

# FY22 Roadmap

## Strategy for Growth

- **Channel Partnerships:** Invest in and grow channel partnerships to support efficient and accelerated growth
- **Digital Strategy:** Transform MyHealth1st.com.au marketplace for better performance and website traffic
- **Product Strategy:** Strengthen and mature the Company's product roadmap

## Key Company Performance Measures

- SaaS metrics that drive long term growth and profitability
- Pathway to cashflow breakeven

## Positive FY22 Outlook

- Private hospital partnerships with St Vincent's Health and Cabrini Health contributing to accelerating growth in the specialist market
- Buy Now Pay Later partnerships with Openpay, Afterpay and Latitude Pay supporting accelerating growth in the allied healthcare market and new patient leads
- Launching new MyHealth1st.com.au marketplace in September to drive increased new patient leads to practices and support advertising revenue growth
- Strong sales pipeline of major deals and additional strategic partnerships to close in 1H of FY22

**1st Group Limited (ASX: 1ST)**, the Australian digital health group, today announced its FY22 roadmap and outlook.

Klaus Bartosch, Co-Founder and Managing Director commented, *"I thank shareholders for being patient while we formulated the Company's refreshed strategy - and am now pleased to set out our FY22 Roadmap.*

*We have developed an integrated digital strategy that will drive accelerated growth for the Company.*

*We have a busy year ahead and, importantly, a year to mature the range of strategic channel partnerships we have secured to drive accelerated growth and leadership in the allied and specialist markets. Jointly with our partners we are engaging over 10,000 healthcare businesses to bring them onto the MyHealth1st platform. We expect that by December most joint marketing programs will be in full flight.*

*While current COVID lockdowns have slowed sales (and therefore revenue growth) through some of the strategic channel partner programs, our partners remain fully committed. We expect these programs to deliver increased sales momentum as we emerge from the lockdowns expected later in the first half of this financial year. We do not expect material changes to our revenues until the lockdowns in NSW and VIC are substantially eased.*

*There have also been significant changes to the Company's operations over recent weeks, including a complete change of the Company's technical leadership team, marketing team and related processes and procedures. These changes are necessary for improved performance as we prepare for our next phase of growth."*

## Integrated Digital Strategy for Growth

Accelerated growth will be delivered through focused execution in three key areas.

### 1. Channel Partnerships – An efficient go to market strategy for accelerated customer growth

The Company is focused on expanding its market leadership in two key areas: allied and specialists healthcare providers. The new contracted strategic relationships with our private hospital and Buy Now Pay Later (BNPL) partnerships provide a cost effective and influential path to engaging these sectors.

These partners have between them over 10,000 practices as existing clients – we will jointly market to these practices over the coming months to sign up to MyHealth1st.

The BNPL technology investments and pilot deployments with these partnerships are now complete and delivering excellent results for our partners and healthcare practice customers. Currently, we have around 200 practices live with the Openpay and Afterpay MyHealth1st solution, with Latitude Pay to go live by end of Q1. Comprehensive joint marketing campaigns to their thousands of existing allied healthcare merchants - to drive adoption of the MyHealth1st solution - are scheduled to commence around October 2021. We are targeting to secure in the first wave of promotions over 500 new practices by December from these campaigns.

We therefore anticipate revenue growth from the BNPL partnerships will start to ramp up in Q2.

In the first phase of engagement with Cabrini we have secured over 40 specialist locations with phase two promotions now commenced and are expecting a further 100 or more to be secured by December.

St Vincent's expansion to Brisbane Northside has secured for 1st Group over 40 specialist locations being 25% of those targeted in that region, which reflects excellent adoption in the first phase. Expansion to other hospital regions is planned for Q2 subject to the current lockdowns.

The large increase in mental health issues in the community during COVID and the Government's unprecedented mental health support package of billions of dollars has meant psychologists have been too busy with patients to engage with us in large numbers, slowing down our progress in the sector with our partner Benestar Group. When ultimately implemented this will improve the efficiency in the sector but in the meantime, we unfortunately expect growth in the sector to be slower than originally expected.

### 2. Digital Strategy – An improved platform for revenue growth

In September the Company will be launching the most significant upgrade to its MyHealth1st platform since its launch in 2012. This is a completely redesigned version of the MyHealth1st.com.au marketplace, search logic and booking experience – and reflects 18 months of development and thousands of hours of research including with end users (consumers and customers). This will deliver the best online experience available in the market for consumers and referrers looking for healthcare services. It will also deliver increased website traffic which will benefit our customers with increased new patient appointments, and open new advertising opportunities and therefore revenue growth for 1st Group.

These product changes are also designed to better support the strategic work we are doing with our BNPL partners, hospital partners, Medibank Private and Benestar where our platform is increasingly being integrated into their websites and mobile apps.

More details will be provided when the new version of the MyHealth1st platform is launched.

### 3. Product Strategy – A better product development approach

While being agile is a valuable part of 1st Group's culture, over the years it has resulted in the Company bringing new products to market too quickly in an attempt to grow revenues. As a result, not all new product launches have been as successful as anticipated. The new MyHealth1st marketplace and platform scheduled for launch in September, which has been developed over the past 18 months, is the first example of a more mature approach to product development and evolution. Over the coming weeks and months further major enhancements are scheduled.

## Key Company Performance Measures

The Company has reviewed the performance measures and SaaS metrics that best reveal both underlying Company performance and provide the most reliable indicators for future performance for investors and management.

Site Count, Portfolio Life Time Value (LTV) per Site and Customer Acquisition Cost (CAC) per Site reported previously will now be reported on annual updates. The reason for these being removed from quarterly updates is that activities in any given quarter vary considerably in terms of which markets are the focus of specific growth campaigns, the maturity of market entry or growth from existing customers. As a result, the volatility in these metrics when reported quarterly does not convey overall business information and may create investor confusion.

We believe recognised SaaS metrics of Annual Recurring Revenue (ARR), Annualised Churn (ACR) and LTV/CAC Ratio provide the most relevant performance metrics of the Company - as these metrics determine how the business is progressing.

- **ARR** (Annual Recurring Revenue) confirms minimum expected annual revenue at a moment in time prior to future sales. ARR is the value of all recurring monthly revenues at the end of the quarter normalised to a one-year period. ARR includes all revenue streams that are reliably recurring on a monthly basis.
- **ACR** (Annualised Churn Rate) (as opposed to the previous use of Annualised Customer Retention Rate) reveals annual revenue churn of cancelled customer contracts. Global SaaS standards regard a churn rate less than 5% as excellence in customer retention.
- **LTV/CAC Ratio** (Lifetime Value / Customer Acquisition Costs) provides insights into the efficiency of the investments in sales and marketing for growth. Global excellence is in the range of 3-5. Less than 3 is an indicator that a company is getting a poor return on investments for growth and greater than 5 is an indicator that the company could be investing more in sales and marketing for growth but also highlights excellent returns on those investments.

## SaaS Metrics

OVERVIEW	Q4FY20	Q3FY21	Q4FY21
ARR	\$5.45m	\$5.83m	<b>\$5.93m</b>
ACR	6%	3%	<b>4%</b>
LTV/CAC ratio	7.0	11.3	<b>11.9</b>

## Outlook for FY22

The Company has a clear and well defined integrated digital strategy to accelerate growth in FY22. This strategy is focused on three key pillars: channel partnerships, a better digital strategy for our marketplace platform, and a more mature approach to product development and monetisation.

Each of these strategic pillars are now maturing and expected to deliver strong growth of the coming quarters – and are further supported by a strong pipeline of additional opportunities in each area that are expected to close in FY22.

This announcement has been approved for release by the Board of Directors.

### Klaus Bartosch

Managing Director  
+61 414 992 811

### Richard Rogers

Chief Financial Officer  
+61 438 409 482

### Hugh Richards

Latimer Partners  
+61 415 301 664

### About 1st Group Ltd

1st Group is an ASX listed digital health group building Australia's leading health services marketplace, MyHealth1st.com.au, Australia's online pet service marketplace 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.