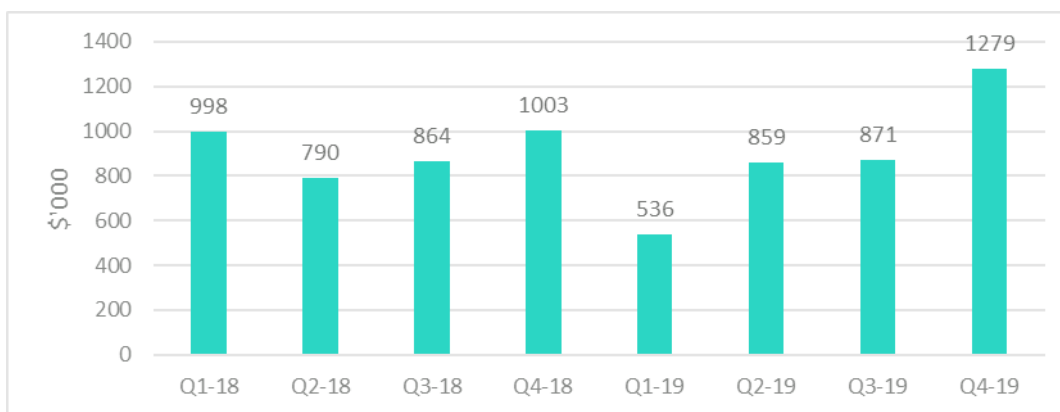
Strong one-off fees for Q4 FY19 reflect significant new customer activations, particularly in June, and paid customisation work.

Usage fees grew by 45% QoQ. We anticipate advertising revenue to return in Q1 FY20 following the consumer launch of EyeHealth1st and growth in the numbers of dental practices on MyHealth1st.

Subscription revenue for Q4 FY19 was \$809k, up by \$40k on Q3 FY19 and up by \$138k (21%) on the pcp.

NET CASH OUTFLOWS

Cash receipts for the quarter were \$1.141m, compared to \$1.133m in Q3 FY19. Net cash used in operating and investing activities in FY18 and FY19 are set out in the following table:



Net cash used in the Q4 FY19 was \$1,279k. The increase in the quarter was due to the timing of payments following receipt of the capital raise funds, an additional payroll in the quarter compared to Q3, and payments for advanced work on new major deals. The closing cash balance as at 30 June was \$2.8 million. At the end of the quarter the Company had drawn down \$900k of the additional \$1 million Standby Facility provided in December 2018 by John Plummer, the Company's largest shareholder. In Q4 FY19 1st completed a placement and share purchase plan raising \$2.6m and \$1.14m respectively.

On March 25, 2019, 1st released its 2019 Strategic Roadmap announcement and indicated the goal to achieve cash flow break even in the near term. The Company has continued confidence in the achievement of this goal and of strong ongoing growth in the business following announcements over recent months of its significant new contracts. The cash outflow for Q4 FY19 includes the investments made to support our major deals but has not yet included any impact from the additional revenue. The revenues commencing in Q1 outlined above in this update and continuing to grow thereafter are important to achieving cash flow break even.

FY20 – Outlook and New Priorities

1st expects to continue to deliver organic growth by:

- bringing on new sites at higher than historical revenue per site, and
- progressing the implementation of the recent large deals through the design and implementation stages to marketing and onboarding of practitioners.

1st is also progressing additional strategic deals in its pipeline, with some expected to be completed in H1 FY20 and others that will close later in 2020.

As outlined in our strategic roadmap and as noted above, 1st has continued confidence in the strong growth of the business and accordingly we expect to reach cashflow break even in the near term.

Further information

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About 1st Group Limited

1st Group is an ASX listed digital health group 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.

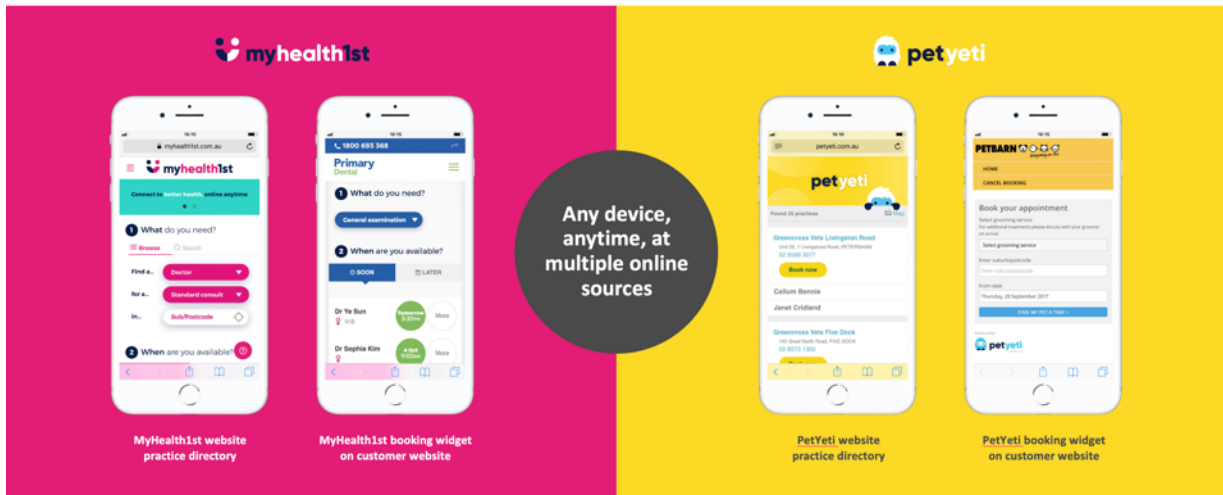
Glossary

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 set up, 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.

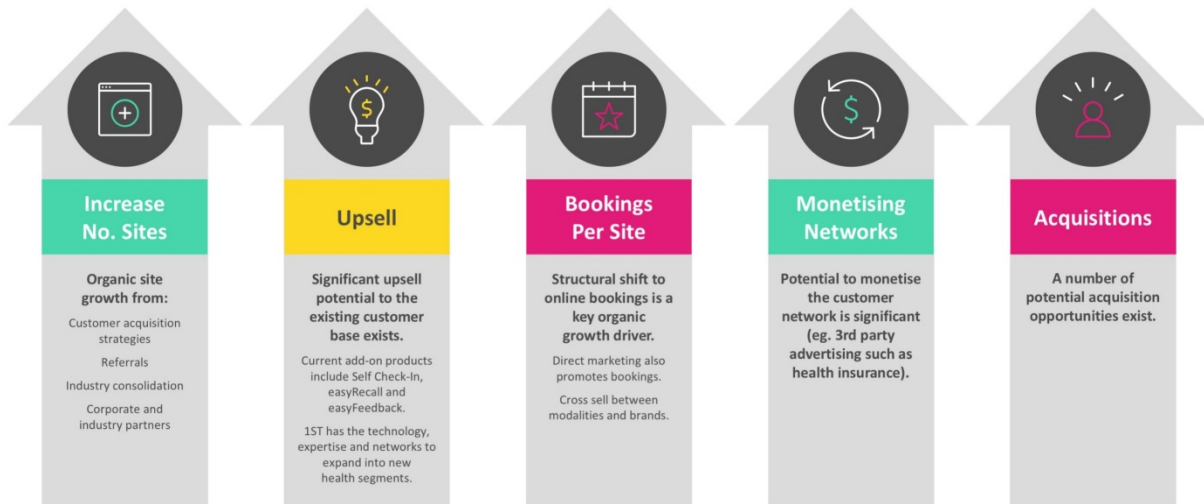
APPENDIX

Our Portals and Web Widgets

Our Solutions in Action



Multiple Growth Options



Key Investment Considerations

- Visible Path to Break-Even Cashflows**
 - Revenue growth momentum
 - Directionally positive KPIs
 - Costs stabilised
- Large Addressable Markets > \$1.9B**
 - Online health services bookings market is > \$1.9b
 - Includes online appointments, add-on products and services, and advertising
- Multiple Growth Drivers**
 - Acquire new customers as they increase their online presence and digital profile through multiple products, including online appointments
 - Upsell revenues as customers purchase additional products & services
 - Booking migration from offline to online increases patient interaction points and monetization opportunities driving broader consumer engagement, cross-sell patients to other services, including PetYeti
- Strong Recent Momentum**
 - Significant quarter on quarter revenue growth
- Significant Upsell Revenue Potential**
 - Upsell revenues are rising off a low penetration base
 - Significant existing upsell customer opportunity
 - Upsell consumer users to complementary services
- Experienced Management Team**
 - Experienced leadership team
 - Significant online experience – SEEK, HotelClub, Concur, Wotif.com, RealEstate.com.au and others