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Induction Healthcare Group PLC
04 July 2024

Induction Healthcare Group PLC

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

FY24 Audited Final Results

London, UK - 4 July 2024: Induction Healthcare Group PLC("Induction", the "Company", or the "Group"; AIM: INHC), a leading digital health platform driving transformation of healthcare systems, announces its audited final results for the year ended 31 March 2024.

Financial Highlights

- Revenues from customer contracts up 5.6% to £14.4m (Note 1) (2023: £13.6m Note 2)
- Gross margin 78.4% (2023: 63.1%)
- Adjusted EBITDA positive £0.3m (Note 3) (2023 loss of £4.0m)
- Adjusted Operating loss of £0.2m (Note 4) (2023: loss of £4.8m)
- Loss for the year £3.3m (2023: loss of £17.4m)
- Net cash at the year-end of £3.7m (2023: £4.3m)

Operational Highlights

- Achieved objective of EBITDA breakeven having completed cost containment and margin enhancement programme
- Zesty revenues up by 133% with strong pipeline for growth in FY25
    - 17 Zesty customers, covering 3.2m patients, now connected to the NHS App
    - Launched Zesty in 5 new Trusts, with 4 additional Trusts contracted to go-live within the next 12 months
    - Signed a total of £3.4m (includes previously-announced contracts) in contracts with NHS England Trusts to fund new deployments and build out new functionality to generate growth
- Attend Anywhere market share in England maintained in a challenging renewals environment
- Successfully built and launched the first phase of our integrated product which enables a patient to view and launch their Attend Anywhere consultation from within Zesty. Five customers have already purchased the integrated functionality.
- Divested non-core assets Switch, and post-period end sold Guidance for £1.2m

Paul Tambeau, CEO of Induction Healthcare, said: *"The Zesty portal continues to be our growth engine as the NHS sees value in digitizing interactions with patients who have an outpatient appointment. Not only did we secure new wins, but we developed new features and deepened our integration with Oracle Cerner which can generate new growth for Induction. Growth in Zesty has helped to counteract downward pressure on pricing with Attend Anywhere."*

Notes

1 Reported revenue from continuing operations is stated after reclassifying assets held for sale under IFRS5 (Induction Guidance £0.7m). Induction Guidance assets were held for sale at year end 31 March 2024 and classified under discontinued operations (Total recognised revenue from continuing operations £13.65m plus discontinuing operations £0.7m was £14.4m).

2 Reported revenues from continuing operations is stated after reclassifying assets held for sale under IFRS5 (Induction Switch, 2023 and Induction Guidance £0.7m). These product assets were held for sale at year end 31 March 2023 and classified under discontinued operations (Total recognised revenue from continuing operations £12.9m plus discontinuing operations £0.7m was £13.6m).

3. Adjusted EBITDA is Operating Loss from continuing operations (£4.2m) before amortisation of £4.0m and non-cash foreign exchange adjustment £0.3m, restructuring £0.1m and non-recurring items £0.1m.

4 Adjusted operating loss is Operating loss £4.2m before depreciation, amortisation £4.0m and impairment, £ nil. (2023: Adjusted operating loss was £4.8m which is Operating loss of £17.4m before depreciation and amortisation £4.9m, and impairment £7.7m.

Annual Report and Accounts and Notice of AGM

The Annual Report and Accounts and notice of AGM will be available later today on the Company's website: https://inductionhealthcare.com/investors/financial-reports-and-publications/. Copies of both documents will be posted to shareholders in due course. The AGM will be held at 10.00 am on Tuesday 13th August 2024.

Enquiries

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About Induction - www.inductionhealthcare.com

Induction (AIM: INHC) Induction delivers a suite of software solutions that transforms care delivery and the patient journey through hospital. Our system-wide applications help healthcare providers and administrators to deliver care at any stage remotely as well as face-to-face - giving the communities they serve greater flexibility, control and ease of access. Purpose-built for integration with leading Electronic Medical Record (EMR) platforms, our products offer immediate stand-alone value that becomes even greater when integrated with pre-existing systems.

Used at scale by national and regional healthcare systems, as well non-health government services, our applications are relied upon by hundreds of thousands of clinicians and millions of patients across almost every hospital in the British Isles.

Highlights from Annual Report

Chair's Statement

Over the year, Induction has continued to successfully transform itself from an unprofitable, vulnerable business with a disparate product set into one that is profitable, self-sustaining, and offers an integrated product to the UK healthcare market. We have also, as we committed to shareholders, divested two non-core assets and ensured that our cost base is appropriate for a business of our size.

Our message to shareholders twelve months ago, as we embarked on this objective, was that we had enacted difficult measures to start this process and that we expected a particularly challenging period ahead.

A year later, it is very pleasing to report, and a testimony to the hard work of the team, that in all of these major aims we are broadly on track and, although there is still much work to be done to drive growth into the business, the platform for this anticipated growth is in place and secure.

Although much of this activity has been inwardly focused, the company also faces its market with increased confidence. Induction is at the centre of the current NHS focus on digital efficiencies which are a precondition to drive necessary change into the UK healthcare system.

It is universally recognised that effective and integrated patient management systems are at the heart of the challenges of both waiting lists and of the patient 'journey' through the hospital system. Induction's products are central to this and the business has, over the year, won a number of contracts with Trusts to provide digital services that will enable administrators, clinicians and the whole of the clinical team to offer a better service to patients at lower overall cost to the paying body.

At the centre of this is the Zesty portal for patients and administrators. Winning new Zesty contracts has been critical in ensuring that the business has been able to weather the price and market share pressures associated with the legacy video product (Attend Anywhere). Notwithstanding the presence of Teams, we have held our market share for Attend Anywhere - testimony to the strength of a bespoke healthcare focused product.

In our report for last year we talked to the key technical goal of integrating our platform over the coming year so that patients and clinicians gained access to our various digital amenities through one platform. It is particularly pleasing to note that an important first phase, of enabling a patient to see and launch their video consultation from within the portal, has been completed on time and on budget. This new integrated platform together with other product and supply chain improvements will ease our customer journey, enhance customer loyalty and reduce our cost base.

Last year I reported on the difficult changes to both Board and the senior executive team that we felt were necessary to effect the radical transformation we desired. I am pleased to report that these changes have been successful - there have been no subsequent changes and the Board and senior team have remained in position.

I genuinely thank them for all of their counsel, support and incredibly hard work in challenging circumstances.

The full year results outcome was an EBITDA on continuing operations, adjusted for normalisation, improved to £0.3m (2023: loss of £4.0m). Whilst the immediate stabilisation goals have been met, the challenge for this year and beyond is to drive growth of the top line and at the same time to retain our profitability as well as our focus.

The healthcare market for our products and services is changing rapidly and for the immediate future we have to invest heavily in the product and sales capability to meet this growing opportunity. Such investment will be in both people and processes but will not be at the expense of our previous profitability commitments to shareholders.

In conclusion, my message to our shareholders is that whilst we have succeeded in our task to date, we recognise that, to fully fulfil the company's potential and to achieve the value our shareholders deserve, we need to drive our revenue onto a higher trajectory. The current direction of travel in the NHS bodes well for Induction although we are fully aware of the challenges, and potential opportunities, which may be presented by the anticipated change in government or in spending priorities. Either way we feel confident that with the team we have and Induction's product capabilities we are as well positioned as any to capitalise on a changing NHS.

Christopher Samler
Non-executive Chair
4th July 2024

CEO Statement

Achieving Breakeven, Building New Revenue

Our key focus this year was to stabilise the business, execute on our integrated product strategy, and put Induction onto a self-sustaining path without the need for immediate funding. I'm very pleased that we have delivered on these objectives.

We achieved our target adjusted EBITDA £0.3m (compared to a loss of £4.0m EBITDA in FY24). An important initiative was to implement efficiencies in our cloud infrastructure which resulted in a 56% reduction in hosting cost. That has driven a 15.3% improvement in gross margin to 78.4.%. There are additional initiatives we are implementing this year that will drive further reductions in cloud hosting costs.

We've also carefully managed our cash position so that we didn't have to return to the market for more funding. We ended the year with £3.7m in cash which was ahead of market expectation.

Market Conditions Impacting Growth

Delivering breakeven also required growth in revenue. We ended FY24 at £14.4m of total Group recognised revenue, 5.6% ahead of the previous year. Zesty continues to be our growth engine which delivered £4.9m in revenue (up 133%). This growth in Zesty is making up for revenue churn with Attend Anywhere as we move customers in England to utilisation-based contracts.

Growth in Zesty included £3.4m in contracts with the NHS as part of a national mandate for hospitals to acquire a patient portal (of which £2.9m has been recognised in the year). Through these contracts we were also able to:

- Further integrate Zesty with Oracle Cerner and widely-used diagnostic booking systems;
- Enhance our Form Builder module to support waitlist validation and patient initiated follow up (PIFU) pathways; and,
- Build new functionality, such as digitising maternity records.

We signed contracts with 4 new NHS England Trusts to implement Zesty, all to be rolled out in FY25, which will bring our total contracted number of NHS Trusts to 21.

All platform and product enhancements underpin valuable upsell opportunities for FY25.

Integrated Product Strategy

We delivered on our integrated product strategy goals for this year which will provide enhanced functionality to drive growth and customer retention.

We completed an important first phase of enabling patients to see and launch their Attend Anywhere consultation from within the Zesty. Five customers have already purchased this new functionality, with more expected to follow. This year we will continue to develop that integration for patients, as well as integrate Attend Anywhere into electronic medical records so that clinicians can see and launch a video consultation from within their electronic medical record. This will improve both patient and clinician experience.

We also built single sign-on capabilities which allow third-party providers to connect with Zesty to deliver enhanced functionality for patients. For example, at Whittington NHS Trust, we connected a surgical pre-assessment tool called Lifebox to Zesty so that patients could complete the questionnaire via the portal. The functionality we built this year will allow us to build an ecosystem of partners that can drive revenue.

We also continued our partnership with the NHS Wayfinder Programme - the team responsible for connecting services into the NHS App. As of the end of FY24, we had 17 NHS Trusts connected to Zesty via the NHS App. A total of 3.2m patients now have access to Zesty via the NHS App, with 1.7m of those having registered to the portal.

Given our integrated product focus on supporting the interaction between care teams and patients, we have deprecated or divested non-strategic assets, such as Switch in June 2023 and also recently completed the divestment of Guidance, which was announced as being sold on 1st July 2024 for £1.2m.

Key Focus in FY25: Driving New Revenue Growth

All NHS England Trusts have now moved to utilisation-based contracts for Attend Anywhere, from centrally funded population-based contracts. With utilisation-based contracts we have the ability to increase revenues by driving adoption and utilisation. It is also important to note that the number of Trusts that have churned is low, and we continue to hold our market share in NHS England.

Whilst there is room to change the trajectory of Attend Anywhere revenue, Zesty will continue to be our growth engine. There are greenfield opportunities to sell Zesty into NHS Acute Trusts that either don't have a portal, are looking to upgrade from a non-NHS-accredited portal, or switch due to poor performance of their existing provider. We also see opportunity in the integration of Attend Anywhere and digitised maternity records.

Integrating Attend Anywhere into Zesty, as well as into the Trust's electronic medical record, will provide for a better user experience and drive greater adoption. This integrated capability, which includes video, will be important as we seek to grow into Community & Mental Health.

Our partnership with Oracle Cerner continues to be productive and fruitful and provides a further funnel of new opportunities for Zesty.

As we look to FY25 and beyond, we need to start driving revenue growth in other parts of the health care system. By selling into other areas of the health system, we have a greater ability to sign regional ICS wide contracts that connect a patient's care journey.

Outlook

The NHS continues to prioritise investments in digitising the health care system to drive efficiencies and provide a greater experience for patients. In the past year we have seen the NHS mandate that all acute trusts have a patient portal, and they continue to direct funding to support the system deliver on that mandate. And whilst we are in the midst of a general election in 2024, all of the major parties are talking about the importance of investing in digital health.

The NHS also continues to tackle growing waiting lists, with 6.3m patients still waiting for an outpatient appointment as of March 2024. We're seeing growing demand for our Form Builder module to help Trusts validate their waiting list.

Through our enhanced appointment capability we're also playing a role in reducing 'did not attend' rates by an average of 30%, freeing up spots for patients that need them. On that basis, our product suite is well suited to support the NHS meet this mounting challenge.

Where FY24 was the year of stabilising the business, FY25 is a year for generating growth in new areas so that we can accelerate our performance into the future.

With the team we have around us, I believe we can be successful.

Paul Tambeau
CEO
4th July 2024

Financial Review

Revenue

Revenue from contracts with customers for the year to 31 March 2024 per table below was £14.4m (2023: £13.6m). Excluding a non-cash accounting adjustment revenues from all operations grew 5.6% in the year to 31 March 2024.

Revenue analysis	31 March 2024 £000	31 March 2023 £000
Revenues from customer contracts [1]	14,359	13,584
Non-cash IFRS3 adjustment	-	(74)
Total Revenue from all operations	14,359	13,510
Revenue - Discontinued operations [2]	711	626
Reported revenue		
Revenue - continuing operations[3]	13,648	12,884

1 Reported revenue from continuing operations is stated after reclassifying revenue from assets held for sale under IFRS5 (Induction Guidance £0.7m). These product assets were held for sale at year end 31 March 2024 and classified under discontinued operations. Total recognised revenue from continuing operations of £13.6m and discontinued operations £0.7m was £14.4m versus 2023: Continuing operations £12.9m, plus IFRS3 adjustment (£0.1m) and discontinued operations £0.6m equalling £13.6m).

2 Revenue from product assets (Induction Guidance) is disclosed under IFRS5 as assets held for sale.

3 After excluding discontinued operations revenue (£0.7m). For reference only the comparative recognised 2023 revenue was £0.6m.

The majority of the Group's revenue came from Induction Attend Anywhere which has decreased by 17.8% to £8.8m (2023: £10.7m) due to pricing pressures, while revenue from Induction Zesty has increased by 223% to £4.9m (2023: £2.2m).

Induction's other clinical apps (Switch and Guidance) delivered £0.7m (2023: £0.6m).

While focus is on sustainable annualized revenue growth management also takes note of ARR. ARR differs from annualized revenue due to the timing of revenue recognition, which includes amounts for partial years based on contract start dates, whereas ARR is an annualized amount. Recognised revenue also includes non-SaaS Professional Services fees in our Zesty category of £2.9m (2023:£0.5m).

ARR from all operations as at 1st April 2024 was £10.0m (2023: £13.5m). This represented the annualized value of the recurring revenue base that expected to be carried into future periods. This represents the stabilizing of Attend Anywhere revenues and the relative increase of Professional services revenues in Zesty.

Gross profit

Reported Gross profit was £10.7. million (2023: £8.1 million) with gross margin much improved at 78.4% versus prior year reported margin (2023: 63.1%). Direct costs are predominantly made up of web hosting expenses, sales and delivery staff costs. The year-on-year increase in gross profit is attributable to a reduction in direct costs, particularly web hosting expenses which were targeted for efficiencies, and a proportional increase in high margin professional services revenue in the year.

Capitalised development costs

Development expenses for the year were £8.8m (2023: £9.3m) an decrease of £0.5m representing a lower level of capitalised development.

In determining the amounts to be capitalised management makes assumptions regarding the percentage of staff time spent on development activities. There is a high level of estimation uncertainty over the estimates, as the ability to reliably track time is inhibited by the time recording method.

Where the nature of the features developed during the year do not meet the criteria for capitalisation under IAS38 costs are charged directly to the operating costs of the business.

Impairment charge

Management performed an impairment review as at 31 March 2024 in accordance with IAS 36 'Impairment of assets'. The results of this review showed no evidence of impairment, and no impairment charge was recognised in the income statement (2023: £7.7m). The basis of the impairment review is explained in further detail in note 16 - Goodwill, within the financial statements.

Operating expenses

Excluding the adjusting items depreciation, amortisation and share based payments, operating expenses were reduced by £2.1m, driven by decreased development expenses.

Core performance measures

The Group's Operating Plan is focused on sustainable growth. Management considers that EBITDA is the key operating metric to measure the Group's performance and progress towards sustainable growth. In addition, the Group also measures and presents performance in relation to various other non-GAAP measures, such as gross margin, and revenue growth. ARR is considered useful to determine long term revenue growth, viewed in the context of sustainable growth.

Adjusted EBITDA results are prepared to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including exceptional items (material and non-operating related costs), and other, non-trading, items that are reported separately. Adjusted results exclude items as set out in the consolidated statement of comprehensive income.

Adjusted EBITDA was £0.3m (2023: loss of £4.0m).

Table 1[3]	31/03/2023 £m	31/03/2023 £m
Loss before tax from continuing operations	(4.2)	(17.4)
Add: Impairment losses	-	7.7
Add: Depreciation and amortisation	4.0	4.9
Operating loss before depreciation, amortisation and impairment	**(0.2)**	**(4.8)**
Adjusted for exceptional and non-cash costs:		
- Other exceptional items[1]	0.5	0.8
- Share based payments (non-cash)	0.3	0.4
Adjusted Operating profit/(loss) before, depreciation, amortisation, impairment share-based payments and exceptional costs	**0.6**	**(3.6)**
Adjusted EBITDA from continuing operations[2]	**0.3**	**(4.0)**

1 Restructuring costs £0.1, non-cash foreign exchange movement £0.3m, Non-recurring costs £0.1m.

2 After share-based payments charge £0.3m (2023: £0.4m)

3 The above table presents an Alternative Performance Measure that may not be readily comparable with other similarly termed

items found elsewhere.

Cash

Cash as at 31 March 2024 was £3.7m (2023: £4.3m). Following on from the cost containment exercise in the prior financial year, the Leadership Team focused on cash conservation and cost efficiencies during the current period.

We continue to tightly manage our cost base which, as at 31 March 2024, was reduced by over 30% on a monthly basis from the level at March 2023.

Going concern

The Group incurred an operating loss on continuing operations of £4.2m for the year ended 31 March 2024 (2023 £17.4m), however, it had total assets of £33.4m inclusive of £3.7m of cash and cash equivalents.

Management has performed a going concern analysis as described in the Directors report. The liquidity of the group is judged sufficient to meet the cash needs of the Group as they fall due.

The directors have considered the applicability of the going concern basis in the preparation of the financial statements. This included a review of financial results, internal budgets and cash flow forecasts to 31 October 2026, including downside scenarios.

Assets and Liabilities

Goodwill as at 31 March 2024 of £10.3m (2023: £10.6m) and intangibles of £11.2m (2023: £15.3m) are derived from the earlier acquisitions, Attend Anywhere Pty Limited, Zesty Limited and Horizon Strategic Partners Limited. Following a review of the carrying value of the assets no impairment was required (2023: £7.7m). Refer to note 17 of the financial statements.

Trade Receivables were £3.5m Trade (2023: £2.1m) reflecting increased invoicing activity at the period end. Trade payables were £1.2m (2023: £0.8m) due to increased supplier activity towards period end delivering revenue generating activities.

Taxation

Current tax receivable £0.8m (2023: £1.1m) consists of Research and Development tax credits due to the Group for current and prior years. As with many other companies the Group has experienced delay to the repayments of tax credits. Nevertheless, we anticipate receipts will arise, in due course, after appropriate follow-up.

Loss before tax

The Group net loss before tax was £4.2m (2023: £17.4m). The year-on-year change is driven by a non-cash impairment charge in 2023 of £7.7m, with no current year charge. See note 17 to the financial statements.

Discontinued operations

During the year ending 31 March 2024 the Group classified the Induction Guidance product as being held for sale, as a result of a decision to focus on patient facing products in the secondary care market. The Induction Guidance business was announced as sold on 1st July 2024.

Principal risks and uncertainties.

As more fully described in the Directors' Report and notes to the financial statements in the annual report, the amounts and timing of future revenues remain uncertain. However, the executive has taken significant steps, which we believe mitigate the Group's risks.

John McIntosh
Chief Financial Officer
4th July 2024

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2024

	2024 £000	2023 £000
Continuing operations		
Revenue from contracts with customers	**13,648**	12,884
Cost of sales	**(2,948)**	(4,754)
Gross profit	**10,700**	8,130
Sales and marketing expenses	**(1,096)**	(1,523)
Administrative expenses	**(5,018)**	(6,942)
Development expenses	**(8,788)**	(9,287)
Impairment losses	**-**	(7,758)
Loss from operations	**(4,202)**	(17,380)
Finance income	**6**	1
Finance expense	**(11)**	(7)
Loss before tax	**(4,207)**	(17,386)
Tax credit	**962**	798
Loss for the year from continuing operations	**(3,245)**	(16,588)
Discontinued operations		
Loss from discontinued operations, net of tax	**(767)**	(795)
Gain on sale of disposal group	**755**	-
Loss for the year	**(3,257)**	(17,383)
Other comprehensive income		
Exchange gains/(losses) arising on translation on foreign operations	**(1,106)**	(162)
Exchange gains / (losses) on translation of foreign operations reclassified to profit and loss during the year	**142**	(801)
Other comprehensive income for the year, net of tax	**(964)**	(963)
Total comprehensive income	**(4,221)**	(18,346)
Loss per share attributable to the ordinary equity holders of the parent	£	£
Basic	**(0.04)**	(0.19)
Diluted	**(0.04)**	(0.19)
Loss per share from continuing operations attributable to the ordinary equity holders of the parent		
Basic	**(0.03)**	(0.18)
Diluted	**(0.03)**	(0.18)

Consolidated Statement of Financial Position

As at 31 March 2024

	2024 £000	2023 £000
Assets		
Non-current assets		
Property, plant and equipment	**6**	9
Intangible assets	**11,162**	15,251
Goodwill	**10,264**	10,685
Deferred tax assets	**501**	556
Total non-current assets	**21,933**	26,501
Current assets		
Contract assets	**1,366**	1,228
Trade and other receivables	**3,758**	2,672
Current tax receivable	**814**	1,175
Cash and cash equivalents	**3,690**	4,287
Assets held for sale	**1,813**	2,474
Total current assets	**11,441**	11,836
Total assets	**33,374**	38,337
Liabilities		
Non-current liabilities		
Contract liabilities	**3,920**	3,588
Deferred tax liability	**2,831**	3,870
Other financial liabilities	-	56
Total non-current liabilities	**6,751**	7,514
Current liabilities		
Trade and other payables	**3,571**	2,713
Provisions	-	529
Contract liabilities	**1,702**	2,198
Current tax payable	-	-
Liabilities associated with assets held for sale	**913**	1,016
Other financial liabilities	**57**	72
Total current liabilities	**6,243**	6,528
Total liabilities	**12,994**	14,042
Net assets	**20,380**	24,295
Equity attributable to equity holders of the parent		
Share capital	**469**	462
Share premium reserve	**41,976**	41,665
Merger reserve	**20,205**	20,205
Foreign exchange reserve	**(1,106)**	(162)

Other reserves	**1,566**	1,578
Retained earnings	**(42,730)**	(39,453)
Total equity	**20,380**	24,295

Consolidated Statement of Changes in Equity

As at 31 March 2024

	Share capital £000	Share premium £000	Merger reserve £000	Foreign exchange reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 31 March 2022 and 1 April 2022	**460**	**41,665**	**20,205**	**801**	**1,405**	**(22,274)**	**42,262**
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(17,383)	(17,383)
Other comprehensive gain / (loss) for the year	-	-	-	(963)	-	-	(963)
Total comprehensive income for the year	-	-	-	(963)	-	(17,383)	(18,346)
Transactions with owners, recorded directly in equity							
Issue of shares on exercise of equity settled share-based payments	2	-	-	-	(204)	204	2
Equity settled share-based payments	-	-	-	-	377	-	377
Total contributions by and distributions to owners	2	-	-	-	173	204	379
At 31 March 2023 and 1 April 2023	**462**	**41,665**	**20,205**	**(162)**	**1,578**	**(39,453)**	**24,295**
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(3,257)	(3,257)
Other comprehensive income / (loss) for the year	-	-	-	(944)	-	(20)	(964)
Total comprehensive income for the year	-	-	-	(944)	-	(3,277)	(4,221)
Transactions with owners, recorded directly in equity							
Issue of shares on exercise of equity settled share-based payments	7	311	-	-	(311)	-	7
Equity settled share-based payments	-	-	-	-	299	-	299
Total contributions by and distributions to owners	7	311	-	-	(12)	-	306
At 31 March 2024	**469**	**41,976**	**20,205**	**(1,106)**	**1,566**	**(42,730)**	**20,380**

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 £000	2023 £000
Cash flows from operating activities		
Loss for the year	**(3,257)**	(17,383)
Adjustments for		
Depreciation of property, plant and equipment	**2**	119
Amortisation of intangible fixed assets	**4,029**	4,716
Impairment losses on intangible assets	**-**	7,758
Finance income	**(6)**	(1)
Finance expense	**11**	7
Share-based payment expense	**299**	377
Net foreign exchange loss/(gain)	**(180)**	63
Income tax (credit)/charge	**(962)**	(798)
(Gain/ loss on sales of disposal group	**(750)**	-
	(814)	(5,142)
Movements in working capital:		
(Increase)/decrease in trade and other receivables and contract assets	**(1,224)**	166
Increase in trade and other payables and contract liabilities	**591**	2,972
Net movements in working capital	**(633)**	3,138
Interest received	**6**	1
Interest paid	**(11)**	(7)
Income taxes received	**365**	65
Income taxes paid	**-**	(863)
Net cash used in operating activities	**(1,087)**	(2,808)

Cash flows (used in)/from investing activities		
Disposal of discontinued operations	**750**	-
Purchases of property, plant and equipment	**-**	(17)
Payment of software development costs	**(329)**	(810)
Net cash used in investing activities	**421**	(827)
Cash flows from/(used in) financing activities		
Issue of ordinary shares	**7**	2
Payment of lease liabilities	**(70)**	(72)
Net cash used in financing activities	**(63)**	(70)
Net cash decrease in cash and cash equivalents	**(729)**	(3,705)
Cash and cash equivalents at the beginning of year	**4,287**	7,496
Exchange gains on cash and cash equivalents	**132**	496
Cash and cash equivalents at the end of the year	**3,690**	4,287

Notes (forming part of the abridged financial statements)

1. Basis of preparation

These results for the year ended 31 March 2024 are an abridged statement of the full Annual Report which was approved by the Board of Directors on 3 July 2024. The consolidated financial statements in the full Annual Report are prepared in accordance with UK-adopted International Financial Reporting Standards (' UK-Adopted IFRS'), with IFRS as issued by the International Accounting Standards Board ('IASB') and with the requirements of the Companies Act 2006. The auditor's report on those consolidated financial statements was unqualified, and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. The preliminary results do not comprise statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The Annual Report for the year ended 31 March 2024 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The financial information included in this preliminary announcement does not itself contain sufficient information to comply with IFRS. The annual report and audited financial statements for the year ended 31 March 2024 will be made available on the Company's website.

2. Going concern

The Group has recognised total revenues during the year of £14.4m (including revenue from discontinued operations of £0.8m) (2023: £13.6m and £0.6m) and had cash balances at 31 March 2024 of £3.7m (2023: £4.3m) with net cash outflows from operating activities during the year of £0.3m (2023: £2.8m).

In assessing the appropriateness of the going concern assumption, the Board of Directors ("the Directors") has reviewed the ability to continue operating over the period to 31 October 2026 ("the going concern period"). The Directors have also reviewed other relevant information, together with considering scenarios with adverse impacts across the Group's principal risks relating to: revenue reductions from either non-renewals of major contracts with customers or downward price pressures; non-materialisation of forecast sales to new customers and delays in securing new contracts with customers resulting in delayed cash inflows. These risks are further connected to macro-economic conditions and the UK government's fiscal policy, in particular the funding and support to the group's customers which are primarily NHS Trusts and other government bodies. The Directors determined that the forecast period extends to 31 October 2026 to take into account the operating cycle of the group, which sees significant contract renewals in March 2026, with cash inflows received in April-June 2026.

The Directors' cash inflows under the base case of going concern assessment assumes a significant majority of existing customer contracts with major customers will be renewed when they come due within the forecast period at the same contract terms. It also includes assumptions regarding growth in revenues due to new customer contracts, and growth in revenues due to sales of new products to existing customers. The base case going concern assessment cash outflows allows investment in the full range of planned market and product development activities, through increased employee-related and other spend to achieve revenue targets over this forecast period.

The Directors have considered a severe but plausible downside scenario whereby the Group is impacted by: reductions in revenue arising from either non-renewals of some major customer contracts or downward price pressure; non-materialisation of some forecast sales to new customers and three to six-month delays in securing some contracts with new customers resulting in delays in SaaS revenues and cash inflows, with associated reductions in incremental costs directly linked to revenue generation. The severe but plausible downside scenario has indicated that cash balances are their lowest in January 2025 before increasing again in March/April 2025 in line with the Group's operating cycle. At this low point, cash balances remain positive. Under a severe scenario, the Directors believe they can timeously respond to decreases in cash inflows by taking mitigating actions to reduce costs. These include but are not limited to; delays in backfilling employees; delays/non-backfilling new contractors; and reducing discretionary spend through, for example, reducing professional and consulting expenditure and contractor costs.

In determining that there is no material uncertainty related to going concern, the Directors have applied significant judgement regarding renewals of existing contracts with major customers, in particular NHS customers. The Directors have made this judgement after considering the contemporary knowledge of NHS intentions with regards to digitisation. Whilst there is always uncertainty as to the specifics of NHS funding plans, the Directors note that NHS funding generally was increased and there was a focus on NHS efficiency, which the Group's products / services are designed to assist with.

Therefore, the Directors believe that the judgement they have made is appropriate based upon information available at that point.

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group and Company have adequate resources to meet their liabilities as they fall due for the period to 31 October 2026, and therefore these financial statements are prepared on a going concern basis.

3. Revenue

During the year ended 31 March 2023, the Group classified the Induction Switch and Induction Guidance products as disposal groups held for sale (refer note 9). Consequently, revenues from contracts with customers arising from these products have been presented as part of results from discontinued operations. Revenues as presented in this note include only revenues from continuing operations.

The following is an analysis of the Group's revenue for the year from continuing operations:

	2024 £000	2023 £000
Provision of software (including set-up services of £0.2m (2023: £0.1m))	**10,172**	11,703
Post-contract support and maintenance	**355**	258
Text message revenue	**630**	431
Professional services	**2,491**	492
Total revenue from contracts with customers	**13,648**	12,884

All revenue from continuing operations in the above table is derived from the United Kingdom.

The following is an analysis of revenue by product line. Revenues for Induction Guidance and Induction Switch have been included in the results of discontinuing operations, refer note 13.

	2024 £000	2023 £000
Induction Attend Anywhere	**8,791**	10,709
Induction Zesty	**4,857**	2,175
	13,648	12,884

The following represents the timing of revenue recognition:

	2024 £000	2023 £000
Services transferred over time	**10,527**	11,961
Services at point in time	**3,121**	923
	13,648	12,884

The following represents the transaction prices allocated to performance obligations that are unsatisfied or partially satisfied at 31 March 2024, and the timing of the recognition of revenue from these balances.

	2024 £000	2023 £000
Within one year	**7,240**	1,330
More than one year	**7,919**	171
	15,159	1,501

4. Expenses by nature for continuing operations

The following represents expenses incurred during the year, by nature. These amounts exclude the results of discontinued operations.

	2024 £000	2023 £000
Employee costs	**7,543**	9,630
Depreciation of property, plant and equipment	**2**	119
Amortisation of intangible assets	**3,926**	4,514
Impairment of goodwill and intangible assets	-	7,758
Contractors' costs	**2,249**	2,756
Professional and legal fees	**203**	512
Research and development expense capitalised	**(329)**	(805)
Share-based payment charge	**299**	377

5. Employee benefit expenses for continuing operations

The following represents employee benefit expenses from continuing operations.

	2024 £000	2023 £000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**5,415**	6,934
Social security costs	**652**	801
Defined contribution pension cost	**301**	359
Share-based payment expenses	**299**	361
Other employee benefits	**881**	1,175
Total employee benefit expense	**7,543**	9,630

6. Loss per share

6.1 Basic loss per share

	2024 £	2023 £
From continuing operations attributable to the ordinary equity holders of the Group	**(0.03)**	(0.18)
Total basic loss per share attributable to the ordinary equity holders of the Group	**(0.04)**	(0.19)

6.2 Diluted loss per share

	2024 £	2023 £
From continuing operations attributable to the ordinary equity holders of the Group	**(0.03)**	(0.18)
Total diluted loss per share attributable to the ordinary equity holders of the Group	**(0.04)**	(0.19)

6.3 Reconciliation of loss used in calculating loss per share

6.3 Reconciliation of loss used in calculating loss per share

	2024 £000	2023 £000
Loss attributable to the ordinary equity holders of the Group used in calculating basic loss per share and diluted loss per share:		
From continuing operations	**(3,245)**	(16,588)
From discontinued operations	**(767)**	(795)
Gain on sale of disposal group	**755**	-
	(3,257)	(17,383)

6.4 Weighted average number of shares used as the denominator

	2024 number	2023 number
Shares in issue at the beginning of the period	**92,380,298**	92,050,725
Issue of ordinary shares on exercise of equity settled share-based payments	**1,469,076**	329,573
Issued ordinary shares as at the end of the period	**93,849,374**	92,380,298
Weighted average number of ordinary shares used as the denominator in calculating basic loss pershare	**92,781,687**	92,370,368

During the year ended 31 March 2024, the Group issued 1,469,076 shares to option holders who exercised options held under the equity settled share-based payments scheme, the NTA Plan.

7. Goodwill

7.1 Carrying amount of goodwill

The following represents the carrying value of goodwill as at 31 March 2024.

	2024 £000	2023 £000
Cost	**17,743**	18,164
Accumulated impairment	**(7,479)**	(7,479)
	10,264	10,685

The following reconciles goodwill at the beginning and end of the period.

	2024 £000	2023 £000
Cost		
At 1 April	**18,164**	20,175
Transferred to assets of disposal groups held for sale	**-**	(1,553)
Translation differences	**(421)**	(458)
At 31 March	**17,743**	18,164
Accumulated impairment		
At 1 April	**7,479**	417
Impairment charge	**-**	7,758
Transferred to assets of disposal groups held for sale	**-**	(696)
At 31 March	**7,479**	7,479

The net carrying value of goodwill transferred to assets of disposal groups held for sale was £0.8m. During the year ended 31 March 2023, the Group classified the Induction Guidance CGU as a disposal group held for sale. This remains held for sale at 31 March 2024. As a result, goodwill balances relating to this CGU have been reclassified to assets held for sale, after the impairment losses detailed below were recognized.

7.2 Allocation of goodwill to cash generating units

Goodwill is allocated to the Group's cash generating unit as follows:

	2024 £000	2023 £000
Induction Attend Anywhere	**9,507**	9,928
Induction Zesty	**757**	757
	10,264	10,685

The Attend Anywhere CGU consists of the assets and cash flows related to the Attend Anywhere video consultation product. The Zesty CGU consists of the assets and cash flows related to the Zesty patient portal product.

Goodwill in relation to the Induction Guidance CGU has been re-classified to assets of disposal groups held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations.

8. Intangible assets

£000	Trade name £000	Users £000	Technology £000	Total
Cost				
At 31 March 2022	**633**	**9,460**	**17,414**	**27,507**
Additions - internally developed	-	-	809	809
Transferred to assets of disposal groups held for sale	(264)	(919)	(1,024)	(2,207)
Translation differences	-	(394)	(556)	(950)
At 31 March 2023	**369**	**8,147**	**16,643**	**25,159**
Additions - internally developed	-	-	329	329
Translation differences	-	(363)	(512)	(875)
At 31 March 2024	**369**	**7,784**	**16,460**	**24,613**
Accumulated amortisation and impairment				
At 31 March 2022	**144**	**1,386**	**5,014**	**6,544**
Charge for the year	62	1,620	3,034	4,716
Transferred to assets of disposal groups held for sale	(102)	(355)	(513)	(970)
Translation differences	-	(395)	13	(382)
At 31 March 2023	**104**	**2,256**	**7,548**	**9,908**
Charge for the year	37	1,387	2,606	4,030
Translation differences	-	(182)	(305)	(487)
At 31 March 2024	**141**	**3,461**	**9,849**	**13,451**
Net book value				
At 31 March 2023	265	5,891	9,095	15,251
At 31 March 2024	**228**	**4,323**	**6,611**	**11,162**

9. Events after the reporting date

On the 1st July 2024 the Group announced the completion of the sale of Horizon Strategic Partners Ltd ("Induction Guidance"), a supplier of a clinical management platform to facilitate the curation, review and dissemination of antimicrobial resistance guidelines, for a consideration of £1.2m. This sale is in line with the previously announced strategy to divest non-core assets. The revenues of Induction Guidance are disclosed as part of the discontinued operations.