



Business Update Investor Presentation

Australia's leading, high growth and trusted digital health group
14 October 2020

Klaus Bartosch

Chief Executive Officer

Richard Rogers

Chief Financial Officer

Personal use only

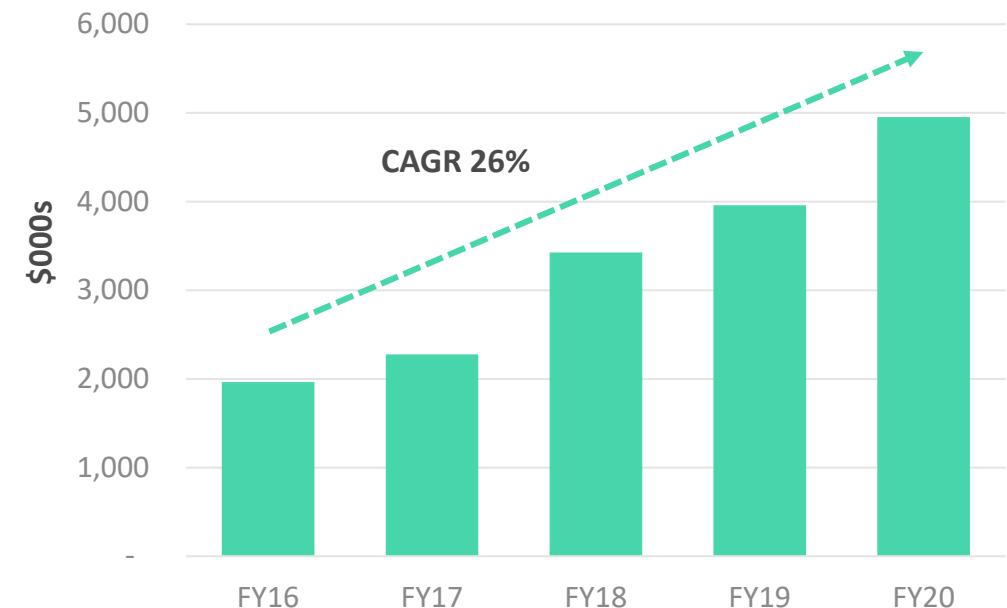
1st Group – Company Overview

1st is a leading digital health platform and marketplace, enabling health practitioners to engage with their customers online

Highlights

- At the forefront of the shift to online health, allowing consumers to find, book and engage with healthcare providers, including remotely via Telehealth, with a market leading position in independent optometry, pharmacy and vet/pet services and now expanding site growth in dental, psychology and Specialists sectors
- Leading number of practice management software integrations, simplifying patient engagement for large corporate and government customers and private practices
- Highly experienced team with deep expertise in building and monetising online platforms
- **Strategy to expand and commercialise our leading positions in key verticals**
- **Attractive SaaS unit economics, 7x LTV/CAC and 94% customer retention supports growth investments to build scale**

Revenue growth



Key Statistics

Site growth of **43% CAGR** to **11,334** as of June 2020

Over **12.5 million** appointments taken to date

Portfolio Lifetime Value of **\$89.4m**

\$1.2bn current addressable market (CAM)

CEO Update

Landmark contracts are expected to deliver further growth in FY21, following delays due to bushfires and COVID-19. Strong SaaS unit economics with LTV/CAC ratio of 7.0 and Portfolio LTV of \$89.4m

Result for FY20

- Annualised Recurring Revenue (ARR) up 30% from June 2019 to \$5.45m
- Revenue \$4.95m up 25% vs FY19

Operational update

- Delivered new products to support customers during COVID-19
- Ongoing customer engagement on landmark deals despite COVID-19 delays

Major projects update

Bushfires and COVID-19 caused unexpected delays to previously announced landmark agreements. Momentum has been re-building in 1H FY21:

- In July the program to engage the estimated 900 existing independent psychologists associated with Benestar Group commenced
- Expansion of the St Vincent's project into other regions is expected to re-commence in 1H FY21 having been paused due to COVID-19
- Discussions are ongoing regarding timing of the expansion of the Medibank project now that dental businesses have re-opened
- Openpay partnership progressing to plan

COVID-19 update

- COVID-19 impact: 282 customers closed and suspended billings during April and May. Most have now re-opened

Latest trading update

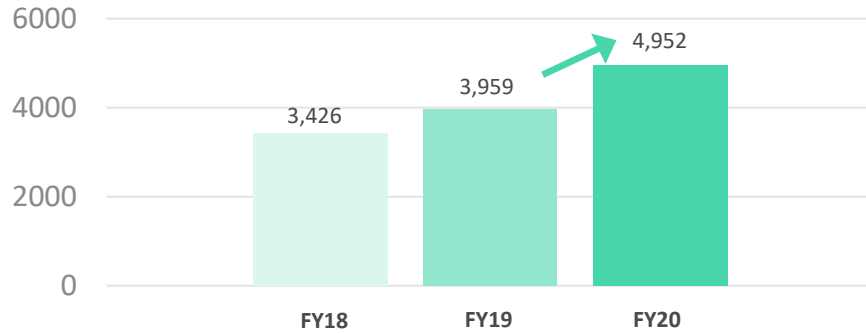
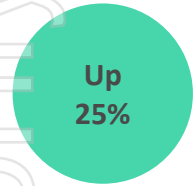
- Momentum rebuilding on major landmark contracts, with expected positive impact in FY21
- Well positioned to benefit from COVID-19 related shift to online health

Digital health adoption

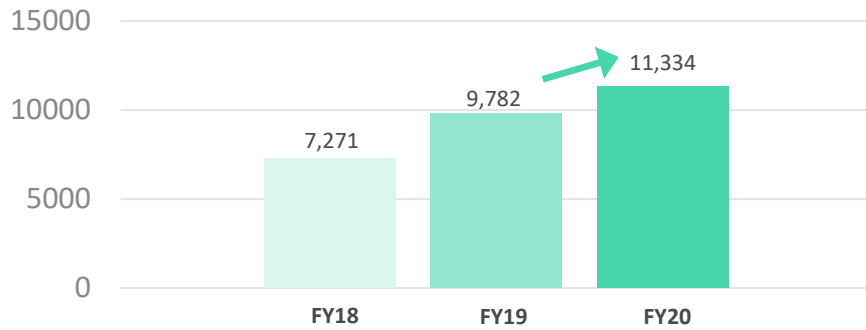
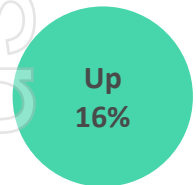
- Expect increasing shift to video based Telehealth as consumer preferences mature
- Launched new products: EasyTelehealth, EasyHealthPayments and Digital Marketing services to support our customers to maximise the benefits from accelerated shift to online health in their market

Growth Across Key Drivers

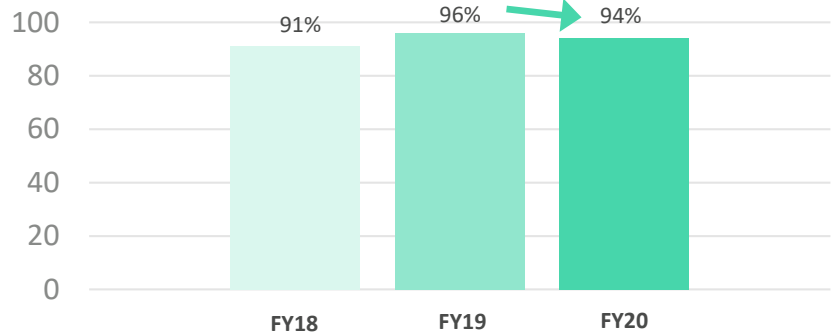
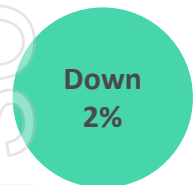
Total Revenue \$'000



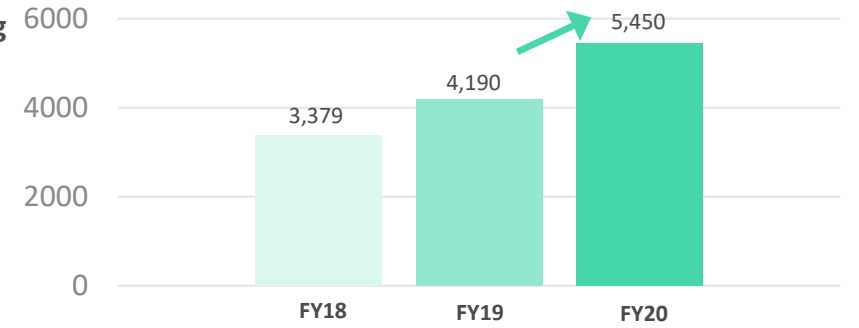
Customer Sites



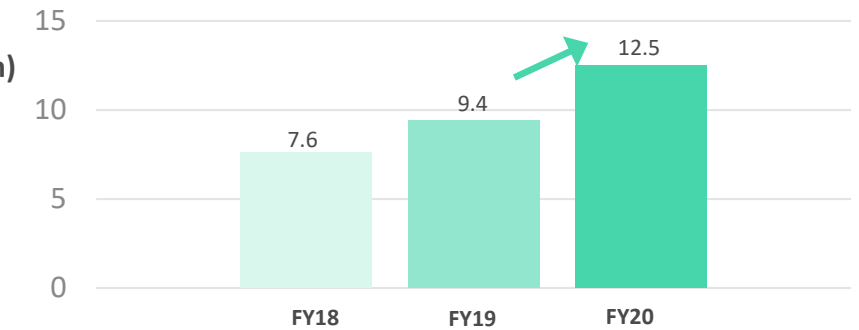
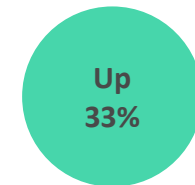
Annualised Customer Retention Rate %



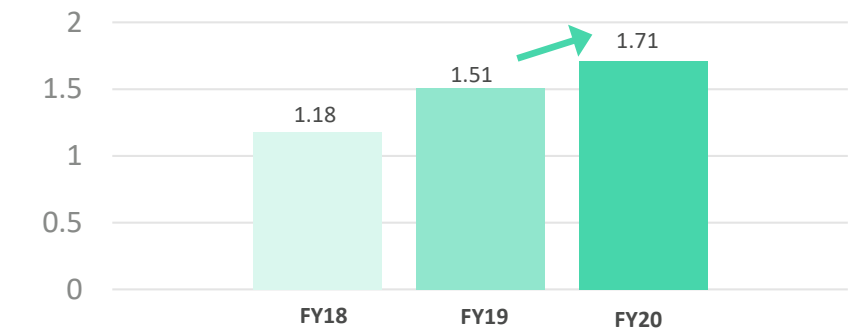
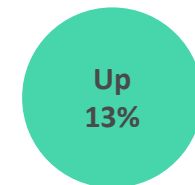
Annualised Recurring Revenue (ARR) \$'000



Consumer Bookings Since Launch (Million)



Products Per Site

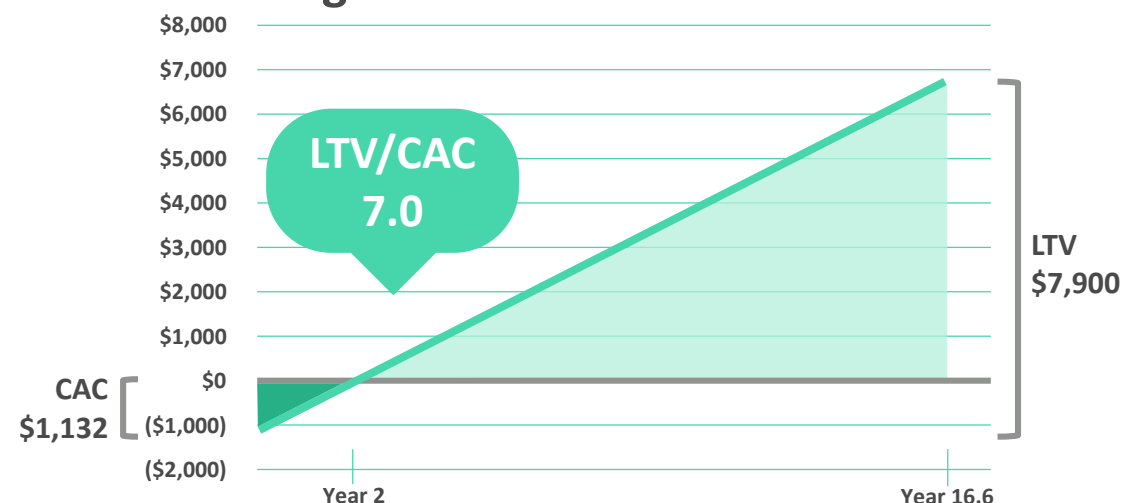


Note: Percentage growth rates based on FY20 based on pcp

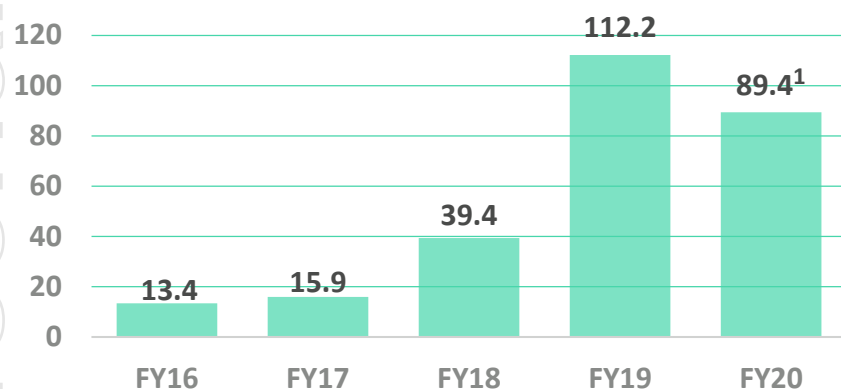
Unit economics and track record of value creation

	June 2020	Change YoY
ACV per Site	\$577	↑
ACV Churn	6%	↓
Gross Margin	82%	→
LTV per Site	\$7,900	↓
LTV/CAC	7.0	↓
CAC months	24	↑

Growth investments drive long term value creation



Portfolio Lifetime Value \$m



Note 1: PTLV is sensitive to changes in ACV churn. Had churn remained at 4% PLTV would have been \$134m.

Portfolio Lifetime Value (PLTV) Waterfall



Attractive Unit Economics - SaaS Metrics

7x Lifetime value (LTV) / customer acquisition costs (CAC) - supports growth investments

	June 2019	June 2020	Calculation
Revenue per Site (historic per month)	\$34	\$36 ²	$\frac{\text{Total revenue per month}}{\text{Number of sites}}$
CAC	\$593	\$1,132	$\frac{\text{Last 12 months CAC}}{\text{No. of new sites added}}$
Annualised churn%	4%	6%	Annualised actual ACV churn rate
Sites	9,782	11,334	Site Count
LTV per site	\$11.5k	\$7.9k ¹	$\frac{\text{ACV per site} \times \text{Gross Margin\%}}{\text{ACV churn rate}}$
LTV / CAC	19.4	7.0 ³	$\frac{\text{LTV per site}}{\text{CAC per new site}}$
Portfolio LTV	\$112.2m	\$89.4m	LTV per site x no. of sites

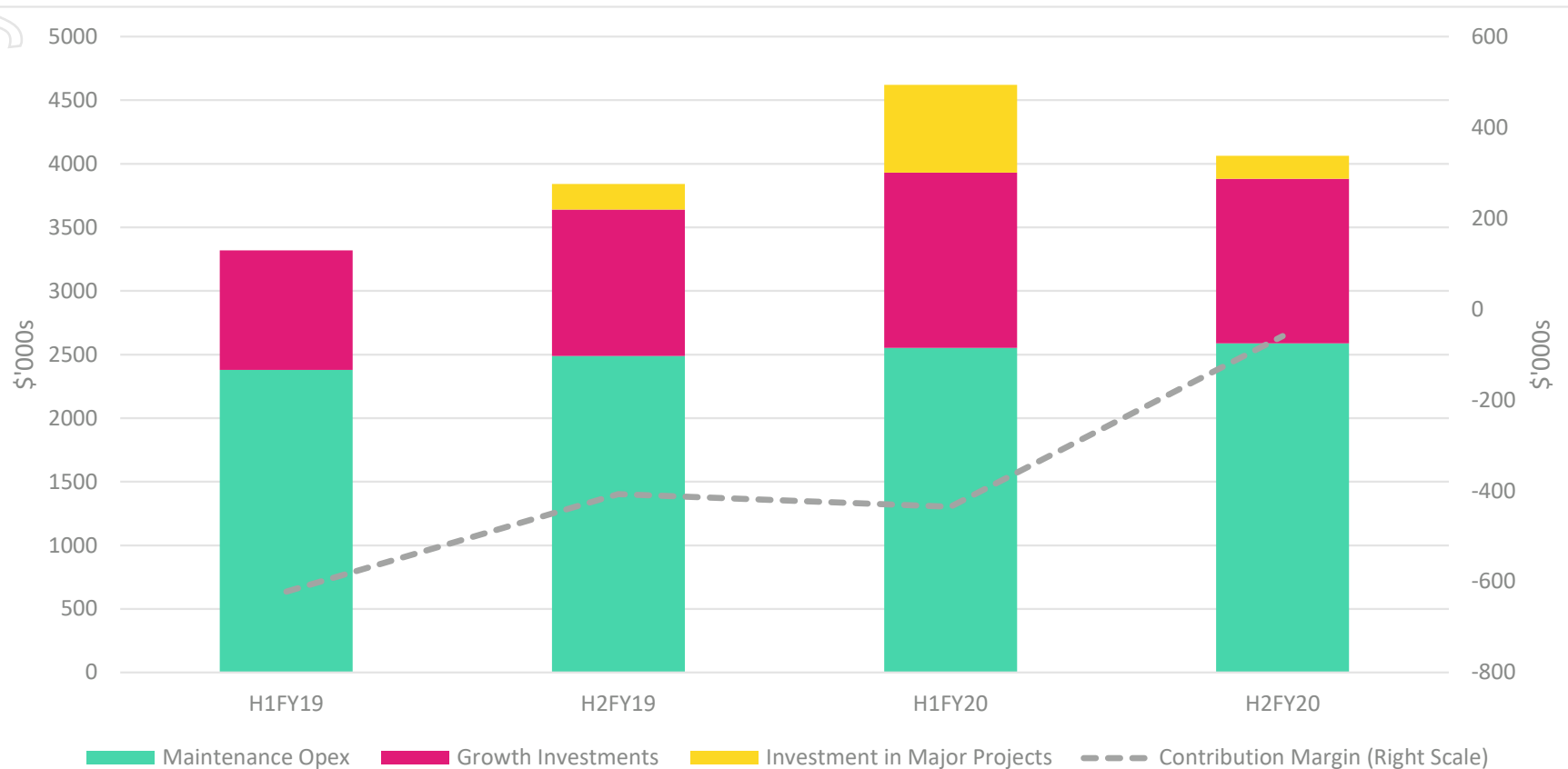
NOTES:

1. LTV currently excludes the significant upsell opportunity by adding value to existing customers through adoption of additional products and services over time
2. New sales average revenue per site exceeds \$130/month
3. LTV/CAC is very sensitive to churn, which increased to 6% from previous years 4%, hence LTV/CAC ratio reduced from 19.4 to 7.0.

See slide 23 for glossary of SaaS metrics

Rising Contribution Margin with investments for growth

Costs controlled with attractive unit economics driving investments in growth and major projects



NOTES:

- 3 major contracts signed in H2FY19:
 - St Vincent's Health Australia
 - Benestar
 - Medibank
- Maintenance Opex consistent averaging \$1.25m pq
- Growth Investments in FY20 \$2.7m supported by 7x Life-Time Value (LTV) / Customer Acquisition Cost (CAC)* unit economics
- Improving Contribution Margin* with positive trajectory, improvements on an ongoing quarterly basis

*** See slide 23 for glossary of SaaS metrics**

COVID-19 Update

- Subscription revenues and usage fees largely intact through the Coronavirus (COVID-19) restrictions, despite interruptions to many of our customers' operations.
- 282 customer sites temporarily suspended billings in April.
- Most sites have now re-opened for business.

- COVID-19 caused unexpected delays to previously announced landmark agreements.
- We have maintained engagement during COVID-19.
- Momentum has been re-building in Q1. We now anticipate these projects to contribute to growth during FY21.

- COVID-19 has brought forward the structural shift to online in the healthcare market.
- For example, during the pandemic patients and healthcare providers increasingly turned to 'telehealth' to deliver easier and improved access to healthcare services.
- The 'phone' was the predominant telehealth platform due to COVID-19 Medicare measures introduced by government.
- We anticipate an increasing shift to video-based telehealth as consumer preferences mature.

- The impact of the pandemic is ongoing, but it is not practical to estimate the impact after the reporting date.
- The situation is rapidly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

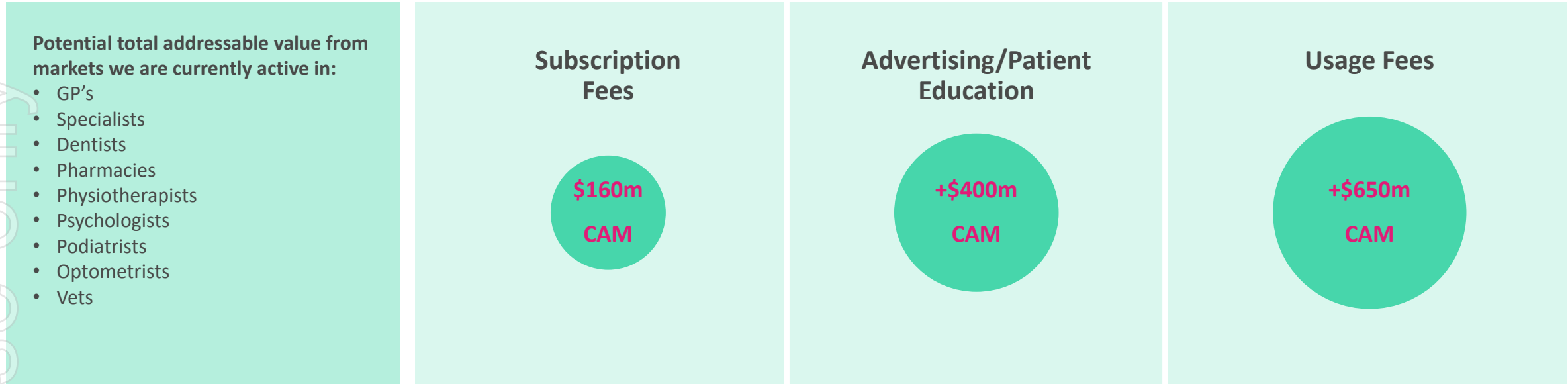
Revenue Model: Multiple sources with 75% from recurring subscription fees

1st Group has multiple revenue sources. Historically driven by online appointment booking subscription fees. Now the growth opportunity has been extended by providing customers with a range of additional value-added products and services

Revenue Category	1 Subscription Fees (Monthly Recurring Revenue)	2 One-off Fees	3 Advertising (Monthly Recurring Revenue)	4 Usage Fees (Monthly Recurring Revenue)
Products or Services	Online bookings EasyCheck-in Kiosk EasyEngage	Setup Training Customisation	Digital ad services Patient Education Marketplace new patient booking fees	EasyRecalls SMS EasyTelehealth Booking Fees
FY20 Revenue	\$3,704K	\$902K	\$48K	\$296K

TAM sources: A calculation based on available provider and practice numbers drawn from the Government agency AHPRA, and industry association published numbers across all available healthcare services, including natural therapies, and based on existing 1st Group product fee structures

Current Addressable Market (CAM) - \$1.2b



Total Addressable Market (TAM) \$2.2b TAM in broader Digital Health Market



TAM sources: A calculation based on available provider and practice numbers drawn from the Government agency AHPRA, and industry association published numbers across all available healthcare services, including natural therapies, and based on existing 1st Group product fee structures.
TAM value has increased from the previous \$1.9B quoted due to increases in number of providers.

Platforms and Online Health Marketplaces

1st Group platforms integrate with around 45 existing Practice Management Software (**PMS**) systems, providing coverage of approximately 99% GP, 90% dental, 75% specialist and 75% allied healthcare services markets.

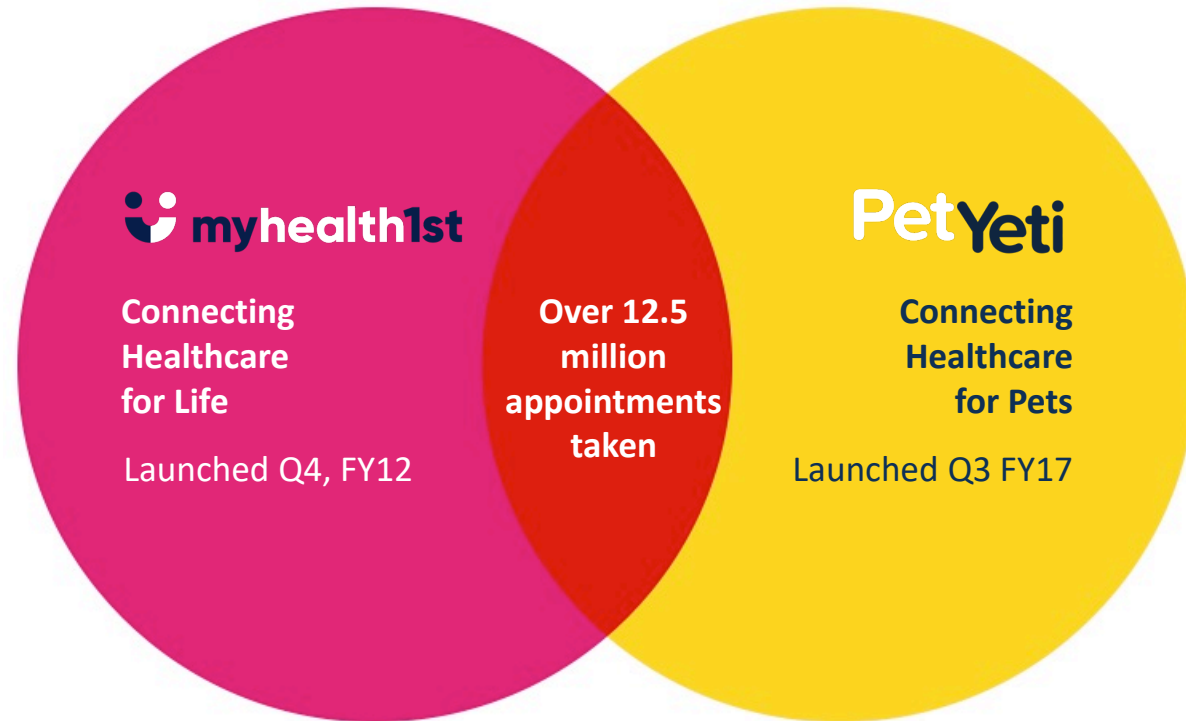
Total number of customer sites

11,334 sites as of June 2020

MyHealth1st.com.au and PetYeti.com.au are consumer marketplaces for people searching for new service providers

SaaS Platforms & Marketplaces*

Connecting healthcare for all family members



* Marketplace refers to the diverse range of services that existing and new pet and human health consumers can search for and book on our platform, including access to new providers

Current Product Suite – Creating a digital patient journey

1ST Group's product suite vastly improves the entire consumer and patient experience, thereby creating loyalty to the practice/business, improving retention rates and enhancing lifetime customer value creation

Problem

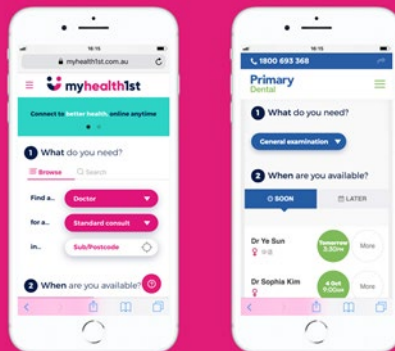
- 50m appointments still booked by telephone each month in Australia
- Complex, dated and inefficient patient management systems
- Difficulties in finding, selecting and booking local healthcare services
- Poor collaboration between healthcare providers
- Google is an unreliable source of health content

Solution

- Works seamlessly with existing patient management systems
- A convenient, easy to use, online healthcare booking platform
- Simplifies interaction between all health service stakeholders
- MyHealth1st is trusted, engaging and informative healthcare content

Connect & Book →

myhealth1stmarketplace
onlineappointments
digitalmarketing



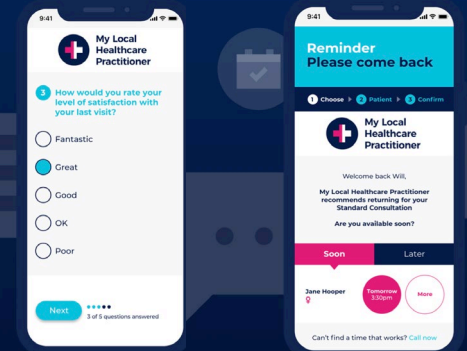
Practice Efficiency →

easycheck-ins
easytelehealth
easyhealthpayments



Continuity & Retention

easyrecall
easyengage
1stinsights



Integrated Digital Patient Engagement & Advertising Services

Market Positions

Optometry

~1,300 sites (65%)
Est. TAM 2,000 sites

#1



Pharmacy

~3,000 sites (75%)
Est. TAM 4,000 sites

#1



Vet/Pet Services

~700 sites (20%)
Est. TAM 3,600 sites

#1



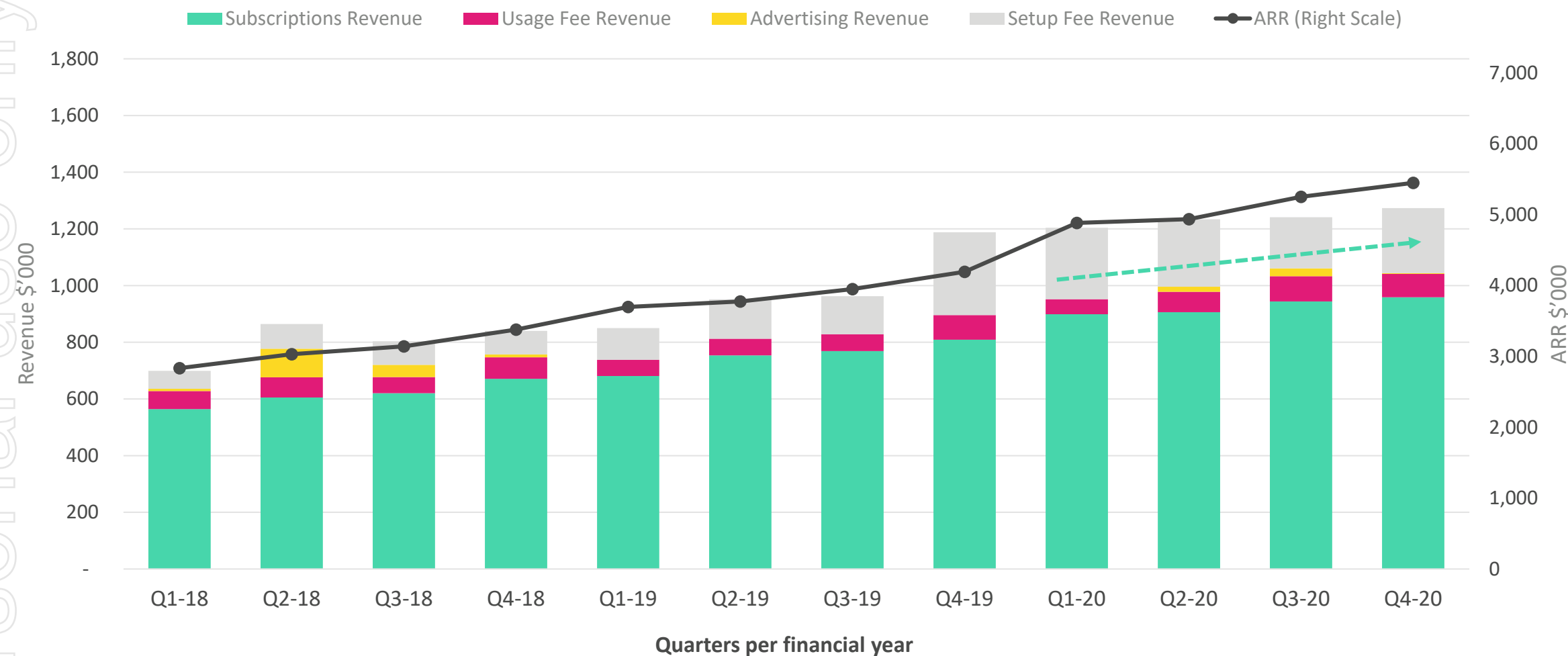
Other Sectors

GP, Dental, Allied, Specialists, Hospitals, Gov, Corp. etc
~6,300 sites | Estimated TAM 140,000 sites



Revenue Analysis

Annualised recurring revenue (ARR*). 2 year CAGR 27% (FY20 vs FY18)
 High quality recurring revenue sources underpinned revenue growth in FY20



* Note: ARR is the value of all recurring monthly revenues at the end the quarter normalised to a forward looking one-year period. ARR includes all revenue streams that are reliably recurring on a monthly basis.

Financial Results

	2020 \$	2019 \$
Revenue	4,950,003	3,959,158
Expenses		
Loss on disposal of assets	(812)	(788)
Advertising and marketing expenses	(1,251,699)	(984,307)
Professional and consulting fees	(629,127)	(475,408)
Operations and administration expenses	(3,450,342)	(2,895,462)
Employee benefits	(4,337,651)	(3,489,597)
Depreciation and amortisation expenses	(159,108)	(396,288)
Finance costs	(164,808)	(162,502)
Loss before income tax benefit	(5,043,544)	(4,445,194)
Income tax benefit	36,504	141,102
Loss after income tax benefit for the year attributable to the owners of 1st Group Limited	(5,007,040)	(4,304,092)

Balance Sheet: Cash and Funding Position

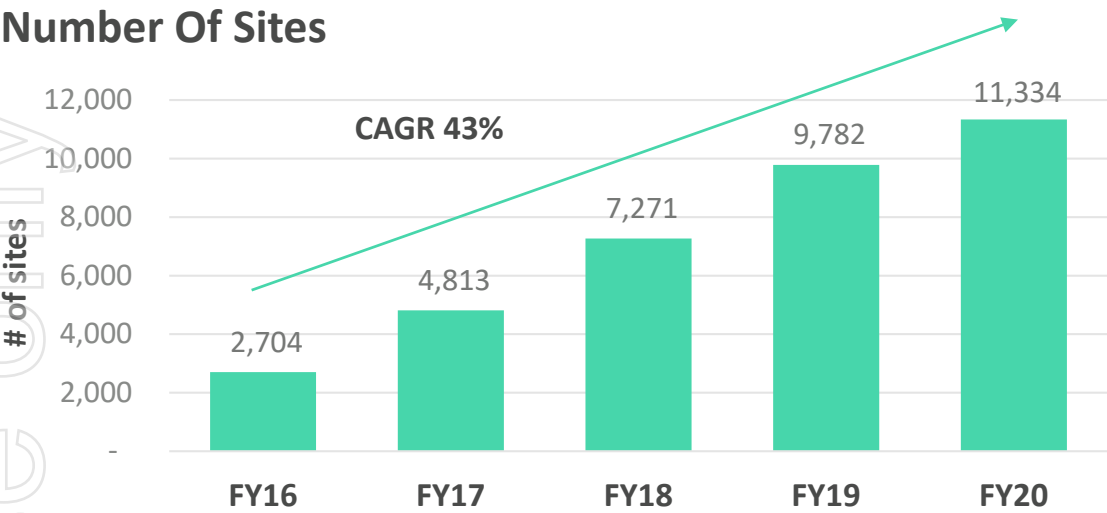
\$000	At 30 June 2018	At 30 June 2019	At 30 June 2020
Cash	277	2,773	2,054
Undrawn Facility	1,000	100	450
Total Available Funds	1,277	2,873	2,504
Facility	2,000	2,000	2,000
Drawn	1,000	1,900	1,550

Update on cash and funding

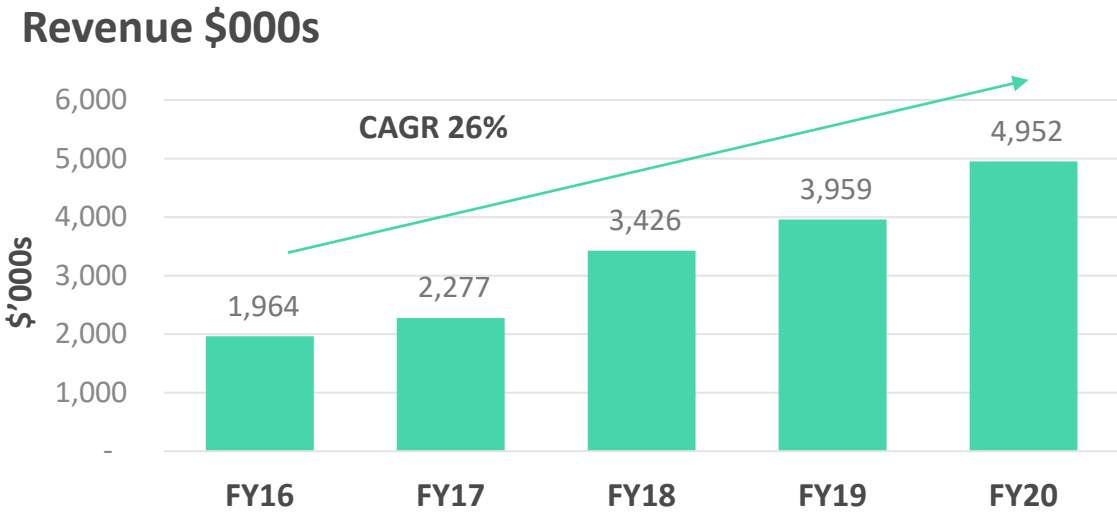
At 30 June 2020, the Group held \$2.05m in cash. Given the Company's growth prospects and progress, cornerstone shareholder Mr John Plummer has agreed to increase the current convertible loan facility to the Company from \$2m to \$3m, on the same terms, **should it be required**. The Board appreciates John's ongoing support of 1st Group. This standby facility continues to enable the Company to execute its business strategy confidently and drive further sales and site growth. Subject to revenue increasing and costs remaining stable cash burn is expected to reduce in FY21.

5 Year Financials and Drivers

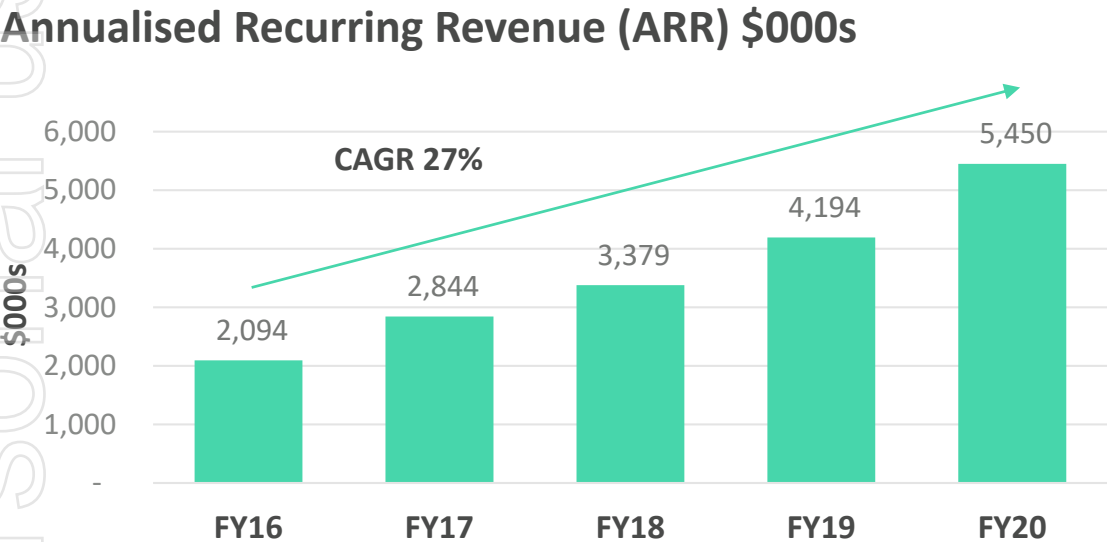
Number Of Sites



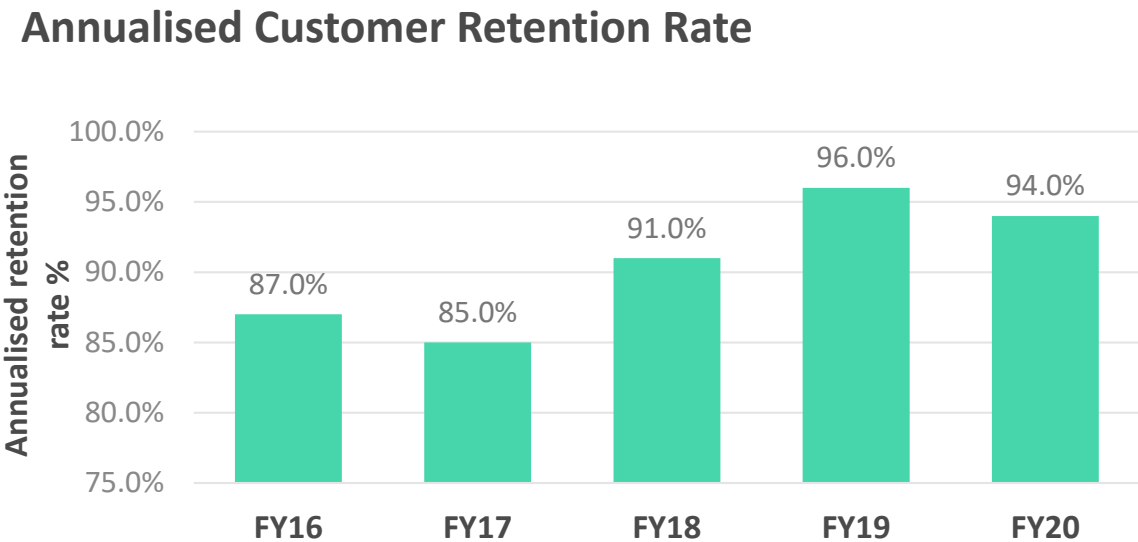
Revenue \$000s



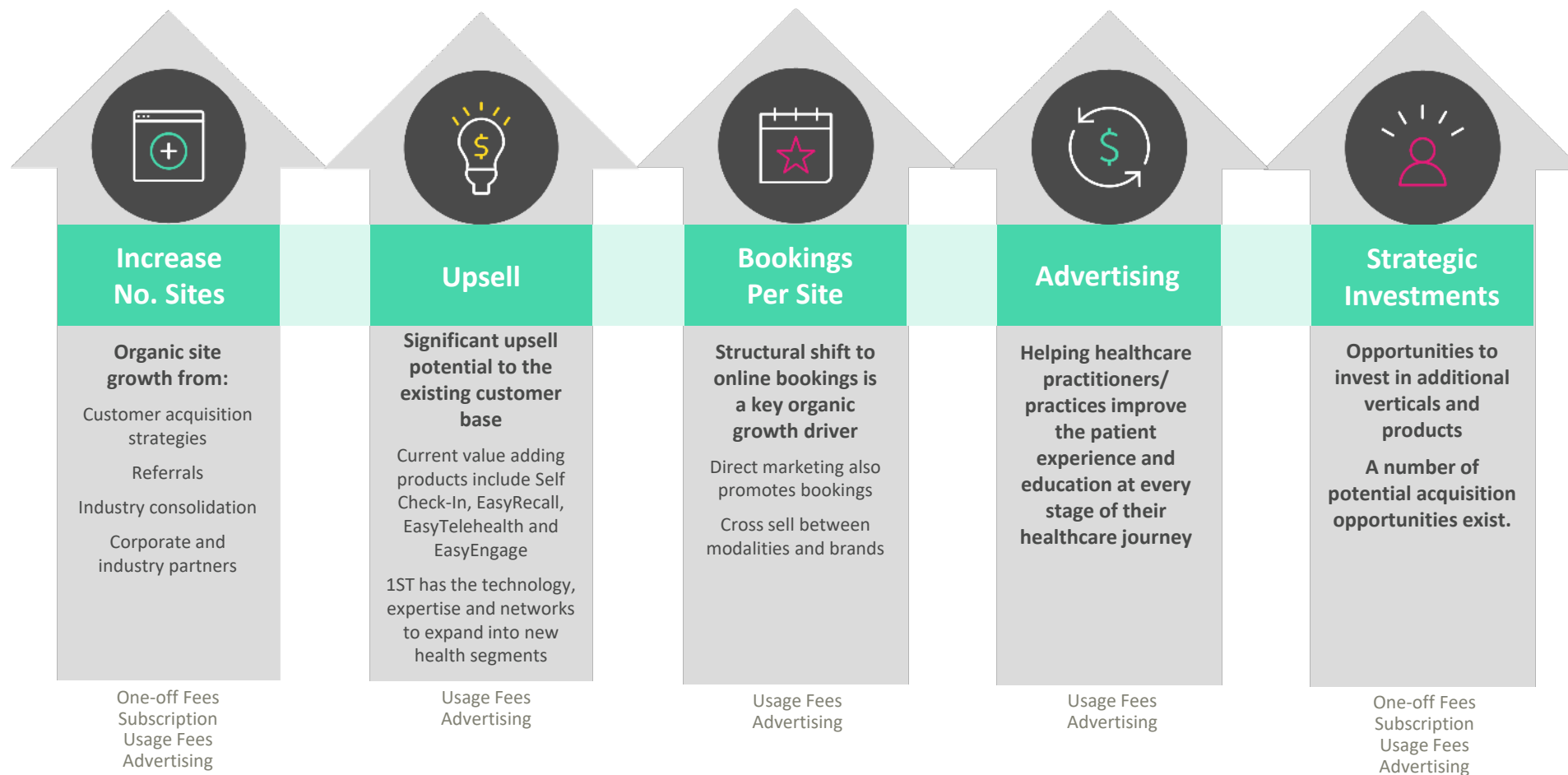
Annualised Recurring Revenue (ARR) \$000s



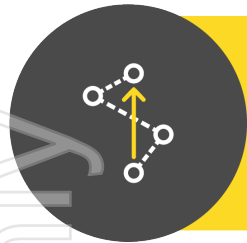
Annualised Customer Retention Rate



Growth Strategy



Key Investment Considerations



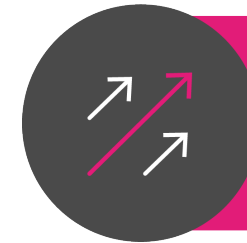
Rising Contribution Margin

- Revenue growth momentum
- Directionally positive SAAS metrics
- Contribution Margin breakeven



Large Addressable Markets

- Large online health services market
- 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
- Increased value add 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



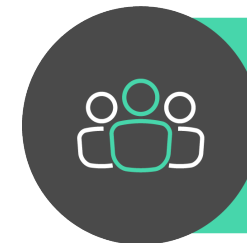
Strong Momentum

- Continued quarter on quarter revenue growth
- Landmark deals to contribute to revenue growth on FY21 as deployments mature
- Structure shift to online healthcare accelerated due to COVID-19



Significant Upsell Revenue Potential

- Growing new product and service offerings that bring significant added value to customer operations
- Upsell consumer users to complementary services



Experienced Management Team

- Experienced leadership team
- Significant online experience – SEEK, Concur, Wotif.com, Realestate.com.au and others

Board and Management



Trevor Matthews

Chairman
(Retiring at AGM)

Trevor is also chairman of the State Insurance Regulatory Authority, CMC Markets Australia and FNZ Asia Pacific and a non-executive director of AMP Life, Resolution Life NOHC, Bupa Australia and New Zealand, and Edelweiss Tokio Life.

He has a Masters of Arts (Actuarial Studies) from Macquarie University, is a Fellow of the Institute of Actuaries in both Australia and the UK, and a Fellow of the Australian Institute of Company Directors.



Klaus Bartosch

MD, CEO & Co-Founder

Klaus is an experienced CEO and Sales Director, having previously worked for private and ASX listed companies, and co-founder of 1stGroup.

Previously, Sales and Marketing Director for the then ASX listed Hostworks where he helped increase shareholder value by over 400% in just 4 years before Macquarie Group acquired it in 2007 for c.\$69 million.



Paul Welch

Non-Executive Director
(Incoming Chairman at AGM)

Paul is an Executive Director of J R Richards & Sons and was previously a partner at PricewaterhouseCoopers Australia, Baker McKenzie and Deloitte Australia with extensive commercial experience in the technology sector in Australia and Silicon Valley.

Paul is also a practicing solicitor, a Fellow of the Governance Institute of Australia and a Member of the Society of Trust and Estate Planners.



Mike Emmett

Non-Executive Director

Mike is CEO of AUB Group and was CEO of Cover-More Insurance prior to it being acquired by Zurich Insurance.

Prior to Cover-More, Mike held senior leadership roles in Australia, the UK and South Africa at QBE, EY, Morse, IBM, Accenture and PwC.



Louise McElvogue

Non-Executive Director

Louise is a Director of HealthDirect, the Federal and state government telehealth service and Whitehawk (ASX: WHK), a US-based cloud cybersecurity exchange for small to medium enterprises.

Louise is a Fellow of the AICD and a Professor of Industry at UTS Business School. Prior to that she has worked in the US, UK and Australia for companies including McDonald's Diageo and the BBC.



Richard Rogers

Chief Financial Officer

Richard is an IT industry CFO with extensive experience gained in large and small entities, spanning e-commerce, hardware, software, consulting, services and solutions.

Previously Richard was CFO at Lenovo, HotelClub and Dell in addition to smaller privately-owned businesses. Richard is a Fellow of the UK Institute of Chartered Accountants and a member of the AICD.



Joel Reynolds

Chief Technology Officer

Experienced senior manager of listed, private and not-for-profit organisations.

Previously Production Services Manager at Seek Limited.



Mirné Le Roux

Chief Customer Officer

As a qualified medical professional, Mirné has fulfilled various senior leadership roles within listed retail companies such as Woolworths Ltd, international medical and healthcare giants such as Medtronix and Hoya.

Previously Mirné was Director of Operations at Hoya Lenses and a previous owner and founder of a private practice.



Eddie Quinones

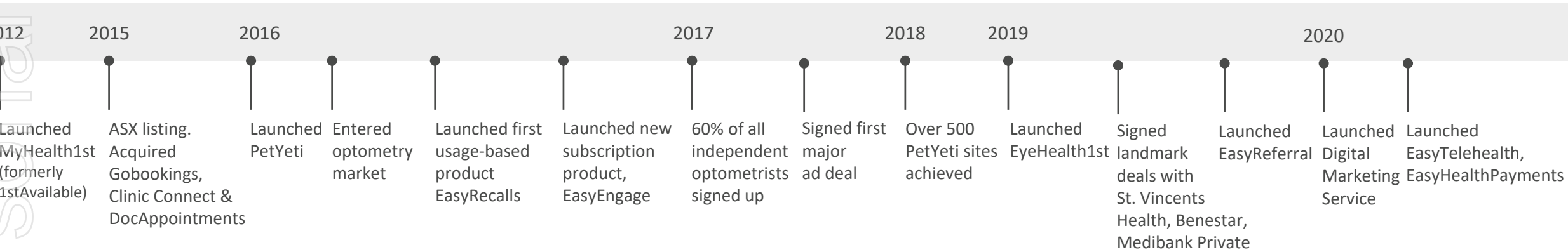
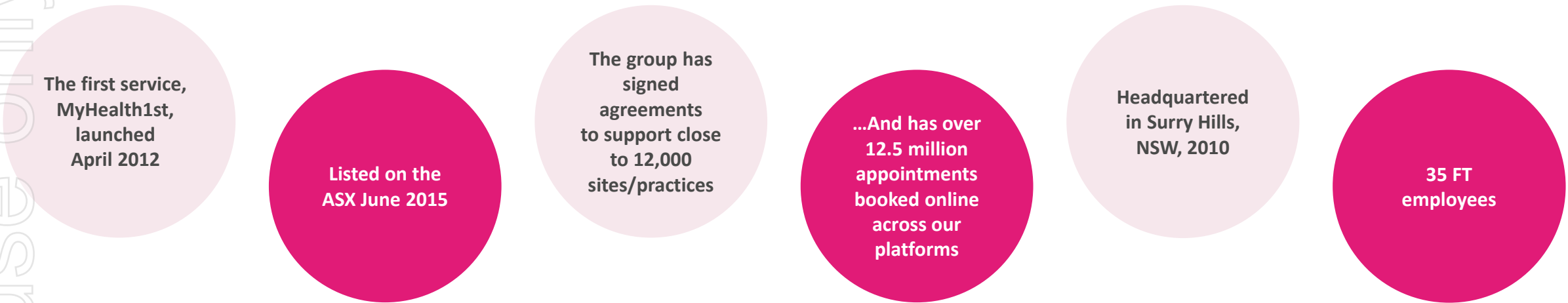
Sales Director

Experienced sales executive within the SaaS, IT and Digital environments, working for high profile performance national and international business to business organisations.

Previously Sales Manager with Sensis and Concur.

Company History

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**



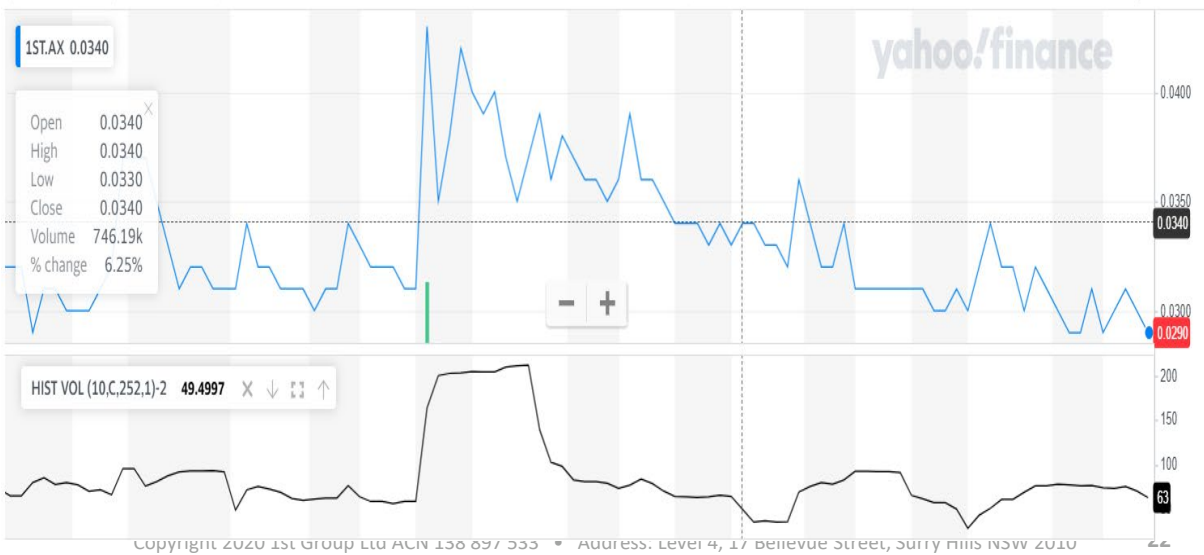
Financial Overview

Capital Structure

Stock Information	ASX:1ST
As at 13 October 2020	
Share price	\$0.029
52 week share price range	\$0.018 - \$0.089
Shares on Issue	424.6m
Options (average exercise price \$0.15)	21.4m
Fully diluted capital	446m
Market Capitalisation (excluding options)	\$12.3m
Convertible note drawn (as at 30 Jun 2020)	\$1.55m
Cash and undrawn convertible note (as at 30 Jun 2019)	\$2.5m
Date listed	09 June 15

Key Holders	%
Mr John Charles Plummer	25.2
Kinderhook Partners LLC	4.8
Mr Tony & Helen Gandel	4.2
Mr Trevor Matthews	2.4
Mr Ruairi O'Mainian	2.2
RJM Luu Pty Ltd	1.9
Top 20 holders	56.5%

Board & Management held as at 1 October 2020: 24.5m Shares & 16m Options



SaaS Industry Metrics Glossary

ARR

Annualised Recurring Revenue (ARR) is the value of all recurring monthly revenues in a month normalised to a one year period. ARR includes all revenue streams that are reliably recurring on a monthly basis.

ACV

Annualised Contract Value (ACV) represents the annual expected revenue from contracted customers for subscription products. 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.

ACRR

Annualised Customer Retention Rate (ACRR) is calculated as $100\% - \text{ACV Churn Rate}$.

LTV

Lifetime value (LTV) is the gross margin expected from a customer over the lifetime of that customer. This is calculated by the average customer lifetime (1 divided by churn), multiplied by the ACV and gross margin %.

CAC

Customer Acquisition Cost (CAC) is all marketing and direct sales costs for new customer acquisition for the year divided by the new sites added in the period.

PLTV

Portfolio LTV (PLTV) is the average LTV times the number of sites.

Gross Margin

Gross Margin is Revenue minus Cost of Services (COS), which includes hosting costs, third party and transaction costs such as cost of SMS messages and credit card merchant fees.

Contribution Margin

Contribution Margin is EBITDA before taking into consideration the impact of investment in sales and marketing for growth, and corporate costs related to operating an ASX listed entity.

LTV / CAC Ratio

This measures the relative value of a customer compared to the cost of acquiring that customer.

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- b) Seek professional advice as to whether an investment in 1ST is appropriate for them, having regard to their personal objectives, risk profile, financial situation and needs; and/or
- c) Nothing in this presentation is or is to be taken to be an offer, invitation or other proposal to subscribe for shares in 1ST.

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Thank you

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