

15 April 2025

Kooth Plc

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

Full Year Results

2024 revenues up 100% to £66.7 million

Soluna has reached 75,000 youth and young adults in California by the end of February 2025 across all 58 counties, with Q1 2025 daily run rate quadruple that of 2024

Kooth (AIM: KOO), a global leader in youth digital mental health, announces unaudited results for the twelve months ended 31 December 2024. All figures relate to this period unless otherwise stated.

Strategic and post-period end highlights

- Soluna has demonstrated impact in California, reaching 75,000 youth and young adults by the end of February 2025 across all 58 counties, with Q1 2025 daily run rate quadruple that of 2024
- Further expansion of US services with a new pilot contract in New Jersey and launch of Medicaid pilot with Aetna Better Health in Illinois
- Continued investment in the US with further business development opportunities in the pipeline
- Resilient performance in the UK, demonstrated by maintaining our position as NHS England's largest single access provider for mental health support for under 18s, including the renewal of contracts in Cornwall and the Isle of Man, despite the persisting challenge of ongoing macro-economic conditions
- Kate Newhouse will succeed Tim Barker as Chief Executive Officer following the conclusion of the 2025 Annual General Meeting; Tim and Kate serving as Co-CEOs until that point

Financial highlights

- Exceptional revenue growth with 2024 revenues of £66.7 million, a 100% increase from 2023 (£33.3 million), primarily driven by contracts with the State of California and supplemented by Aetna Illinois
- £66.4 million Annual Recurring Revenue, 100% of total revenues in 2024
- Group net revenue retention increased to 100% (2023: 85%)
- 598% increase in adjusted EBITDA⁽¹⁾ to £15.8 million, driven by the ramp up of Soluna usage and lower practitioner costs. Significant investment and projected growth throughout 2025 will see EBITDA margins return to more typical mid teen levels going forward
- £21.8 million net cash at year end, compared to £11.0 million in 2023, attributable to increased adjusted EBITDA and strong cash management
- Completion of the £1.5 million share buyback programme post year end

Outlook

- Continued growth within the US, notably in California with increasing reach amongst the young population; ongoing business development activities to secure further contract wins with State governments and Medicaid payers
- The UK environment remains complex given ongoing policy changes. Kooth continues to showcase the evidence of its impact, and remains focused on delivering high quality services
- Increased investment into Kooth's proprietary technologies, with ongoing work to bring Soluna to the UK
- The strength of Kooth's strategy and service delivery model means that the Company is well placed to meet the increasing international demand for digital mental health services in 2025, building upon the foundations of Kooth's successful entry into the US, strong recurring revenue and cash position

Kate Newhouse, Co-Chief Executive of Kooth, commented:

As we reflect on 2024, we can be clear that Kooth has had an exceptional year. This has been achieved with a particular focus on delivering, building, launching and growing services for people across the UK and US, founded on our key purpose of building mentally healthier populations, leaving no one behind. Following the launch of Soluna in California we have made great strides, reaching 75,000 young people across all 58 counties by the end of February 2025. In the UK, despite the persistent macro-economic headwinds, we have successfully retained the majority of our contracts, grown several services and demonstrated our credibility as a leader in clinical efficacy and safety.

Kooth delivered a set of clearly strong financials in 2024, with a 100% increase in revenues year on year to £66.7 million, group net Annual Recurring Revenues at 100% of the company's revenues, and a 598% increase in adjusted EBITDA, attributable to the onboarding and ramp up of services in California. As 2025 progresses, we expect that EBITDA margins will return to more typical levels as we invest in and expand our practitioner network.

The strength of Kooth's strategy and service delivery model have created the strong foundations which stand us in good stead to meet the increasing international demand for digital mental health services. On a personal note, I am honoured to have joined Tim Barker as Co-Chief Executive Officer, who I have worked alongside as Chief Operating Officer for the past five years, and I am excited to continue working with the team to deliver vital digital mental health services to those who need it most throughout 2025.

Enquiries

Kooth plc

Kate Newhouse, Co-Chief Executive
Tim Barker, Co-Chief Executive
Senior Team, CFO

investorrelations@kooth.com

Stifel, Nominated Advisor & Sole Broker

Ben Maddison, Nick Harland, Erik Anderson, Ben Good

+44 (0) 20 7710 7600

FTI Consulting, Financial PR

Ben Atwell, Alex Shaw

kooth@fticonsulting.com

About Kooth

Kooth (AIM:KOO) is a global leader in youth digital mental health. Our mission is to provide accessible and safe spaces for everyone to achieve better mental health. Our platform is clinically robust and accredited to provide a range of therapeutic support and interventions. All our services are predicated on easy access to make early intervention and prevention a reality.

Kooth is a fully safeguarded and pre-moderated community with a library of peer and professional created content, alongside access to experienced online coaches and counsellors. There are no thresholds for support and no waiting lists.

Kooth is the longest standing digital mental health provider to hold a UK-wide accreditation from the British Association of Counselling and Psychotherapy (BACP) and according to NHS England data for 2022/23 is now the largest single access provider for mental health support for under 18s.

In 2021, Kooth began executing on its international expansion strategy, with an initial focus on the US market. This focus is due to the growing recognition of the importance of improving youth mental health in this key global healthcare market, with 1-in-6 people aged 6-17 experiencing a mental health disorder each year.

For more information, please visit www.koothplc.com.

Chair's statement

After a period of exponential growth and headline announcements, 2024 has been a year in which delivery took centre stage at Kooth. In the US, the launch of Soluna in California - with youth involvement at every step of the journey -- has marked the next evolution of our growth, and enabled us to reach 75,000 young people across all 58 counties in the State by the end of February 2025. In the UK, our services reached over 200,000 people in 2024, with each and every person able to access support when they needed it, in a way that suited them.

This has been a huge endeavour, with everyone in the over 500 strong team playing their part. The breadth of the work our team conducts is vast, from delivering services to those who need it most, to ensuring those who use our services are safe, as well as the behind-the-scenes work to ensure our staff and partners can thrive in their roles - to every one of them, thank you.

This ramp-up of activity has been matched by an equivalent scale-up of Kooth's clinical and quality governance processes, ensuring that our services remain evidence-based, high-quality, safe, effective and aligned to relevant regulatory frameworks.

As we enter the second year of our four-year contract in California, our revenues grew in 2024 to £66.7 million, a 100% increase over 2023 revenues of £33.3 million, and an increase in adjusted EBITDA from £2.3 million to £15.8 million. 2024 was a unique year for us with the onboarding of the California contract, and as we progress through 2025 we expect EBITDA to return to more typical levels. In the US, our investment in the team has enabled us to secure pilot contracts with the State of New Jersey, announced in December 2024, and with Aetna Better Health, Kooth's first US private-sector partnership. Looking ahead, we can see other opportunities in the pipeline, both State-funded and via Medicaid and health plans.

In the UK, the new Government has stated it intends to address mental health needs, though we have experienced an inevitable lag in the translation of these intentions into concrete initiatives and funding. This, combined with sustained pressure on public finances in general, has led to a further challenging year in the UK. As a result, churn in the UK has been £2.0 million (2023: £2.3 million) though we have successfully retained existing contracts for the longer-term with some services now contracted for five years or more, and secured new opportunities by partnering with new types of funders.

That said, the stability afforded by a new Government, alongside clear recognition of the growing impact that poor mental health has not just on individuals and their families, but on economic growth, is likely to drive increased appetite for innovation. Our focus on sustaining our solid foundations in 2024 ensures that we can be front-footed in working with our partners across the sector to accelerate our reach and identify new opportunities.

We were very fortunate to have Sherry B. Husa join the Board in 2024. Sherry brings over 35 years' experience of the US healthcare sector, providing us with crucial insights as we accelerate our growth in the US.

Having generated an operating profit of £9.2 million in 2024, we enter 2025 with a proven business model, £21.8 million in cash, no debt and an undrawn 9.5 million working capital credit facility. Despite a complex environment, we see significant potential ahead as we strengthen our foothold and build on our experience in the UK and US.

We know that stakeholders in a company like Kooth also care about more than just our financial projections. To that end, our 2024 annual report provides a deeper insight into the impact our services have, the behind-the-scenes work that keeps our users safe, and lays out our strong social purpose.

Peter Whiting
Non-Executive Chair
15 April 2025

Co-Chief Executive's Review

In 2020, I joined Kooth as Chief Operating Officer, working closely alongside Tim Barker and at every step of our journey together he has been an exemplary Chief Executive Officer. Five years down the line, I am honoured to join Tim as Co-CEO until he moves on to his next challenge in June 2025 leaving behind an incredible legacy of growth and a mentally healthier future across the populations we serve.

This time spent working together has provided an opportunity to take stock of what we've achieved and what the future might hold.

Over the past five years, we've grown a phenomenal team to achieve incredible things

Kooth remains the largest digital mental health provider in the UK, with over 65% of the youth population having free access via the NHS and local authorities.

We took Kooth public on the AIM segment of the London Stock Exchange in 2020, raising capital to invest in the long-term growth of our people and technology platform, as well as giving every employee at Kooth the opportunity to be a shareholder in the business.

We expanded into the US, which now represents over 70% of our business, and worked with young people to develop Soluna, Kooth's enhanced platform and service. We've launched and grown a unique, world-first programme in California, enabling universal access to support for all 13-25 year olds across the state, working within and alongside healthcare, education systems and communities to provide a joined up approach.

This rapid scaling has driven a five-fold growth in the business since our IPO enabling us to build our team of healthcare professionals and practitioners, moderators, developers and data scientists, content creators, safeguarding specialists, and the hundreds of other staff members across the UK and US that keep our services running safely and smoothly.

Underpinning these headlines are over 20 years of know-how, which have shaped the building blocks of our services: our people and processes that keep our users safe and staff well-supported; the technology that enables us to widen access to care at scale and continuously monitor and improve the quality of our services; and our commitment to research, evidence and clinical best practice. Our experience goes beyond building effective digital mental health support, extending to our users, communities, and system partners to have a positive impact.

A backdrop of political uncertainty through 2024 offers a timely reminder of the importance of showcasing the strong foundations that have enabled our success. As we move into 2025, these foundations will come to the fore as we shift from transformation to consolidation.

We are an international company, powered by technology, but with real-world outcomes at the core of our mission.

At Kooth we're driven by our purpose, to build mentally healthier populations to enable a more sustainable, resilient and productive future, leaving no one behind. In 2024, and as we move into 2025, it is clear that this is becoming ever more important. Too many people cannot access support for their mental health when they need it, in a way that suits them, before things get worse and hold them back from living more fulfilling and productive lives.

At Kooth, we provide high-quality, effective support that meets people where they are; that can support them in the moment and connect them to further help, if needed.

Mental health needs look different for everyone, and we are there all day, every day, supporting people to develop the skills they need to feel better and achieve their goals whether that's managing exam stress, handling difficult relationships, getting up for the day or maintaining the balance required to be their best at work. Importantly, we're there to support whether an individual has a diagnosed mental health condition or not, because the tools and strategies that support improved outcomes should be available to everyone.

The evidence tells us that this approach works, equipping people to manage psychological distress, in all its forms, reduces the need for further and more costly interventions later down the line. In 2024, this understanding began to permeate beyond the mental health sector, with increased recognition of the inextricable link between poor mental health and risks to fiscal growth and resilience. Psychological distress is now recognised as a key barrier to cognitive skills development, educational attainment, workplace satisfaction and engagement, and economic productivity.

At Kooth, we have been advocating for greater understanding of the 'ripple effect' of poor mental health since inception. Our focus on this topic and sharing our learning has dovetailed with an uptick in global acknowledgement of the importance of population mental health.

With this in mind, as we reflect on 2024 and look to the future, it is our solid foundations and legacy of innovation that will form the bedrock of extending our reach going forward.

This means a continuous and relentless focus on the safety, effectiveness, and accessibility of our services. It means reaching into communities otherwise underserved by traditional models of care and ensuring that our users are protected from harm, on and offline. We need to harness technology to drive engagement, improve user experience, and more effectively connect users to the high-quality support they need; and be robust in our approach to measuring service outcomes, both in real-time and longitudinally.

We will continue to invest time and care into local partnerships and system integration to ensure that we support and enhance the help offered across local ecosystems, whether in schools, workplaces, healthcare or community-based organisations.

We will also take seriously our responsibility to advocate on behalf of the populations we serve, using our experience, data and insights to secure mentally healthier populations, leaving no-one behind.

Last but not least, we will retain our pioneering spirit, being agile and entrepreneurial in harnessing our know-how to reach into new populations that need our support.

These foundations underpin our strategic priorities for 2025

In the US, our landmark service in California will continue to be a major priority, reflecting the significant investment and ambition of the State in addressing the youth mental health crisis. We have made great strides, reaching 75,000 young people across all 58 counties by the end of February 2025 alongside the youth-informed evolution of our product. The outbreak of wildfires across California in January 2025 brought a stark reminder of the importance of the support we provide, as demand for coaching and care navigation surged. Growing advocacy, awareness, usage, and impact are critical, recognising the importance of demonstrable and sustainable success in California to inform and secure further growth of Soluna across our services in New Jersey, Illinois, the US, and beyond.

In the UK, whilst the environment remained complex as the general election and funding pressure continued to put pressure on local decision-making, we were able to draw on our evidence of impact to successfully retain the majority of our contracts.

We have commenced work on migrating Soluna to the UK and secured new services through collaborating with other partners, which will form a key strand of focus in 2025 as we do more to extend our reach beyond our core services for children and young people and NHS funding. Government plans to transform the healthcare system and address broader social challenges offer a key opportunity to build on our existing relationships and evidence base to address these priorities across sectors, offering opportunities for growth to mitigate risks associated with plans to reorganise the NHS. The UK's increasingly robust regulatory environment for digital mental health technologies and online services also provides us with an opportunity for external assurance and scrutiny of our safety and efficacy. To this end, we are grateful that Dame Sue Bailey OBE DBE sits on our Board. Her extensive clinical, research, education and policy background helps ensure that the Board can provide effective scrutiny and challenge in areas related to safeguarding and clinical efficacy.

ensure that the Board can provide effective scrutiny and challenge in areas related to safeguarding and clinical efficacy.

Outlook

Our successful entry into the US market, strong recurring revenue and cash position give us a great platform as we enter 2025. We are confident that our strong foundations, grounded in our strategy and service delivery model, as well as the increasing demand for accessible, digital mental health services, will enable us to continue our progress in the year ahead.

Kate Newhouse
Co-Chief Executive
15 April 2025

Chief Financial Officer's review

A record year

Kooth delivered a strong performance in the year supported by record increases across revenue and adjusted EBITDA, a continuing strong gross margin as well as significant investment in our platform and the business essential for ensuring the continued safety and effectiveness of our services and the wellbeing of our team.

Revenue

I am pleased to report that Group revenue has grown significantly over the past year, doubling to £66.7 million (2023: £33.3 million), compared to a 66% increase from 2022. As previously reported, this exceptional growth has primarily been driven by our contract with the State of California and has been supplemented by our contract win with Aetna Illinois.

US revenue increased to £48.7 million (2023: £14.2 million) all of which was recurring revenue (comprising income invoiced for services that are repeatable, consumed and delivered on a monthly basis over the term of a customer contract).

UK revenue decreased by 6% to £18.0 million (2023: £19.1 million). While contract expansion upon renewal rose to 45% (2023: 41%) these gains were offset by £2.0 million of churn primarily due to:

- Lack of funding to continue pilot contracts, mainly in Adult early intervention
- Contract reductions following consolidations
- One competitive contract loss

Annual Recurring Revenue (ARR) of £66.4 million is the annualised revenue of customers engaged or closed at that date (31 December) and is an indication of the upcoming annual value of the recurring revenue. This key metric is used by management to monitor the long-term revenue growth of the business, and in 2024 increased to 100% of total revenues (2023: 98%).

Group net revenue retention, which is a measure of the depth and longevity of our client relationships, increased to 100% (2023: 85%), within the UK, there was a decrease to 92% (2023: 98%) reflecting churn in both our adult and CYP contracts. This is measured by the total value of ongoing ARR at the year end from customers in place at the start of the year as a percentage of the opening ARR from those clients.

Gross profit

Gross profit increased by 101% to £52.0 million (2023: £25.9 million) with the gross margin rising to 77.9% (2023: 77.6%). This reflects the transformational nature of 2024, in which usage of Soluna has gradually ramped up, giving lower practitioner costs offset by direct marketing to drive engagement with service users. As usage continues to grow we have invested significantly in marketing and engagement, whilst practitioner costs are expected to increase accordingly.

Gross margin saw a benefit from California revenues that included a contribution to platform development. These platform costs are capitalised in the Statement of financial position and amortised within the Statement of profit and loss and other comprehensive income.

Direct costs are both the costs of the practitioners directly involved in the delivery of our services, a total of 268 at the year-end (2023: 304 heads) with reductions reflecting UK churn and the commencement of promotion and marketing costs in California in support of raising user awareness and engagement, including hard to reach communities which were £3.9m.

The UK gross margin saw a slight increase, driven by a shift toward greater usage of self-help tools in place of direct practitioner support.

Foreign currency impact

The US Dollar/GBP exchange rate was relatively stable during the year under review during which the Group had approximately 73% of revenues and 47% of expenses denominated in US Dollars. The Group's focus on management of foreign currency risk resulted in a small foreign currency gain of £0.2 million (2023: loss £0.2 million).

Operating profit

The Group's operating profit for the year was £9.2 million (2023: loss of £2.3 million). This was driven by growth in the US business, predominantly the full launch of our California service from 1 January 2024.

Administrative expenses

Excluding depreciation, amortisation and share based payments administrative expenses grew by £12.6 million in the year, a 53.5% increase year on year, which is below the growth in revenue across the same period. Whilst costs of the UK business increased broadly in line with inflation, Group costs grew closer in line with revenue and the majority of the increase related to the first full year of costs following the build out of the US teams supporting our California contract. Finally, we saw increased costs as we strengthened our business development efforts in the US, as indicated at the time of our equity fundraise in July 2023.

Adjusted EBITDA

Adjusted EBITDA grew by 598% to £15.8 million (2023: £2.3 million) in the year, with increases in revenue and gross profit offset by our investment in the US and higher administrative expenses as outlined above. 2024 was a unique year for Kooth, with the onboarding of the California contract, and as we progress through 2025 we expect that EBITDA growth will return to more typical levels

Adjusted results are prepared to provide a more comparable indication of the Group's core business performance by

removing the impact of non-trading items that are reported separately.

Adjusted results exclude items as set out in the consolidated statement of profit and loss and below. In addition, the Group also measures and presents performance in relation to various other non-GAAP measures, such as annual recurring revenue and revenue growth.

Adjusted results are not intended to replace statutory results. These have been presented to provide users with additional information and analysis of the Group's performance, consistent with how the Board monitors results.

£'m	2024	2023
Operating Profit/(Loss)	9.2	(2.3)
Add Back:		
Depreciation and Amortisation	5.4	3.8
Share based payment expense	1.2	0.7
Adjusted EBITDA	15.8	2.3

Share-based payments are adjusted to reflect the underlying performance of the group as the fair value is impacted by market volatility that does not correlate directly to trading performance. The total charge for share-based payments in the year was £1.2 million (2023: £0.7 million). The additional cost reflects the increase in staff awards across the business in 2023 and 2024 and a credit in 2023 following a reassessment of those grants subject to performance criteria.

Taxation

There has been a corporation tax charge of £1.8 million (2023: £1.8 million credit) recognised in the year mainly arising from taxable profits generated in the US. For the first time this year there is a small corporation tax charge in the UK due to a cap on accumulated losses available to be utilised against taxable profits.

The tax credit for the year ended 31 December 2023 related to Research and Development expenditure credits which had been further enhanced due to the carrying forward of prior Research and Development claims at a higher effective tax rate rather than taking this as a cash credit resulting in a prior year adjustment. The Research and Development expenditure credits in 2024 were more than offset by the taxable profits generated within the year.

Cash

The Group has had good cash management in the year with net cash generated from operating activities of £17.1 million (2023: £1.9 million). Free cash flow, after taking account of capital expenditure was a net inflow of £10.2 million in 2024 (2023: £6.8 million outflow).

Overall, the Group had net cash inflow of £10.8 million driven by increased EBITDA and efficient cash management. The net cash at year end was £21.8 million (2023: £11.0 million). Post period end approximately £1.5 million of this was utilised for a share buyback.

In early 2024 we entered into a working capital credit facility with Citibank of 9.5 million that remains undrawn at this time. The Group remains debt free.

Capitalised development costs

The Group continued its investment in product and platform development in 2024 to support the full launch of our service in California, further expansion in the US as well as development of the platform in the UK. Costs are a combination of internal and external spend. Where such work is expected to result in future revenue, costs incurred that meet the definition of software development in accordance with IAS 38, Intangible Assets, are capitalised in the statement of financial position and amortised over three years. During the year the Group capitalised £6.9 million in respect of software development (2023: £8.7 million) with an amortisation charge of £5.2 million (2023: £3.6 million), in addition there was an impairment charge of £0.3 million in relation to the previous US Klassic platform, generated upon the end of the Pennsylvania contract.

Investment in product and development continues to be significant to the Group and we anticipate capitalising software costs at a slightly lower rate over the next year as we continue to invest in the Soluna platform in both the US and UK but see an increase in ongoing maintenance.

Capital expenditure

Software and product development costs aside, the Group's ongoing capital expenditure requirements remain modest at £0.1 million (2023: £0.3 million).

Capital and reserves

The strength of the Group's balance sheet with net assets of £29.8 million (2023: £20.8 million), high levels of recurring revenue and strong cash generation from operating activities provide the Group with financial strength with which to execute on its investment strategy which continues to focus on US expansion and platform investment essential for ensuring the continued safety and effectiveness of our services, and the wellbeing of our teams.

Dividend policy

As outlined in previous reports, the Group's intention in the short to medium term is to invest in order to deliver capital growth for shareholders. The Board has not recommended a dividend in respect of the year ended 31 December 2024 (2023: Nil) but may do so in future years.

Sanjay Jawa
Chief Financial Officer
15 April 2025

Consolidated statement of profit and loss and other comprehensive income

For the year ended 31 December 2024

	<i>Note</i>	2024	2023
		£'000	£'000
Revenue	4	66,744	33,337
Cost of sales	5	(14,757)	(7,480)
Gross profit		51,987	25,857
Administrative expenses	5	(42,831)	(28,119)
Operating profit/(loss)		9,156	(2,262)
Analysed as:			
Adjusted EBITDA		15,754	2,257
Depreciation & amortisation	11, 12, 13	(5,376)	(3,775)
Share based payment expense	6	(1,222)	(744)
Operating profit/(loss)		9,156	(2,262)
Interest income	7	702	298
Profit/(loss) before tax		9,858	(1,964)
Tax	8	(1,824)	1,795
Profit/(loss) after tax		8,034	(169)
Other comprehensive income/(expense)			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		244	(161)
Total comprehensive income/(loss) for the year		8,278	(330)
Profit per share - basic (£)	9	0.22	(0.00)
Profit per share - diluted (£)	9	0.21	(0.00)

Consolidated statement of financial position
As at 31 December 2024

	<i>Note</i>	31 December 2024	31 December 2023
		£'000	£'000
Assets			
Non-current assets			
Goodwill	10	511	511
Development costs	11	10,124	8,750
Right of use asset	12	20	42
Property, plant and equipment	13	266	304
Deferred tax	14	1,244	2,649
Total non-current assets		12,165	12,256

Total non-current assets		14,165	14,456
Current assets			
Trade and other receivables	15	8,733	7,174
Contract assets	16	292	251
Cash and cash equivalents	17	21,841	11,004
Total current assets		30,866	18,429
Total assets		43,031	30,685
Liabilities			
Current liabilities			
Trade payables	18	(2,683)	(1,555)
Contract liabilities	19	(3,781)	(5,156)
Lease liability	12	(23)	(44)
Accruals and other creditors	18	(5,264)	(2,521)
Tax liabilities	18	(1,526)	(651)
Total current liabilities		(13,277)	(9,927)
Net current assets		17,589	8,502
Net assets		29,754	20,758
Equity			
Share capital	20	1,834	1,825
Treasury shares	20	(17)	-
Share premium account	20	23,444	23,444
P&L reserve	20	5,955	(2,503)
Share-based payment reserve	20	2,444	2,142
Capital redemption reserve	20	115	115
Merger reserve	20	(4,104)	(4,104)
Translation reserve	20	83	(161)
Total equity		29,754	20,758

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Share capital	Treasury shares	Share premium	Share based payment reserve	P&L reserve	Capital redemption reserve	Merger reserve	Translation reserve	Total Equity
Balance at 1 January 2023	1,653	-	14,229	1,221	(2,595)	115	(4,104)	-	10,519
Loss for the year	-	-	-	-	(169)	-	-	-	(169)
Other comprehensive income	-	-	-	-	-	-	-	(161)	(161)
Total comprehensive income	1,653	-	14,229	1,221	(2,764)	115	(4,104)	(161)	10,189
Transactions with owners:									
Share options exercised	7	-	-	(261)	261	-	-	-	7
Share based payment charge	-	-	-	766	-	-	-	-	766

Shares issued	165	-	9,215	-	-	-	-	-	9,380
Deferred tax	-	-	-	416	-	-	-	-	416
As at 31 December 2023	1,825	-	23,444	2,142	(2,503)	115	(4,104)	(161)	20,758
Balance at 1 January 2024	1,825	-	23,444	2,142	(2,503)	115	(4,104)	(161)	20,758
Profit for the year	-	-	-	-	8,034	-	-	-	8,034
Other comprehensive income	-	-	-	-	-	-	-	244	244
Total comprehensive income	1,825	-	23,444	2,142	5,531	115	(4,104)	83	29,036
Transactions with owners:									
Share options exercised	9	-	-	(424)	424	-	-	-	9
Share based payment charge	-	-	-	1,142	-	-	-	-	1,142
Treasury shares purchased	-	(17)	-	-	-	-	-	-	(17)
Deferred tax	-	-	-	(416)	-	-	-	-	(416)
As at 31 December 2024	1,834	(17)	23,444	2,444	5,955	115	(4,104)	83	29,754

The accompanying notes form part of the financial statements.

Consolidated cash flow statement

For the year ended 31 December 2024

	Note	2024	2023
		£'000	£'000
Cash flows from operating activities			
Profit/(loss) for the year		8,034	(169)
Adjustments:			
Depreciation, amortisation and impairment	11, 12, 13	5,692	3,775
Income tax (paid)/received		(624)	569
Share based payment expense	6	1,222	744
Income tax recognised	8	1,824	(1,795)
Interest income	7	(702)	(298)
		15,446	2,826
Movements in working capital			
Increase in trade and other receivables	15	(1,600)	(4,158)
Increase in trade and other payables	18, 19	3,241	3,199
Net cashflow from operating activity		17,087	1,867
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(120)	(291)
Additions to intangible assets	11	(6,887)	(8,713)
Interest income	7	702	298
Net cash used in investing activities		(6,305)	(8,706)
Cash flows from financing activities			
Proceeds from issue of share capital	20	-	9,923
Costs incurred from the issue of share capital	20	-	(536)
Net cash from financing activities		-	9,387
Net increase in cash and cash equivalents		10,782	2,548
Exchange adjustments		55	(36)

Cash and cash equivalents at the beginning of the year	17	<u>11,004</u>	<u>8,492</u>
Cash and cash equivalents at the end of the year	17	<u>21,841</u>	<u>11,004</u>

Notes to the financial statements

1. Corporate information

Kooth plc is a company incorporated in England and Wales. The address of the registered office is 5 Merchant Square, London, England, W2 1AY.

2. Significant accounting policies

2.1 Basis of preparation

The preliminary results for the year ended 31 December 2024 are an abridged statement of the full Annual Report which was approved by the Board of Directors on 14 April 2025. The consolidated financial statements in the full Annual Report are prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006. The auditor's report on those consolidated financial statements were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report 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 December 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 UK-adopted International Accounting Standards. The Annual Report and audited financial statements for the year ended 31 December 2024 will be made available on the Company's website in April 2025.

Measurement convention

The financial statements are prepared on the historical cost basis. These policies have been consistently applied to all years presented unless otherwise stated. All values are presented in Sterling and rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Going concern

The Directors have a reasonable expectation that the Group as a whole has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis continues to be adopted in the accounts.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 9 to 29. In addition, note 22 to the financial statements include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

During the 2024 financial year the Group generated a profit of £8.0 million (2023: £0.2 million loss). Adjusted EBITDA was £15.8 million (2023: £2.3 million). The Group is in a net asset position of £29.8 million (2023: £20.8 million).

Management has performed a going concern assessment for a period of 12 months from signing, which indicates that the Group will have sufficient funds to trade and settle its liabilities as they fall due. This assessment considers a number of sensitivities, including a downside scenario and a reverse stress test, which models the scenarios that would lead to a default by the Group. Both the downside scenario and reverse stress test reflect lower activity levels than both the Group forecast and 2024 actual results. The key assumption used in the assessment is revenue and Management has analysed the impact of reduced revenue on the Group's performance.

Whilst Management has concluded that the possibility of the downside scenario occurring is remote, the Group would still have adequate resources to be able to trade and settle its liabilities as they fall due in this scenario. Management deemed the combination of factors occurring as set out in the default model to be implausible.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and as such continue to adopt the going concern basis of accounting in preparing the financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024, with the comparatives presented for the previous 12 months being the Group's combined activities for the 12 months ended 31 December 2023.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.

- The ability to use its power over the investee to affect its returns. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
 - The contractual arrangement(s) with the other vote holders of the investee
 - Rights arising from other contractual arrangements
 - The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions. Accordingly, the CODM determines the Group currently operates under two reporting segments being the UK and US. The measure of performance of those segments that is reported to the CODM is revenue and EBITDA, as shown below in note 4.

2.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

Revenue recognition

The Group applies IFRS 15 "Revenue from Contracts with Customers". To determine whether to recognise revenue, the Group follows the five-step process as set out within IFRS 15.

- 1) Identifying the contract with a customer.
- 2) Identifying the performance obligations.
- 3) Determining the transaction price.
- 4) Allocating the transaction price to the performance obligations.
- 5) Recognising revenue as/when performance obligation(s) are satisfied.

Provision of online counselling contracts

Revenue arises from the provision of counselling services and mental health support services under fixed price contracts. Contracts are typically for a 12 month period and are fixed price based on the population covered and an expected number of hours of counselling provided.

Contracts with customers take the form of signed agreements from customers. There is one distinct performance obligation, being the provision of counselling services, to which all the transaction price is allocated. Revenue from counselling services is recognised in the accounting period in which the services are rendered. The contracts are satisfied monthly over the contract term for an agreed level of support hours. Revenue is recognised over-time, on a systematic basis over the period of the contract, which reflects the continuous transfer of the service to the customer throughout the contracted service period.

In certain circumstances the number of hours of counselling provided may surpass the expected number of hours within the contract. In this circumstance, Management does not recognise additional revenue during the period, as contractually the Group has no right to demand payment for additional hours. In some instances, the Group has recovered additional fees post year end for the additional hours incurred; this additional revenue is recognised at a point in time when the Group has agreed an additional fee and has a right to invoice. At each reporting date there was no significant overprovision of hours noted.

In instances where the number of counselling hours provided is less than the contracted number of hours, the full fixed fee is still payable by the customer.

Platform build and behavioural support services contracts

Revenue from the California contract arises from the provision of a digital mental health platform alongside supporting

behavioural healthcare services, promotional campaigns, reporting and analysis and technical support. The contracts have fixed and variable pricing elements which depend on platform utilisation, with a service period of more than one year. Contracts with customers take the form of signed agreements from customers.

The contracts include an enforceable right by either party to terminate the contract without penalty with a fixed notice period. The contract term is therefore limited up to the end of the notice period. The transaction price is determined as all consideration due within the contract period. The contract term is modified each month if the termination clause is not enacted with the modification being treated on a prospective basis as the incremental transaction price does not reflect the standalone selling price for the additional distinct services.

Under IFRS 15, five distinct performance obligations have been identified for these contracts:

- Providing access to a digital mental health platform.
- Customer contact services to resolve technical issues.
- Collection and analysis of data and reporting.
- Providing on-platform behavioural healthcare services.
- Conducting promotional campaigns to spread awareness.

Revenue from the first three performance obligations is recognised evenly over time using the output method. This is to reflect the continuous consumption of the service by the customer over the contracted service period. For the last two performance obligations revenue is recognised using the input method. This is to reflect how much of the service the customer has used by comparing the actual costs incurred to the total projected costs that are expected to be incurred in delivering the service. These costs include directly attributable labour and external marketing and promotion costs.

The allocation of the transaction price between the five performance obligations included in the contract is based on an expected cost plus margin approach as the standalone selling price is not observable.

The transaction price is determined at contract inception as being the most likely amount of consideration in which the Group is entitled to, including any variable consideration. This has been determined through an expected value calculation modelling various utilisation rate projections against their likely achievement. The variable consideration has been appropriately constrained as the Group has limited historical experience to ensure it can be virtually certain there will be no material reversal of revenue.

The Group typically receives cash from customers 38 days after invoicing a customer.

Revenue to come from contracts entered into with performance obligations not fulfilled or only partially fulfilled amounted to £27.1m as at 31 December 2024 (2023: £35.5m), all of which is expected to be recognised within one year.

Contract assets and liabilities

The Group recognises contract assets in the form of accrued revenue when the value of satisfied or part satisfied performance obligations is in excess of the payment due to the Group, and contract liabilities in the form of deferred revenue when the amount of unconditional consideration is in excess of the value of satisfied or part satisfied performance obligations. Once a right to receive consideration is unconditional, that amount is presented as a trade receivable.

Tax

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can

be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Research and Development tax claims

Where Kooth plc has made Research and Development tax claims under the Small and Medium Enterprise scheme and tax losses have been surrendered for a repayable tax credit, a current tax credit is reflected in the statement of profit and loss and other comprehensive income.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in its acquisition and installation.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Computer and office equipment	33.33% straight line
-------------------------------	----------------------

Goodwill and intangibles

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of

impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss within administrative expenses.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Expenditure on internally developed software products and substantial enhancements to existing software product is recognised as intangible assets only when the following criteria are met:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in administrative expenses within the statement of profit and loss and other comprehensive income.

During the period of development, the asset is assessed for impairment annually.

Amortisation is charged on a straight line basis over the estimated useful life of three years.

Expenditure on research activities as defined in IFRS is recognised in the statement of profit and loss and other comprehensive income as an expense.

Impairment testing of intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately independent cash inflows (CGU). Those intangible assets including goodwill and those under development are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment charge is recognised for the amount by which the asset or CGUs carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. All assets, with the exception of goodwill, are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the underlying contractual arrangement. Financial instruments are recognised on the date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value except for trade receivables which are initially accounted for at the transaction price. Financial instruments cease to be recognised at the date when the Group ceases to be party to the contractual provisions of the instrument.

Financial assets are included on the balance sheet as trade and other receivables or cash and cash equivalents.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the transaction price. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivable. To measure expected credit losses, trade receivables are analysed based on their credit risk characteristics to determine a suitable historic loss rate. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors that the Group considers could affect the ability of its customers to settle the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that have a maturity date of three months or less from the date of acquisition, are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Leases

Short term leases or leases of low value are recognised as an expense on a straight-line basis over the term of the lease.

The Group recognises right-of-use assets under lease agreements in which it is the lessee. The underlying assets mainly include property and office equipment and are used in the normal course of business. The right-of-use assets comprise the initial measurement of the corresponding lease liability payments made at or before the commencement day as well as any initial direct costs and an estimate of costs to be incurred in dismantling the asset. Lease incentives are deducted from the cost of the right-of-use asset. The corresponding lease liability is included in the consolidated statement of financial position as a lease liability.

The right-of-use asset is depreciated over the lease-term and if necessary impaired in accordance with applicable standards. The lease liability shall initially be measured at the present value of the lease payments that are not paid at that date, discounted using the rate implicit in the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (application of the effective interest method) and by reducing the carrying amount to reflect the lease payments made. No lease modification or reassessment changes have been made during the reporting period from changes in any lease terms or rent charges.

Employee benefit plans

Defined contribution plans

The Group operates a defined contribution pension plan. Payments to defined contribution pension plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Share-based payment

Benefits to employees are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity settled transactions'). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, which takes into account market conditions and non-vesting conditions. This cost is charged to the statement of profit and loss and other comprehensive income over the vesting period, with a corresponding increase in the share based payment reserve.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of shares that will ultimately vest. The charge or credit to the statement of profit and loss and other comprehensive income for a period represents the movement in the cumulative expense recognised at the beginning and end of that period and is recognised in share based payment expense.

Alternative performance measures

Adjusted 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, and other, non- trading, items that are reported separately.

The Group believes that EBITDA before separately disclosed items ("adjusted EBITDA") is the most significant indicator of operating performance and allows a better understanding of the underlying profitability of the Group. The Group defines adjusted EBITDA as operating profit/loss before interest, tax, depreciation, amortisation, exceptional items and share based payments.

The Group also measures and presents performance in relation to various other non-GAAP measures, such as gross margin

%, annual recurring revenue and revenue growth.

Adjusted results are not intended to replace statutory results. These have been presented to provide users with additional information and analysis of the Group's performance, consistent with how the Board monitors results.

3. Significant accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources.

Estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. No significant estimates have been identified.

Judgements

The areas of judgement which have the most significant impact on the amounts recognised in the financial statements are as follows:

Revenue recognition

Judgements have been taken in the application of IFRS 15 "Revenue from Contracts with Customer". The determination of the transaction price included judgement as to how much variable consideration was expected to be received across the contract and how much those considerations should be constrained based on projected contract performance. There was judgement taken in allocating the transaction price to the identified performance obligations based on the relative stand-alone selling price (SSP) of each distinct service or item within the contract. An observable SSP was not available, therefore judgement was used to estimate the SSP considering all reasonably available information using an expected cost-plus margin approach.

Deferred tax

In assessing the requirement to recognise a deferred tax asset, management carried out a forecasting exercise in order to assess whether the Group and Company will have sufficient future taxable profits on which the deferred tax asset can be utilised. This forecast required management's judgement as to the future performance of the Group.

Capitalisation of development costs

The Group capitalises costs associated with the development of the Kooth platforms. These costs are assessed against IAS 38 Intangible Assets to ensure they meet the criteria for capitalisation. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired. Capitalised development expenditure is analysed further in note 11.

Development costs largely relate to amounts paid to external developers, consultancy costs and the direct payroll costs of the internal development teams. Any internal time capitalised is the result of careful judgement of the proportion of time spent on developing the platform and whether that time meets the IAS 38 criteria for capitalisation. Capitalised development expenditure is reviewed at the end of each accounting period for indicators of impairment.

4. Revenue and segmental analysis

In accordance with IFRS 8, the Group requires consideration of the Chief Operating Decision Maker ("CODM") within the Group. In line with the Group's internal reporting framework and management structure, the key strategic and operating decisions are made by the Executive Directors, who review internal monthly management reports, budgets and forecast information as part of this. Accordingly, the Executive Directors are deemed to be the CODM.

Accordingly, the CODM determines the Group currently operates under two reporting segments being the UK and US. The measure of performance of those segments that is reported to the CODM is revenue and adjusted EBITDA, as shown below. In the prior year the Group operated under one segment only. The roll out of the California contract across 2024 and development of further US contracts has led the Group to diversify its global operations across two regional leadership teams who monitor their cashflows separately.

Segment assets and segment liabilities are reviewed by the CODM in a consolidated statement of financial position. Accordingly, this information is replicated in the Group consolidated statement of financial position. As no measure of assets or liabilities for individual segments is reviewed regularly by the CODM, no disclosure of total assets or liabilities has been made, in accordance with the amendment to paragraph 23 of IFRS 8.

	2024	2024	2024	2023	2023	2023
	£'000	£'000	£'000	£'000	£'000	£'000
	US	UK	Total	US	UK	Total
Provision of online counselling contracts	101	18,047	18,148	1,466	19,143	20,609
Platform build and behavioural support services contracts	48,596	-	48,596	12,728	-	12,728
Total revenue	48,697	18,047	66,744	14,194	19,143	33,337

Adjusted EBITDA	2,466	13,288	15,754	153	2,104	2,257
Non current assets	175	10,747	10,922	231	9,376	9,607

The geographical revenue information above is based on the location of the customer.

The group had one customer (2023: one) that accounted for more than 10% of total revenue in 2024. This customer accounted for 73% of group revenue (2023: 38%)

Non-current assets for this purpose consist of goodwill, intangible assets, right of use assets and property, plant and equipment and excludes deferred tax assets.

5. Operating profit

	2024	2023
	£'000	£'000
Labour costs	10,550	7,354
Direct marketing	3,935	-
Share based payment expense	261	100
Travel and subsistence	11	26
Total cost of sales	14,757	7,480
Employee costs	27,285	15,855
Rent and rates	666	492
IT hosting and software	2,505	1,450
Professional fees	4,201	3,948
Marketing	1,325	1,650
Depreciation & amortisation	5,376	3,775
Share based payment expense	961	644
Other costs	512	305
Total administrative expenses	42,831	28,119
Total cost of sales and administrative expenses	57,588	35,599

Cost of sales represent the costs of our service user facing employees including external contractors and direct service user marketing expenditure.

6. Employee remuneration

	2024	2023
	£'000	£'000
Salaries	33,748	20,669
Pensions	773	529
Social security costs	3,036	2,325
Other staff benefits	1,452	479
Share based payments	1,222	744
	40,231	24,746

Employee remuneration is presented in the financial statements in the following locations:

	2024	2023
	£'000	£'000
Cost of sales	10,606	6,837
Administrative expenses	26,213	14,988

Statement of financial position	3,412	2,921
	40,231	24,746

The employee remuneration present in the statement of financial position are the capitalised development costs in accordance with IAS 38.

Employee numbers	2024	2023
Direct	251	259
Indirect	294	183
Developers	48	36
	593	478

Employee numbers disclosed represent the average number of employees, including directors, for the year.

The Directors' remuneration and share options are detailed within the Report of the Remuneration Committee on pages 105 to 107. This includes details of the total Directors' remuneration, including bonuses and pension contributions and remuneration of the highest paid Director. No directors exercised share options in the year.

The Executive Directors of the Company control 4.8% of the voting shares of the Company (2023: 4.7%).

Share based payment	2024	2023
	£'000	£'000
Long term incentive awards	1,222	744

Long term incentive awards

Long term incentive awards have been issued to all staff. Performance conditions are attached to the incentive awards of Executives, with 50% linked to adjusted EBITDA growth (ARR growth for grants prior to 2023) and 50% linked to comparative total shareholder return (TSR). Vesting conditions require that all staff remain employed by the business for three years. The shares vest over a three year period with a maximum term of 10 years.

	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
	2024	2024	2023	2023
Outstanding at the beginning of the year	2,339,017	£0.05	1,873,356	£0.05
Granted	602,218	£0.05	882,989	£0.05
Forfeited	(456,517)	£0.05	(311,520)	£0.05
Exercised	(210,759)	£0.05	(105,808)	£0.05
Outstanding at the end of the year	2,273,959	£0.05	2,339,017	£0.05

The share options outstanding at the end of the year have a weighted average remaining contractual life of 8.4 years (2023: 8.6 years).

Fair value of options granted:

The fair value of the awards has been calculated using the Black Scholes option pricing model and using a Stochastic simulation model for options with TSR performance conditions. The following assumptions were used on options granted in the year:

Options granted on	31/01/2024	16/05/2024	02/09/2024	12/09/2024	12/12/2024
Share price at date of grant	284.0p	302.0p	320.0p	317.0p	168.0p
Exercise price	5.0p	5.0p	5.0p	5.0p	5.0p
Vesting period (years)	2.6	2.7	3	2.7	2.6
Expected volatility	60.0%	60.0%	60.0%	60.0%	60.0%
Option life (years)	10	10	10	10	10
Expected life (years)	10	10	10	10	10
Risk-free rate	1.0%	1.0%	1.0%	1.0%	1.0%
Expected dividends expressed as a dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Fair value of options granted	230.2p	245.1p	315.2p	257.5p	134.6p

The expected volatility is based on the historical volatility of the Company's share price. An assessment of the likelihood of

market conditions being achieved is made at the time that the options are granted.

7. Interest

	2024	2023
	£'000	£'000
Interest income on cash deposits	702	298

8. Taxation

	2024	2023
	£'000	£'000
Current tax		
UK corporation tax	49	-
Foreign tax	764	336
Adjustments in respect of prior years	<u>22</u>	<u>451</u>
	835	787
Deferred tax		
Current year	1,019	(1,756)
Adjustments in respect of prior years	<u>(30)</u>	<u>(826)</u>
	989	(2,582)
Tax charge/(credit)	<u>1,824</u>	<u>(1,795)</u>

	2024	2024	2023	2023
	£'000	%	£'000	%
Profit/(loss) before tax for the year	9,858		(1,964)	
Tax charge/(credit) at standard rate of 25% (2023: 23.5%)	2,465	25.0	(462)	23.5
Effects of:				
Permanent items / additional relief under R&D scheme	(547)	(5.5)	(782)	39.8
Difference between UK CT & DT rates	(26)	(0.3)	(160)	8.2
Income not taxable for tax purposes	(40)	(0.4)	-	0.0
Prior year adjustments	(8)	(0.1)	(375)	19.1
Other differences	<u>(20)</u>	<u>(0.2)</u>	<u>(16)</u>	<u>0.8</u>
Tax charge/(credit) for the year	<u>1,824</u>	<u>18.5</u>	<u>(1,795)</u>	<u>91.4</u>

9. Earnings per share

	2024	2023
	£'000	£'000
Earnings used in calculation of earnings per share: On total profits attributable to equity holders of the parent	8,034	(169)

	2024	2023
Weighted average no. of shares (Basic)	36,574,695	34,768,325
Weighted average no. of shares (Diluted)	38,995,084	36,874,511

Shares in issue

Ordinary shares in issue	36,677,766	36,480,873
Treasury shares acquired	(9,250)	-

Loss per share on total losses attributable to equity holders of the parent

Basic, £	0.22	(0.00)
Diluted, £	0.21	(0.00)

10. Goodwill

	2024	2023
	£'000	£'000
Goodwill as at 1 January and 31 December	511	511

Management has established there are two CGUs in the group being the UK and US operations which aligns to the group's reporting segments. Goodwill is allocated across the two CGUs .

The Group tests annually for impairment or more frequently if there are indications that it might be impaired. There were no indicators of impairment noted during the periods presented.

The Group tests goodwill for impairment by reviewing the carrying amount against the recoverable amount of the investment. Management has calculated the value in use using the following assumptions:

Discount rate 8%

Growth rate 2%

Forecasts are based on past experience and take into account current and future market conditions and opportunities. Using alternative discount (increase to 10%) and growth rates (decrease to nil) as sensitised assumptions does not result in any impairment.

The Group prepares forecasts based on the most recent financial budgets approved by the Board. The forecasts have been used in the value in use calculation along with the assumptions stated above. The forecasts used are consistent with those used in the going concern review and discussed in note 2. The forecasts extended for a period of 12 months from the date of signing.

There were no impairments in the years ended 31 December 2024 and 31 December 2023.

11. Development costs

	2024	2023
	£'000	£'000
Cost		
Balance as at 1 January	19,028	10,315
Additions	<u>6,887</u>	<u>8,713</u>
Balance as at 31 December	25,915	19,028
Amortisation		
Balance as at 1 January	(10,278)	(6,634)
Amortisation	(5,197)	(3,644)
Impairment	<u>(316)</u>	<u>-</u>
Balance as at 31 December	(15,791)	(10,278)
Carrying amount 31 December	<u>10,124</u>	<u>8,750</u>

The US Soluna platform has a carrying value of £8.2m and a remaining amortisation period of between 1 and 3 years. The UK platform has a carrying value of £1.9m and a remaining amortisation period of between 1 and 3 years. The US Klassic platform was fully impaired in 2024 leading to a charge within administrative expenses of £0.3m.

12. Leases

	2024	2023
	£'000	£'000
Right of use asset		
As at 1 January	42	68
Depreciation	(22)	(22)

Depreciation	(44)	(44)
Currency revaluation	-	(4)
As at 31 December	20	42

Lease liability

As at 1 January	44	68
Interest charge	4	5
Cash payment	(25)	(25)
Currency revaluation	-	(4)
As at 31 December	23	44

13. Property, plant and equipment

	2024	2023
	£'000	£'000
Cost		
Balance as at 1 January	842	551
Additions	120	291
Disposals	(462)	-
Balance as at 31 December	500	842
Depreciation		
Balance as at 1 January	(538)	(429)
Depreciation	(158)	(109)
Disposals	462	-
Balance as at 31 December	(234)	(538)
Carrying amount 31 December	266	304

Property, plant and equipment refers to computer and office equipment. During the year the Group disposed of equipment that had nil book value.

14. Deferred tax assets and liabilities

	Fixed asset temporary differences	Other temporary differences	Tax losses	Total
At 1 January 2023 - asset / (liability)	(577)	225	4	(348)
Movement - (charge) / credit	(643)	503	2,721	2,581
Amounts recognised in equity	-	416	-	416
At 1 January 2024 - asset / (liability)	(1,220)	1,144	2,725	2,649
Movement - (charge) / credit	(62)	344	(1,271)	(989)
Amounts recognised in equity	-	(416)	-	(416)
At 31 December 2024 - asset / (liability)	(1,282)	1,072	1,454	1,244

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

15. Trade and other receivables

	2024	2023
	£'000	£'000
Trade receivables	7,409	5,801
Prepayments	1,289	1,084
Other receivables	35	289
	8,733	7,174

All amounts shown above are short term. The net carrying value of trade receivables is considered a reasonable

approximation of fair value.

16. Contract assets

	2024	2023
	£'000	£'000
Accrued income	292	251

17. Cash and cash equivalents

	2024	2023
	£'000	£'000
Cash and cash equivalents	21,841	11,004

18. Trade and other payables

	2024	2023
	£'000	£'000
Trade payables	2,683	1,555
Accruals and other creditors	5,264	2,521
Tax liabilities	<u>1,526</u>	<u>651</u>
	<u>9,473</u>	<u>4,727</u>

The Group recognises a provision for an obligation when there is a probable outflow of resources and an amount can be reliably estimated. This includes legal disputes the estimated costs of which are provided for in other creditors. Disclosure of the exact details of these claims could prejudice the financial position of the Group and accordingly further information is not disclosed in this report.

19. Contract liabilities

	2024	2023
	£'000	£'000
Contract liabilities - current	3,781	5,156

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the year totalled £5.2m (2023: £2.5m).

The following table shows the movement in contract liabilities:

	2024	2023
	£'000	£'000
Contract liabilities recognised at start of the year	5,156	2,583
Amounts invoiced in prior year recognised as revenue in the current year	(5,156)	(2,525)
Amounts invoiced in the current year which will be recognised as revenue in the later years	<u>3,781</u>	<u>5,098</u>
Balance at the end of the year	<u>3,781</u>	<u>5,156</u>

20. Equity

	2024	2023
	£'000	£'000
Ordinary A shares	1,834	1,825
Number of Shares	2024	2023
Ordinary A shares	36,677,766	36,480,873

The share capital of Kooth plc consists of fully paid ordinary shares with a nominal value of £0.05 per share.

The A ordinary shares have attached to them full voting, dividend and capital distribution rights (including on winding up). They do not confer any right of redemption.

The following table shows the movement in ordinary shares:

The following share transactions have taken place during the year ended 31 December 2024:

	2024	2023
	Number	Number
At the start of the year	36,480,873	33,055,776
Share placement	-	3,305,577
Exercise of share options	<u>196,893</u>	<u>119,520</u>
At the end of the year	<u>36,677,766</u>	<u>36,480,873</u>

Share capital increased from the prior year following the exercise of staff share options.

	2024	2023
	£'000	£'000
Treasury shares	(17)	-

During the reporting period the company purchased 9,250 ordinary shares to hold in treasury.

	2024	2023
	£'000	£'000
Share Premium	23,444	23,444

Share premium represents the funds received in exchange for shares over and above the nominal value.

	2024	2023
	£'000	£'000
Share based payment reserve	2,444	2,142

The share-based payment reserve represents amounts accrued for equity settled share options granted.

	2024	2023
	£'000	£'000
Merger reserve	(4,104)	(4,104)

The merger reserve was created as a result of the share for share exchange during the year ended 31 December 2020.

	2024	2023
	£'000	£'000
Capital redemption reserve	115	115

The capital redemption reserve was established as a result of the deferred share buyback during the year ended 31 December 2020.

	2024	2023
	£'000	£'000
Translation reserve	(83)	161

The translation reserve represents differences on translation of balances in Kooth USA LLC which has a functional currency of USD.

21. Auditor's remuneration

	2024	2023
	£'000	£'000
Fees payable to the auditor for the audit of the Company and Consolidated financial statements	145	130
Fees payable to the auditor and its associates for other services:		
Other audit related services	6	5

22. Financial assets and liabilities

	2024	2023
	£'000	£'000
Financial assets		
Trade receivables	7,409	5,801
Cash and cash equivalents	21,841	11,004

Financial liabilities

Trade and other payables	7,970	4,120
--------------------------	-------	-------

The carrying amount of trade receivables are denominated in the following currencies:

	2024	2023
	£'000	£'000
GBP	2,638	931
USD	<u>4,771</u>	<u>4,870</u>
Total	<u>7,409</u>	<u>5,801</u>

The carrying amount of cash and cash equivalents are denominated in the following currencies:

	2024	2023
	£'000	£'000
GBP	8,696	6,463
USD	12,997	4,508
EUR	<u>148</u>	<u>33</u>
Total	<u>21,841</u>	<u>11,004</u>

The carrying amount of trade and other payables are denominated in the following currencies:

	2024	2023
	£'000	£'000
GBP	3,578	1,579
USD	<u>4,392</u>	<u>2,541</u>
Total	<u>7,970</u>	<u>4,120</u>

Management has assessed that the fair values of cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Group's principal financial liabilities comprise trade and other payables. The Group has an undrawn debt facility as at 31 December 2024 (2023: £nil). The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and cash that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Board of Directors who advise on financial risks and the appropriate financial risk governance framework for the Group. The Board provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Market risk is deemed to be immaterial to the Group given that the Group has only undrawn debt facilities in place at the year ended 31 December 2024 (2023: £nil) that would cause interest rate risk.

Credit risk

The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. The credit risk associated with trade receivables is also limited as customers are primarily government backed organisations such as the NHS or State

governments. Credit losses historically incurred have been negligible.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by closely managing its cash balance.

As at the year ended 31 December 2024 the Group is solely funded by equity and as a result liquidity risk is deemed to be immaterial. The Group monitors its risk of a shortage of funds through both review and forecasting procedures.

Foreign currency risk

The Group is exposed to the US Dollar through the US subsidiary, Kooth USA LLC, which raises its sales invoices to customers in US Dollars and incurs costs in US Dollars.

With the Group reporting in Sterling, any change to the GBP/USD exchange rate could increase the Group's foreign currency risk. The Group deems the UK and US to be stable economies, thereby significantly reducing foreign currency risk.

If the exchange rate between sterling and the US dollar had been 10% higher/lower at the reporting date, the effect on profit would have been approximately (£1,096,000)/£1,340,000 respectively (2023: (£635,000)/£780,000). If the exchange rate between sterling and euro had been 10% higher/lower at the reporting date the effect on profit would have been approximately (£13,000)/£16,000 respectively (2023: (£3,000)/£4,000).

23. Related party transactions

Note 25 provides information about the Group's structure, including details of the subsidiaries and the holding company. The Group has taken advantage of the exemption available under IAS 24 Related Party Disclosures not to disclose transactions between Group undertakings which are eliminated on consolidation.

Key management personnel are the executive members of the Board of Directors. Remuneration applicable to the Company is disclosed below, with further information disclosed in the Remuneration Committee report.

	2024	2023
	£'000	£'000
Salaries and bonuses	1,920	1,919
Pension costs	29	25
Share based payment charges	249	227
	<u>2,198</u>	<u>2,171</u>

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	2024	2023
	£'000	£'000
Monitoring fees - ScaleUp Capital Limited	65	58

24. Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern.
- To provide an adequate return to shareholders by pricing products and services in a way that reflects the level of risk involved in providing those goods and services.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented in the statement of financial position.

The Group has only undrawn debt facilities in place as at 31 December 2024 (2023: £nil).

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2024	2023
	£'000	£'000
Total equity	29,754	20,758
Cash and cash equivalents	<u>21,841</u>	<u>11,004</u>
Capital	<u>51,595</u>	<u>31,762</u>

Total equity	29,754	20,758
Lease liability	<u>(23)</u>	<u>(44)</u>
Financing	<u>29,731</u>	<u>20,714</u>

25. Subsidiaries and associated companies

Name	Country of Incorporation	Proportion Held	Activity	Registered Address
Kooth Group Limited	UK	100%	Platform development	5 Merchant Square, London, England, W2 1AY
Kooth Digital Health Limited	UK	100%	Provision of online services to children, young people and adults in the UK	5 Merchant Square, London, England, W2 1AY
Kooth USA LLC	US	100%	Provision of online services to children, young people in the US	167 North Green Street, Chicago, IL, 60607, USA

26. Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

27. Ultimate controlling party

No shareholder owns a majority of shares. The directors do not consider that there is one ultimate controlling party.

28. Events after the reporting date

In January and February 2025, the Group purchased a further 881,468 ordinary shares to hold in treasury. This completed the share purchase programme announced in December 2024 totalling £1.5 million.

29. Capital commitments

The Group's capital commitments at 31 December 2024 are £nil (FY23: £nil).

^[1] Earnings before interest, tax, depreciation and amortisation, adjusted for share-based payments and exceptional costs

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR DGGDSSBBDGUS