RNS Number : 4167F
Totally PLC
10 July 2023

Totally plc

("Totally", the "Company" or the "Group")

Preliminary results for the 12-month period ended 31 March 2023

Continued growth and solid organisational progress

Totally plc (AIM: TLY), a leading provider of frontline healthcare services which increases access to quality healthcare across the UK and in Ireland by targeting the reduction of waiting lists and waiting times for patients, alongside corporate fitness and wellbeing services for corporate customers, is pleased to announce its preliminary results for the 12-month period ended 31 March 2023.

Financial highlights

- Revenue up 6.5% to £135.7 million (2022: £127.4 million).
- Gross margin increased 0.4pp to 18.4% (2022: 18.0%).
- Underlying EBITDA increased 11% to £6.9 million (2022: £6.2 million), excluding £0.6 million in exceptional items.
- Substantial increase in profit before tax to £1.8 million (2022: £1.3 million).
- Gross cash as at 31 March 2023 of £6.5 million (31 March 2022: £15.3 million).
- Cash consumption in the year of £8.9 million includes £8.2 million on investing activities, including £6.4 million of contingent consideration relating to acquisitions.
- Final dividend of 0.125 pence per share, making a total dividend for the year of 0.625 pence per share (2022: 1.00 pence per share).
- Increase in basic earnings per share to 0.94 pence (2022: 0.92 pence).
- Electives care revenue almost doubled to £35.2 million (2022: £17.8 million) with gross margin increasing to 19.8% (2022: 18.4%). Excluding the impact of acquired revenue in FY22 (£12 million) organic growth was 21%.
- Urgent Care revenue decreased 10% to £98.8 million (2022: £109.2 million) as four contracts in North West London came to an end; with gross margin stable at 17.6% (2023 17.7%).
- Corporate wellbeing revenue of £1.7 million (2022: £0.3 million) with gross margin increasing to 41.5% (2022: 31.9%). Excluding the impact of acquired revenue in FY22 (c. £1.2 million) organic growth was 40%.

Operational highlights

- All Care Quality Commission ("CQC") registered services continue to be rated as "Good".
- Ensured c. two million patients were able to access appropriate urgent care services and treated c. 120,000 patients from elective care waiting lists.
- First, and only, 111 provider to fully mobilise NHS England's Single Virtual Contact Centre ("SVCC") model, following contract win for NHS 111 resilience provision worth c. £10 million, enabling rapid mobilisation of additional NHS 111 services and strengthening our position when tendering for additional NHS 111 contracts.
- Retendered and mobilised a five-year contract for the delivery of two urgent treatment centres in Bromley, where we have delivered services since 2013.
- Numerous new contracts awarded to Energy Fitness Professionals ("EFP") for corporate wellbeing services, including Adidas and the expansion of existing long-term contract with Royal Mail.
- Restructured our operational services to bring together all of our healthcare services under one operational team focusing on Urgent and Elective care.

Post period update

The Board anticipates revenue in the year ahead to be lower than in the period to 31 March 2023. EBITDA is expected to be marginally below the period to 31 March 2023 reflecting improved margin driven by higher volumes in elective care, and the continued management and reduction of overhead spend. The Board are confident that the actions and strategy put in place over the past 12 months will ensure the Company remains in a strong position to continue to grow significantly over the coming years.

Investor presentation

Wendy Lawrence, CEO and Lisa Barter, CFO, will provide a live presentation relating to the preliminary results and outlook for the Company via the Investor Meet Company platform on 12 July 2023 at 11.00 am BST. The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via the Investor Meet Company dashboard up until 9:00 am the day before the meeting, or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Totally plc via:
https://www.investormeetcompany.com/totally-plc/register-investor

Investors who already follow Totally plc on the Investor Meet Company platform will automatically be invited.

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CHAIRMAN'S STATEMENT

I am pleased to report a further year of continued growth as we rebalanced our portfolio towards higher margin business, and made significant organisational progress across the Group.

Revenues were £135.7 million (2022: £127.4 million) with underlying EBITDA (excluding exceptional items) of £6.9 million (2022: £6.2 million). Gross cash as at 31 March 2023 stood at £6.5 million (31 March 2022: £15.3 million), net cash was £4.0 million.

During the year we continued to support the NHS and other healthcare providers with the management of increasing demand whilst consolidating recent acquisitions and rebalancing our portfolio to higher margin business. As a provider of both urgent care and elective care services, we are uniquely positioned to respond to the changing needs of the NHS and maximise potential in higher margin markets.

Following the acquisition of Pioneer Healthcare ("Pioneer") in March 2022, we invested in the business to grow our insourcing and outsourcing capability and respond to increases in demand. The urgent care market has proven more challenging as individual Integrated Care Boards ("ICBs") and trusts focused on their response to operational challenges. We invested in NHS England's new SVCC Model and focused on urgent care contracts which enabled sufficient staffing and an acceptable margin.

Our corporate wellbeing business, EFP, has performed well during the year as demand for services rebounded post-pandemic. The corporate wellbeing market continues to present huge potential for the future.

I remain indebted to our teams and their ongoing commitment to quality and safety. We have now completed the difficult task of restructuring our business to ensure that we remain fit for the challenge at hand. The NHS is under extreme pressure to provide its services where demand continues to rise in excess of the available capacity. As an independent sector partner, we encounter challenges on a daily basis and I thank everyone who continues to deliver our services and those who have left the business, for their engagement and commitment to patient care during the year.

We look forward to a year of further improvement as we ready ourselves, and become more efficient than ever before, to support our healthcare and corporate partners with the challenge ahead.

Bob Holt OBE
Chairman
10 July 2023

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

The NHS is in crisis and we continue to operate in what are exceptionally challenging conditions which see the NHS facing unrelenting pressure. Our continued focus on delivering excellent quality and safe services, alongside close attention to cost management and the generation of shareholder value, means we are announcing a robust set of results, with good revenue growth versus the prior year, profit in line with previously revised market expectations and a restructured business responding to the opportunities presented.

All of our CQC registered services continue to be rated as "Good" and we enabled millions of people across England and Ireland to access the care and treatment they needed during the year.

Nevertheless, we have not been immune to the challenges facing all businesses in the UK and the impact of well-publicised pressure within the healthcare sector including an NHS in crisis. We have been required to make difficult decisions as increased demand, workforce shortages and inflationary challenges impacted our business in exactly the same way as the NHS and other providers of NHS services.Until the NHS resolves pay disputes and strike action no longer impacts services, we expect some ongoing disruption to service provision. We have now completed a range of actions taken to integrate Pioneer into the Group, remove duplication within services, manage costs and reduce our reliance on agency staff. Our restructured business brings together all healthcare services under one healthcare delivery business focused on urgent care and elective care.

This new structure enables the realisation of economies of scale and removes duplicated services and costs following the acquisition of Pioneer, meaning that we can deliver highly efficient services which benefit from a single management and governance structure and greater adoption of best practice.

We remain confident in the quality of our services, our ability to deliver and the opportunities available for independent providers in this sector.

Financial performance in line with revised consensus

Totally delivered good revenue growth against the prior year at £135.7 million (FY22: £127.4 million). The continued growth of NHS waiting lists saw revenue for elective services almost double to £35.2 million. Excluding the impact of acquired revenue from Pioneer in March 2022, growth was 21%.

Within Urgent Care, revenue reduced as additional COVID-19 services fell away and as certain contracts in North West London came to an end. The Group was awarded a new contract with NHS England in January 2023 for the delivery of NHS 111 resilience support and mobilised new five-year contracts for the delivery of two urgent treatment centres in Bromley.

Demand for corporate wellbeing services, delivered by EFP, rebounded and exceeded pre-pandemic levels as we onboarded exciting new customers including sportswear brand Adidas, and expanded relationships with existing customers such as global video-game developer, Electronic Arts, Royal Mail and Network Rail.

Following actions to integrate Pioneer into the Group, remove duplication within services, manage and control costs driven by the high inflation economy and national workforce challenges, we are reporting EBITDA for FY23 in line with our revised forecast announced in March. At year end, the Company had gross cash of £6.5 million (31 March 2022: £15.3 million) with net cash at the same date of £4.0 million.

A detailed update on our financial performance is included later in the Financial Review from our Chief Financial Officer, Lisa Barter.

Strategic progress

During the year, as we exited the period directly impacted by COVID-19, we focused on positioning the Group effectively for all future opportunities and growth.

We invested in our recent acquisitions, Pioneer and EFP, to enable further growth and ensure that our broader operations benefited from our larger footprint and enhanced expertise within the business. Our healthcare business restructure also means that we have our best people in key roles to drive growth and quality services.

Following work undertaken in the previous year, we substantially completed activity to rationalise our IT infrastructure and ensure compliance with Cyber Essentials Plus, a new and key requirement for all NHS tenders and frameworks. We were also the first provider to fully mobilise on NHS England's SVCC framework, which means that Totally can respond more quickly than other providers to support requests for NHS 111 service area due to the associated rapid onboarding capabilities the system provides, strengthening our position when tendering for additional NHS 111 contracts.

Following the relaunch of our websites in early 2022, we have continued to develop this important communication channel, enhancing our patient-facing information and career-focused areas to ensure that both audiences can access the information they need easily. We have also continued the development of our all-people intranet, My Totally and we are currently trialling an app to increase ease of accessibility further.

Healthcare and corporate wellbeing markets remain full of opportunity

We support healthcare commissioners and providers to respond proactively and robustly to changes in demand for services and to provide new models of care as required. The opportunities that are presented by recent operational progress, achieved during the year, are huge. The Totally management team is working closely with healthcare commissioners to support the reduction of increasing waiting lists for elective care and help meet or beat waiting time targets in urgent care.

Our newly centralised business development team for all healthcare services is achieving good levels of success in response to high levels of tender activity as the NHS and other providers continue to seek ways to stem the challenges within the healthcare sector.

Elective care continues to present a significant opportunity for the organisation and we have recently confirmed positions on frameworks which facilitates the rapid tendering for new contracts for insourcing and outsourcing support. We have also expanded the services we provide in the Republic of Ireland, helping to reduce waiting lists and waiting times.

Within urgent care, we are NHS England's only named resilience partner and the first and only provider to have fully mobilised on the new SVCC framework, enabling rapid onboarding of further NHS 111 contracts, and helping to further strengthen our relationship with NHS England. The service is delivering better than national average performance, and provides much-needed additional capacity to ensure that people from across England can access the care they need. We also mobilised a new five-year contract for the delivery of two urgent treatment centres in Bromley, where we have been delivering services since 2013, maintaining our position as a long-term provider for urgent treatment centres.

Within corporate wellbeing, new business opportunities continue to be driven by employers wanting to entice employees back into the workplace and have refocused on core bricks and mortar fitness centres. Our on-site services are supported by a flexible digital offering, which has been enhanced during the year by a new licensing agreement with Les Mills, market leaders in class instruction, to provide digital classes to all EFP members. EFP, which celebrated 25 years in corporate wellbeing in June 2023, is a well-respected provider within this growing sector.

Our people

Our people are our greatest asset and what makes Totally unique in its flexibility to respond quickly and professionally to every demand faced.

We continue to invest in our workforce, seeking to increase the number of clinicians who choose to work solely for Totally, but also provide flexible working for those clinicians who want to work across NHS and independent provider roles. This flexibility is a key reason why many choose to work for us.

We are very aware of the workforce challenges which the healthcare sector faces and continue to support the development of the next generation of NHS clinical staff through the development of postgraduate doctors in training by providing hands on experience within our services.

Attracting the best people remains a top priority for Totally, hence the time, effort and resources we dedicate to this important function, which ensures that we have the people in place to provide high quality, safe services.

Outlook

In line with our buy and build strategy, we remain acquisitive where opportunities enhance our ability to deliver increased shareholder returns and broaden services for commissioners.

In the year ahead, we will remain focused on making further progress with our growth strategy whilst ensuring we maintain the delivery of high-quality services and manage our costs. We expect the coming year to be challenging as the NHS continues to operate in crisis and faces ever-increasing demand across all services.

The Board remains very confident in that the number of opportunities for the Company continue to grow and we are ready and prepared to further support the NHS as it continues to focus on the recovery and embedding of sustainable services able to cope with continuing higher levels of demand and the reduction of waiting times and waiting lists.

I thank all of our shareholders for their support during this challenging year. We will continue to focus on driving business growth, both within existing operations and through sensible acquisitions.

Wendy Lawrence
Chief Executive Officer
10 July 2023

STRATEGIC REVIEW

Well-positioned for future opportunities

HEALTHCARE

We provide urgent and elective care services to healthcare commissioners and other corporate organisations, the police and the prison services.

During the year, we brought all healthcare operations together under one leadership structure which will enable economies of scale, the reduction of duplication, increased opportunities to drive best practice and a simplification of branding for our customers.

Urgent care services continue to be delivered under the Totally Urgent Care brand and include all services which were previously awarded to and delivered by Vocare and Greenbrook Healthcare, including urgent treatment centres, NHS 111, clinical assessment services, GP out-of-hours and acute visiting services.

Elective care services make up a range of services previously provided under the Pioneer Healthcare, Totally Healthcare, Totally Planned Care, About Health and Premier Physical Healthcare brands. All services are focused on tackling growing waiting lists and accessibility to services, including:

- Working with hospitals and trusts to help support the reduction of waiting lists through insourcing, outsourcing and a range of extended primary and secondary care collaborative partnerships through our Any Qualified Provider ("AQP") status;
- Provision of community outpatient services including specialist dermatology and referral management services;
- Therapy services, with a focus on physiotherapy and podiatry across a number of settings, including GP practices, prisons and health centres.

In March 2023, we achieved accreditation for Cyber Essentials Plus, a new accreditation requirement for tendering NHS contracts and frameworks which was fast-tracked by the NHS in response to the increased threat of cyber-attacks worldwide.

Urgent care services

Urgent care services help healthcare commissioners ensure patients have access to the right healthcare service, at the right time, in the right place, both in hours and out of hours. Our services aim to reduce emergency admissions and unnecessary attendances at hospitals to reduce pressure on the overall healthcare system. Each year we support around two million patients who are seeking treatment or advice.

Our clinical team is made up of experienced doctors, nurses and paramedics, who can provide detailed assessments, advise on treatment options, support patients to care for themselves at home and arrange urgent care if required.

	2023	2022	2021	2020
Revenue (£m)	98.8	109.2	105.4	96.5
Gross margin	17.6%	17.7%	17.8%	17.5%

Following inspections during the year by the CQC of our urgent treatment centres in London, we are pleased to confirm that all our CQC registered services continue to be rated 'Good' overall.

Demand for urgent care services remained high during the period. Our experienced management team worked closely with healthcare commissioners to respond to these challenges and maintain service delivery. In total, our Urgent Care teams responded to the needs of around two million patients either through NHS 111, at urgent treatment centres or within other services.

Over the course of the 12-month period, the Urgent Care team secured and mobilised new long-term contracts worth c.£77 million, the most significant being a new five-year contract for the continued delivery of two urgent treatment centres in Bromley, where we have delivered services since 2013.

As part of a new contract for the delivery of NHS 111 resilience services on behalf of NHS England, Totally was also the first and only provider to date to fully mobilise on NHS England's SVCC model. This strategic investment also enables the mobilisation of new, additional contracts for the delivery of NHS 111 services to be undertaken at the click of a button, strengthening our position when tendering for additional NHS 111 contracts.

In addition to these new contracts, nine services due for contract renewal during the year, collectively valued at c.£20 million, were extended for further periods.

A further ten services, with an overall contract value of c.£12.5 million, which were due for renewal on 31 March 2023 have also since also been extended.

Elective Care

All our elective care services focus on helping commissioners, trusts and hospitals maximise accessibility to good quality, safe elective care which helps support the reduction of waiting lists.

	2023	2022	2021	2020
Revenue (£m)	35.2	17.8	8.3	9.4
Gross margin	19.8%	18.4%	24.8%	23.3%

Revenue for elective care services almost doubled during the year, primarily driven by the full year contribution from Pioneer which benefited from a rapid increase in demand for insourcing and outsourcing services. Waiting lists for elective care increased significantly during the COVID-19 pandemic and are now 67% higher than in March 2020 and continue to grow as industrial action impacts elective procedures further.

During the year, we saw a continued increase in demand for insourcing and outsourcing services. Totally Elective Care provides resilient capacity to deliver much-demanded insourcing and outsourcing services across a wide range of surgical and medical patients, free at the point of delivery to NHS patients. Most recently, we have broadened activity with the Saolta Hospital Group in Ireland for the provision of urology services and successfully tendered for a position on a key new framework in Wales to support with waiting lists, enabling rapid procurement of services to enable trusts to respond to increasing demand.

Healthcare - looking ahead

We expect the coming year to be challenging but still see increasing potential within the market. The NHS is in crisis, struggling to manage demand and workforce issues and demand for all services continues to outstrip all available capacity. As a partner to the NHS, we will continue to identify and act upon all opportunities to support the delivery of quality patient care, which enables Totally to grow and continue to build its reputation as that partner of choice.

CORPORATE WELLBEING

"EFP" was acquired by Totally in December 2021 and works with a growing number of high-profile organisations across the UK, including large corporate companies, central government departments, universities and colleges to provide workplace wellbeing and corporate fitness services.

EFP manages 61 gyms on behalf of corporate customers and also offers gym design alongside digital services to support employee wellbeing in the workplace.

	2023	2022	2021	2020
Revenue (£m)	1.7	0.3	-	-
Gross margin	41.5%	31.9%	-	-

During the year, corporate wellbeing demand exceeded pre-pandemic levels and revenues rose strongly (up 40% on a like-for-like basis) with the addition of new contracts, including Adidas, Codemasters and Oxford University Press, and equipment installations for existing customers such as EA (Electronics Arts) and Network Rail. EFP also confirmed a new five-year contract to support Royal Mail, extending this relationship to more than 20 years.

New business opportunities continue to be driven by employers wanting to entice employees back into the workplace and have refocused on core bricks and mortar fitness centres, supported by a flexible digital offering.

In March, EFP agreed a new licensing agreement with Les Mills, the market leaders in class instruction, to provide digital classes to all EFP members, providing additional options for customers with hybrid or work from home colleagues.

Corporate wellbeing - looking ahead

There are still significant opportunities for growth as corporate wellbeing becomes a priority for more and more corporate employers looking to enhance their workplace and encourage employees back to the office environment.

During the year we invested in additional business development capacity to help respond to the increasing opportunities available and we will be investigating new opportunities for growth, including the cross-selling of services from across the Totally Group, in the coming year.

FINANCIAL REVIEW

Further growth within challenging operating environment

The NHS and other healthcare providers remain under significant pressure as the impact of long waiting lists and delays in treatment for many millions of people continues. During the year we responded to the needs of this challenging market and an NHS in crisis, which experienced economic, political and operational pressure. We continued to support our commissioners, trusts and hospitals across England with services which enabled them to focus on patients only they could see and ensured patients accessed the most appropriate service to meet their needs.

Alongside this, we undertook planned activity to begin to rebalance our portfolio towards higher market elective care and corporate wellbeing business, maximising the potential of new acquisitions, Pioneer and EFP, by creating additional capacity for patients to be seen via insourcing and outsourcing agreements, the delivery of clinics and other care in community settings, and helping corporate customers ensure their employees remain fit and healthy.

Totally delivered revenue growth against the prior year and in line with revised market forecasts issued on 2 March 2023. Overall revenue for the Group increased by 6.5% year on year at £135.7 million (2022: £127.4 million), supported by increased demand for services to reduce elective care waiting lists, which increased 21% in real terms, and the recognition of a full year's trading for Pioneer.

High inflation and a competitive workforce environment have been key themes across the period and, like the NHS, we have been required to take difficult decisions as we sought to deliver quality services under contracts which had been procured in a significantly different economy, and a pre-pandemic healthcare system.

As at 31 March 2023, the Company held £6.5 million in cash (2022: £15.3 million) with net cash at the same date of £4.0 million. Cash consumption in the year of £8.9 million includes £(8.2) million on investing activities, including £6.4 million contingent consideration paid, and £(1.9) million outflow in working capital as a new normalised position settles, £(0.3) million corporation tax and £(1.0) million outflow from financing activities. This includes the cost of the dividend of £(1.9) million.During the period, the Company utilised half of the £5.0 million rolling credit facility which was secured in the previous year to support working capital requirements.

The Group generated a profit before tax of £1.8 million (2022: £1.3 million), up 42% against prior year., underlying EBITDA was lower than anticipated but in line with revised guidance issued in March 2023, up 11% at £6.9 million (2022: £6.2 million), excluding exceptional items of £0.6 million.

The Company accordingly made the distribution of its interim dividend in February 2022. The Board recommends to shareholders a final dividend of 0.125 pence per share. The intention remains to consider future dividend payments based upon the trading performance of the Group.

Trading performance

Growth in revenue was primarily driven by an increase in revenue from our elective services (previously reported as Planned Care, Totally Healthcare and Pioneer Healthcare). Revenue for Elective Care almost doubled to £35.2 million (2022: £17.8 million), as hospitals and trusts continued to seek support to tackle increasing waiting lists. The full year effect of the acquisition of Pioneer was £11.3 million revenue.

Urgent Care revenue decreased 10% to £98.8 million (2022: £109.2 million) as COVID-19-related demand fell away, and contracts expired. As previously disclosed, this includes four urgent treatment centres in North West London.

Revenue from EFP totalled £1.7 million (2022: £0.3 million for the period 15 December 2021 to 31 March 2022), up 40% on a like for like basis as demand exceeded pre-pandemic levels driven by a focus on bricks and mortar fitness and wellbeing services as employers sought to entice employees back to the office. The full year effect of the acquisition of EFP was £0.9 million.

The Group secured a number of new contracts for Urgent Care services during the financial year totalling c.£77 million, including a five-year contract retention for the provision of two urgent treatment centres in Bromley and a contract for the delivery of NHS 111 national resilience services which together deliver annualised income of c. £18 million. Additionally, contract extensions for Urgent Care services worth c.£20 million were secured within the period, reflecting long-term relationships with healthcare commissioners and service quality. A further ten services, with an overall contract value of c. £12.5 million, which were due for renewal on 31 March 2023 have also been extended.

At the end of the period, the business was restructured to bring all healthcare operations under a single leadership team with centralised business development. We continue to actively tender for new business across healthcare and corporate wellbeing.

Gross margin increased slightly to 18.4% (2022: 18.0%) largely as a result of delivering more higher margin elective care and corporate wellbeing services.

On 2 March 2023, the Group updated shareholders on current trading and the impact of inflationary and workforce challenges. Following multiple actions taken to manage costs and reduce reliance on agency staff, the Group posted an underlying EBITDA of £6.9 million (2022: £6.2 million) excluding exceptional items of £(0.6) million (2022: £(0.2) million). The profit before tax of £1.8 million (2022: £1.3 million) is stated after an amortisation charge of £1.5 million relating to the intangible value of contracts acquired.

	31 March 2023	**31 March 2022**
Revenue	£135.7m	£127.4m
Gross profit	£25.0m	£22.9m
EBITDA	£6.9m	£6.2m
Exceptional items	(£0.6m)	(£0.2m)
Depreciation	(£2.0m)	(£1.9m)
Amortisation	(£2.2m)	(£2.6m)
PBT	£1.8m	£1.3m
Net assets	£37.1m	£35.4m
Cash	£6.5m	£15.3m

Exceptional items

Exceptional items, amounting to £0.6 million, related to costs incurred from the restructure of operational and management teams. Prior year exceptional items were acquisition related.

Cash flow statement

	31 March 2023	**31 March 2022**
Net cash flows from operating activities	(£2.2m)	£11.2m
Net cash flows from investing activities	(£8.2m)	(£7.6m)
Net cash flows from financing activities	£1.6m	(£3.1m)
Net increase in cash and cash equivalents	(£8.8m)	£0.5m
Cash and cash equivalents at the beginning of the year	£15.3m	£14.8m
Cash and cash equivalents at the end of the year	£6.5m	£15.3m

Contingent Consideration

	EFP £000	Pioneer £000	Vocare £000	Total £000
At 31 March 2022	300	6,100	236	6,636

At 31 March 2022	300	6,100	236	6,636
Paid in the period	-	(6,100)	(8)	(6,108)
As at 31 March 2023	300	-	228	528

The remaining balance of the Vocare contingent consideration relates to pre-acquisition monies advanced to employees during the first month of employment. The balance is payable quarterly and reflects advances recovered from employees when they leave. The consideration related to EFP is expected to be paid during the third quarter of the current financial year, following the audit of FY23 performance.

Dividend

We remain committed to the payment of dividends as we believe this reflects our continued confidence in the Company's future prospects. The Board is, therefore, pleased to be recommending to shareholders a final dividend of 0.125 pence per share. This, together with the interim dividend of 0.50 pence paid in February 2023, makes a total dividend for the year of 0.625 pence per share. The final dividend will be satisfied by dividends distributed by subsidiaries to the parent prior to the Annual General Meeting. Subject to approval by shareholders at the Annual General Meeting to be held on 1 September 2023, the final dividend will be paid on 11 October 2023 to shareholders on the register as at the close of business on 7 September 2023. The shares will be marked ex-dividend on 8 September 2023.

Outlook

Following our review at the end the final quarter of FY23 we revised our forecasts to recognise increasingly challenging operating conditions. For the forthcoming year, we are confident that there is further ever-increasing opportunity which we believe cannot be satisfied without the support of existing independent sector capacity. Our pipeline of opportunities remains considerable.

We are working closely with ICBs, trusts and NHS England and continue to build our reputation as a reliable and responsive partner of choice so that we can respond quickly when they seek to procure additional services.

Lisa Barter FCA
Chief Financial Officer
10 July 2023

Continuing operations	**31 March 2023** **£000**	**31 March 2022** **£000**
Revenue	135,696	**127,373**
Cost of sales	(110,695)	**(104,504)**
Gross profit	25,001	**22,869**
Administrative expenses	(18,113)	(16,730)
Other income	2	**26**
Profit before exceptional items	6,890	**6,165**
Exceptional acquisition costs	(562)	**(179)**
Profit before interest, tax and depreciation	6,328	**5,986**
Depreciation and amortisation	(4,249)	(4,516)
Operating profit	2,079	**1,470**
Finance income	26	1
Finance costs	(321)	**(211)**
Profit before taxation	1,784	**1,260**
Income tax charge	-	**(179)**
Profit for the year attributable to the equity shareholders of the parent company	1,784	**1,081**
Other comprehensive income	**-**	**-**
Total comprehensive profit for the year net of tax attributable to the equity shareholders of the parent company	1,784	**1,081**

Profit per share	**31 March 2023** **Pence**	**31 March 2022** **Pence**
From continuing operations:		
Basic	0.94	**0.92**
Diluted	0.93	**0.90**

Consolidated Statement of Changes in Equity
For the year ended 31 March 2023

Share **Share** **Retained** **Equity shareholders'**

	capital	premium	earnings	funds
	£000	£000	£000	£000
At 1 April 2021	18,219	2	15,753	33,974
Total comprehensive profit for the year	-	-	1,081	1,081
Issue of share capital	504	1,051	-	1,555
Dividend payment	-	-	(1,367)	(1,367)
Credit on issue of warrants and options	-	-	167	167
At 31 March 2022	18,723	1,053	15,634	35,410
Comprehensive profit for the year	-	-	1,784	1,784
Issue of share capital	887	892	-	1,779
Dividend payment	-	-	(1,908)	(1,908)
Credit on issue of warrants and options	-	-	-	-
At 31 March 2023	**19,610**	**1,945**	**15,510**	**37,065**

Consolidated Statement of Financial Position
As at 31 March 2023

	31 March 2023	31 March 2022
	£000	£000
Non current assets		
Intangible assets	47,737	48,935
Property, plant and equipment	1,218	1,139
Right-of-use assets	1,362	2,336
Deferred tax	363	242
	50,680	52,652
Current assets		
Inventories	75	74
Trade and other receivables	13,680	14,099
Cash and cash equivalents	6,451	15,311
	20,206	29,484
Total assets	70,886	82,136
Current liabilities		
Trade and other payables	(28,172)	(36,629)
Contingent consideration	(528)	(6,636)
Borrowings	(2,500)	-
Lease liabilities	(275)	(446)
	(31,475)	(43,711)
Non current liabilities		
Trade and other payables	(140)	(22)
Lease liabilities	(1,661)	(1,981)
Deferred tax	(545)	(1,012)
	(2,346)	(3,015)
Total liabilities	(33,821)	(46,726)
Net current liabilities	(11,269)	(14,227)
Net assets	37,065	35,410
Shareholders' equity		
Called up share capital	19,610	18,723
Share premium	1,945	1,053
Retained earnings	15,510	15,634
Equity shareholders' funds	37,065	35,410

Consolidated Cash Flow Statement
For the year ended 31 March 2023

	31 March 2023	31 March 2022
	£000	£000
Cash flows from operating activities		
Profit before taxation	1,784	1,260
Adjustments for:		
- options and warrants charge	25	167
- depreciation and amortisation	4,249	4,516

- depreciation and amortisation	4,249	4,316
- finance income	(26)	(1)
- finance costs	321	211
Movements in working capital:		
- inventories	1	26
- movement in trade and other receivables	419	(2,382)
- movement in trade and other payables	(8,674)	7,366
Cash used for operations	(1,901)	11,163
Income tax paid	(280)	-
Net cash flows from operating activities	(2,181)	11,163
Cash flows from investing activities		
Purchase of property, plant and equipment	(730)	(418)
Additions of intangible assets	(1,070)	(1,085)
Acquisition of subsidiaries, net of cash acquired	-	(6,071)
Contingent consideration paid	(6,370)	(22)
Net cash flows from investing activities	(8,170)	(7,596)
Cash flows from financing activities		
Issued share capital	1,779	22
Expenses attached to equity issue	-	(70)
Borrowings	2,500	
Dividends paid to holders of the parent	(1,908)	(1,367)
Interest paid	(321)	(126)
Payments on lease liabilities	(559)	(1,512)
Net cash flows from financing activities	1,491	(3,053)
Net increase in cash and cash equivalents	(8,860)	514
Cash and cash equivalents at the beginning of year	15,311	14,797
Cash and cash equivalents at the end of the year	6,451	15,311

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2023

1. GENERAL INFORMATION

Totally plc is a public limited company ("the Company") incorporated in the United Kingdom under the Companies Act 2006 (registration number 3870101). The Company is domiciled in the United Kingdom and its registered address is Cardinal Square West, 10 Nottingham Road, Derby DE1 3QT. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange ("AIM").

The Group's principal activities are the provision of innovative and consolidatory solutions to the healthcare sector, which are provided by the Group's wholly owned subsidiaries.

The Company's principal activity is to provide management services to its subsidiaries.

2. BASIS OF PREPARATION

The financial information set out in this announcement does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. It has been prepared in accordance with the prepared in accordance with the recognition and measurement principles of international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with the AIM rules and is therefore not in full compliance with IFRS. The principal accounting policies applied in the preparation of the financial information are detailed in note 3.

The financial statements for the year ended 31 March 2023 are not authorised for issue however it is anticipated that audit reports will not be modified and will not draw attention to any matters by way of emphasis or contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The financial information has been prepared on the historical cost basis and is presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group is described in the Financial Review.

The Group has consistently had net current liabilities in recent reporting periods which reflects the nature of the contractual terms with customers and suppliers. The Group carefully manages financial resources, closely monitoring the working capital cycle and has long-term contracts with a number of customers and suppliers across different geographic areas within the United Kingdom and industries. Based on the existing cash balances, underlying performance and cash flows generated from operating activities, the Directors believe that the Group has sufficient financial resources to be able to meet its obligations as they fall due for a period of at least 12 months from the date of this financial information and are comfortable that it is a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation
The Group's financial statements include the results of the Company and its subsidiaries, all of which are prepared up to the same date as the parent company.

Subsidiaries

Subsidiaries are all entities over which the Company has the ability to exercise control and are accounted for as subsidiaries. The trading results of subsidiaries acquired or disposed of during the period end are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. There were no acquisitions or disposals during the period.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the income statement. All acquisition expenses have been reported within the income statement immediately.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability are recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

Revenue recognition
Revenue comprises the provision of services to the healthcare sector, including urgent care, physiotherapy, dermatology, insourcing, outsourcing and corporate wellbeing services. Services are provided through short-term and long-term contracts.

The IFRS 15 5 step revenue recognition criteria is applied as follows: identifying the contracts with customer, identifying performance obligation, determine the transaction price, allocate the transaction price to the performance obligation and the satisfying of performance obligation. This applies to all contracts with customers, except where they fully in the scope of other standards.

Elective care Services
Revenue represents invoiced sales of services to regional Clinical Commissioning Groups of the National Health Service ('NHS') as well as non NHS clients. Revenue is recognised as services are provided. Revenue is recognised in the month when the service is provided, as this is the point when revenue activity can be reliably measured. For the NHS contracts, revenue can be subject to clawback adjustments based on performance against criteria as detailed in the individual contracts.

Urgent care services
Revenue is recognised in the month when the service is provided, as this is the point when revenue activity can be reliably measured. Revenue can be subject to clawback adjustments based on performance against criteria as detailed in the individual contracts.

Corporate wellbeing services
Revenue arises from provision of management services for corporate gyms and upfront monthly membership fees for gyms paid by individuals. Both are recognised in the month to which they relate.

All revenue originates in the United Kingdom and Eire.

Finance income
Finance income comprises bank interest received, recognised on an accruals basis.

Finance costs
Finance costs comprise bank charges, interest on leases recognised under IFRS 16 and interest on the revolving credit facility utilised.

Property, plant and equipment
Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment in value. Cost comprises the aggregate amount paid to acquire assets and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated to write down the cost of the assets to their residual values by equal instalments over the estimated useful economic lives as follows:

Motor vehicles	- 3 and 5 years
Computer equipment	- 2 and 5 years
Plant and machinery and Office equipment	- 2 to 5 years
Freehold property improvements and Short leasehold property	- 3 to 10 years

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, on an annual basis. An asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period that the asset is derecognised.

Inventories
Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes all direct expenditure based on a normal level of activity. Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for the costs of realisation and where appropriate for the costs of conversion from its existing state to a finished condition.

Intangible assets other than goodwill
Intangible assets other than goodwill comprise development costs, computer software and customer contracts and relationships.

Computer software is recognised at cost and subsequently amortised over its expected useful economic life of three years.

Customer contracts and the related customer relationships were acquired in business combinations and recognised separately from goodwill. They are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, these assets are amortised over the expected life of contracts and reported at cost less accumulated amortisation and accumulated impairment losses. Assets are reviewed for impairment on at least an annual basis.

Goodwill
Goodwill represents the excess of the fair value of the consideration of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is considered to have an indefinite useful life. Goodwill is tested for impairment annually and again whenever indicators of impairment are detected and is carried at cost less any provision for impairment.

Impairment of non-current assets
For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"s) or groups of CGUs that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The value of the goodwill was tested for impairment during the current financial year by means of comparing the recoverable amount of each CGU or group of CGUs with the carrying value of its goodwill.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Trade and other receivables
Trade receivables, which are generally received by the end of the month following terms, are recognised and carried at the lower of their original invoiced value less provision for expected credit losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less.

Trade and other payables
Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised at original cost.

Borrowings
Borrowings are initially recognised at fair value, being proceeds received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost with any transaction costs amortised to the income statement over the period of the borrowings using the effective interest method.

Foreign currency transactions
Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Leased assets
Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset with similar terms, security and conditions.

Lease payments are allocated between principal and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, and any initial direct costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of assets considered low value are recognised as an expense in profit or loss on a straight-line basis. Short-term leases are leases with a lease term of twelve months or less.

Exceptional items
Exceptional items are those items that, in the Directors' view, are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Income taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the period-end date. Deferred income tax is recognised using the balance sheet liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities. Deferred income tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled and the asset is realised, based on tax rates and laws enacted or substantively enacted at the period-end date.

Deferred income tax liabilities are recognised for all temporary differences, except for an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred income tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity. Deferred income tax assets and liabilities are offset against each other only when the Company has a legally enforceable right to do so.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Retirement benefits
The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the employer pays fixed contributions into a separate entity. Contributions payable to the plan are charged to the income statement in the period to which they relate. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Share-based payments
The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares. The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or options granted. Share options are valued using the Black-Scholes pricing model, or the Monte Carlo model where performance-based market vesting conditions apply. This fair value is charged to the income statement over the vesting period of the share-based payment scheme, with the corresponding increase in equity.

The value of the charge is adjusted in the income statement over the remainder of the vesting period to reflect expected and actual levels of options vesting, with the corresponding adjustment made in equity.

New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year. New or amended financial statements or interpretations adopted during the year are detailed below:

- IFRS 9: Annual Improvements to IFRS Standards 2018-2020 Cycle
- IFRS 3: Amendments to IFRS 3 updating certain references to the Conceptual Framework for Financial reporting

No material impact has arisen as a result of applying these standards.

Standards, interpretations and amendments not yet effective

The following standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements, have not been adopted early:

Standard	Description	Effective date
IAS 1	Amendments regarding the classification of liabilities	01 January 2023
IAS 1	Amendment to defer the effective date of the January 2020 amendments	01 January 2023
IAS 1	Amendments regarding the disclosure of accounting policies	01 January 2023
IAS 8	Amendments regarding the definition of accounting estimates	01 January 2023
IAS 12	Amendments regarding deferred tax on leases and decommissioning obligations	01 January 2023
IFRS 17	IFRS 17 supersedes IFRS 4	01 January 2023
IFRS 16	Amendment regarding lease liabilities in a sale and lease back transaction	01 January 2024
IAS 1	Amendment regarding non-current liabilities with covenants	01 January 2024

In reviewing the above standards, the Company does not believe that there will be a material impact on the financial statements.

4. EARNINGS PER SHARE

	31 March 2023			31 March 2022		
	Earnings	**Basic earnings per share**	**Diluted earnings per share**	Earnings	Basic earnings per share	Diluted earnings per share
	£'000			£'000		
Profit before exceptional items	2,346	**1.24p**	**1.22p**	1,226	1.00p	0.98p
Effect of exceptional items	(562)	**(0.29)p**	**(0.29)p**	(145)	(0.08)p	(0.08)p
Profit attributable to owners of the parent	1,784	**0.94p**	**0.93p**	1,081	0.92p	0.90p

	2023	2022
	000s	000s
Weighted average number of ordinary shares	190,836	182,553
Dilutive effect of shares from share options	3,238	3,753
Fully diluted weighted average number of ordinary shares	194,074	186,306

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Dilutive potential ordinary shares are those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period. For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares unless there is a loss before exceptional items.

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