

Quarterly update

for the quarter to 30 June, 2017

Record sales momentum and product growth

HIGHLIGHTS

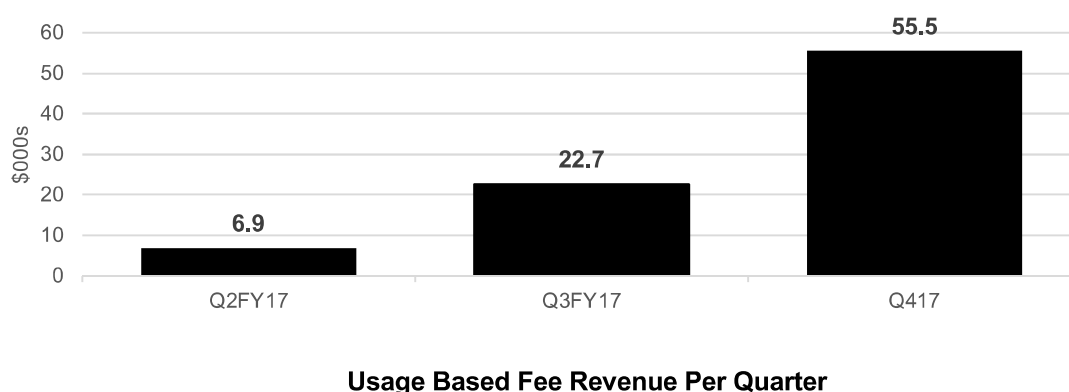
- Subscription-based Monthly Recurring Revenue (MRR) up 47% from previous corresponding quarter to \$261k (MRR excludes usage fees, variable and one off fees)
- June 2017 annualised committed MRR now totals \$3.13 million, up from \$2.61 million at March 2017
- Marketing investment in Q3 and Q4 delivering strong sales
- Usage fees increase 145% quarter on quarter to \$55.5k
- Continued take up of EasyRecalls, with 55 new sites added
- Over 450 sites now signed up to New EasyFeedback product first launched in Q3
- Revenue for Q4 \$0.7m, up 16% on previous quarter
- \$2.9m Cash at 30th June

1ST Group Limited (ASX: 1ST), the Australian online health, media and technology group which operates the MyHealth1st and PetYeti online portal communities and the GObookings SaaS platform, reported record quarterly sales for subscription-based products and continued growth in usage-based products for the quarter ended 30 June 2017.

Accelerating adoption of usage-based products

Adoption of the group's usage-based digital products accelerated, increasing fees to \$55.5k for Q4 FY17, up 145% from the previous quarter and demonstrating the growth potential of 1ST Group's digital products which help consumers communicate with their healthcare service providers online.

The company's usage-based digital products include EasyRecalls which was launched in Q2. Usage-based fees complement the group's existing subscription-based revenue (MRR). 55 new sites signed up for usage-based products in the fourth quarter, with most new sites expected to be onboarded during Q1 FY18.



Increasing subscription sales

The group provides subscription-based services to the private practice healthcare market, which includes GPs, physiotherapists, chiropractors, and medical specialists, and also to other healthcare markets including pharmacies, hospitals, government healthcare agencies, radiologists and pathologists, vets and pet care service providers.

The number of practices using the MyHealth1st and PetYeti online portals continued to grow, with PetYeti having its strongest sales since the launch of the platform.

The newly-developed Myhealth1st EasyFeedback product commenced a trial at 26 sites in Q3. This product assists practices to engage patients, helping to improve the patient's experience and build practice loyalty. Following a successful trial of the new product, 1ST Group has now signed enterprise deals for over 450 sites to use EasyFeedback. The full product marketing and roll out will commence in the first quarter of FY18.

EasyFeedback integrates with Practice Management Software and automatically invites patients who have had an appointment with a practice (whether they booked online or not), to provide post appointment feedback about the practice's services, the patient's understanding of the advice provided to them by the practitioner, a Net Promoter Score and instant notifications to the practice in the event of poor feedback or a problem so that immediate action can be taken.

Group Monthly Recurring Revenue (MRR)

(excludes usage, one-off fees and variable fees)

New contracts sold in the quarter increased MRR by \$43k, compared with an increase of \$16k in Q3. On an annualised basis, the **June 2017 committed MRR totals \$3.13 million**, up from \$2.61 million in March 2017. MRR measures recurring subscription revenue and excludes usage fees from usage fee products, one-off fees such as development and set-up fees, and variable revenue. At the end of Q4 FY2017 the group's MRR was \$261k, up 47% from \$177k in Q4 FY2016 and an increase of 20% compared to the previous quarter.



Monthly Recurring Revenue at the end of each Quarter

Cash flow and corporate

1ST Group ended the quarter with \$2.9 million in cash. The company is investing in its business, and monthly expenditure currently exceeds cash inflows by \$0.27 million per month. Cash receipts increased by 88%, driven by revenue growth and strong collections.

Q4 FY17 total revenue was \$0.7 million, up 16% compared to Q3 FY17.

Management comment

1ST Group Managing Director, Klaus Bartosch, said: “New deals are contributing to strong revenue growth and usage-based fees are increasing. We are making progress with onboarding new sites more quickly which will contribute to recurring revenue.

“We are very pleased that our marketing investments in the second half have delivered strong sales momentum, and that our new products continue to drive additional revenue from existing and new customers. Consumer and business acceptance of our new products is very encouraging and we expect the resultant usage fees to add substantially to our subscription revenue over time.”

“Our business is no longer dependent on a single source of revenue from subscription services for booking appointments online. It now includes a range of integrated digital healthcare products that enable and facilitate stronger engagement between the patient/customer and his or her service provider or care network.

“We are particularly pleased to see our existing product platforms being exploited through PetYeti, which has now expanded beyond the vet market to include pet grooming and washing services.”

1ST Group's online patient engagement platforms are: MyHealth1ST for consumers and healthcare providers; PetYeti, which provides consumers a search and appointment booking service for veterinary practices and other pet services; and GObookings which services the complex booking needs of large corporate and government clients, and customers with more complex appointment booking requirements.

- ENDS -

Further information

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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.au. 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. To find out more visit 1stGrp.com, MyHealth1st.com.au, PetYeti.com.au and GObookings.com.au.