2023

Annual Report & Accounts

Induction Healthcare Group Plc

induction healthcare

About us

We are a leading digital health company committed to improving the infrastructure of care delivery. Our products facilitate efficient patient and care team engagement, combining digital with in-person care delivery – we call this 'flexible care'.

Our products power remote consultations, capture patient reported data and empower patients to self-manage their care pathway. We are passionate about designing around the needs of the patient and we sharply focus on the delivery of cost and efficiency benefits to hospitals, regional care systems and governments.

Index of contents

Business headlines

Revenue from customer contracts

Year ending

31 March 2023[1]

£13.6m

Pro-forma Year ending

31 March 2022[2]

£12.1m

EBITDA [3]
Year ending
31 March 2023

£(4.8m)

EBITDA [3]
Year ending
31 March 2022

£(5.3m)

Cash on hand

as at 31 March 2023

£4.3m

(2022: £7.5m)

ARR[4]

As at 31 March 2023

£13.5m

(2022: £12.3m)

- First full year of revenue from Induction Attend Anywhere
- Induction Zesty revenues significantly up with strong sales pipeline growth into FY24
- Induction Attend Anywhere national contract renewals with NHS Scotland and NHS Wales
- Business rightsizing programme completed by year-end
- Adjusted EBITDA loss £(3.6m) (2022 loss £(3.8m)) after adjusting for non-cash, exceptional items see page 11.
- Induction Switch product divested (post-period end)

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

2 Reported revenue from customer contracts as at 31 March 2022 is stated after the application of IFRS3 being a fair value adjustment (£4.2m) relating to the deferred revenue acquired as part of the Attend Anywhere Pty Limited acquisition in June 2021. Had this adjustment not been applied, pro-forma recognised revenue from customer contracts for the year would have been £12.1m compared with the reported figure of £7.9m. See page 10.

3 EBITDA is Operating Loss from continuing operations (£17.4m) before depreciation £0.1m, amortisation £4.8m and non-cash impairment £7.7m.

4 Annual Recurring Revenue ("ARR") is defined as annualised contracted Software-as-a-Service ("SaaS") fee. ARR is calculated as the annually recurring licence fees from contracts existing at 31 March 2023 that expire on 1 April 2023 or later. It represents the annualised value of the recurring revenue base that is expected to be carried into future periods, and its growth is a forward-looking indicator of reported recurring revenue growth. ARR differs from recognised revenue due to the timing of revenue recognition, which includes amounts for partial years based on contract start dates, whereas ARR is an annualised amount. Recognised revenue also includes non-recurring non-SaaS fees.

Chair's statement

The year ending March 2023 has been a particularly challenging period for Induction Healthcare Group plc ("Induction"). The Group has faced both market challenges, as the NHS has struggled to come to terms with the new post Covid reality, and internal challenges precipitated by our own managerial failings. As a Board we recognised and addressed both of these strong headwinds, putting in place a series of measures which have been both painful and absolutely necessary, but which have been vindicated.

Having reached the middle of the first quarter of financial year 2024, it is apparent that, the strong medicine we have administered to the business is having a positive impact and, although it is too early to be definitive, the future looks distinctly brighter. Market opportunities are also opening up as Government policy stabilises in the post Johnson/Truss era.

The lack of healthcare policy consistency immediately post Covid era as well as the lack of clarity over central funding characterised most of the financial year. As waiting lists expanded and as the Department of Health struggled to line up behind clear, funded policies to address the problem, the previously announced commitments to invest in digital platforms were constantly delayed. As a consequence, expectations of growth, particularly with NHS commissioning groups for our appointment setting platform Zesty were seriously delayed.

By early 2023 it was becoming clear that a more consistent and properly funded digital approach to the challenge of cutting waiting times was emanating from the Department of Health. It is from this revised approach that Induction hopes to benefit from over the coming year and the current indications are positive.

At the same time as our expected growth in the Zesty platform has been delayed by policy indecision so also our video conferencing platform (Attend Anywhere) has come under pricing and competitive pressure from a combination of post Covid changes in usage patterns and a more active challenge to our previously strong market position.

Attend Anywhere is a video platform specifically designed for clinicians and hospitals and their patients and has several unique features which directly address these needs. However, these features are costly to support and it is often tempting for hospital trusts to opt for Microsoft Teams or similar which are perceived as being 'free'. Despite these pressures Attend Anywhere has retained most, if not all, of its share - retaining Wales, Scotland and many of the English Trusts, demonstrating the benefits of a health-specific application.

As reported at the time, last year's financial audit was severely delayed and this, combined with other key indicators, led the Board to conclude that significant changes were necessary to the management and internal processes of the company.

In December 2022 we replaced the senior management with an interim team - with the Chair stepping into the executive role, Paul Tambeau moving to interim COO and John McIntosh interim CFO position. The Board and the executive moved quickly to stem the cash outflows and to create a sustainable business that would ensure that we have no requirement to come to the market for more cash. Our previous CEO (James Balmain) moved to a commercial sales position focused on Zesty. This move ideally suited his skills and expertise and his ongoing activity in this role, as well as providing the link between sales and product definition, is proving invaluable.

The 'right sizing' of Induction necessitated cutting both our ambitions, our activities, and our headcount. We put on hold our ambition to grow by acquisition and at the same time we significantly reduced the breadth of our activities. We cut out non-core activity (i.e. activity that doesn't relate exclusively to secondary healthcare) and set about divesting our non-core assets (the clinical apps comprising Switch and Guidance). At the same time, we reduced our headcount and associated cost base by circa 30%. We also ruthlessly examined our hosting cost base and have seen that cost fall by over 35%. The resulting rightsizing programme has eliminated annualised expenditure of c. £6 million, putting the Group on a sustainable footing for the future. All cash costs relating to the Group's restructuring have been fully recognised in the results to 31 March 2023.

The full year results outcome was an EBITDA loss on continuing operations which narrowed to £4.8m (2022: £5.3m) with the right-sizing process completing in March 2023. To this end the full year results before tax for 31 March 2023 are a watershed, reflecting the impact of certain material non-cash impairment charges. Inclusive of a non-cash impairment charge of £7.7m (2022: £ nil), the Group's loss for the year reached £17.4m (2022: Loss £8.4m).

These measures were painful on every level, however we now have a sustainable business which is smaller, leaner and significantly more focused. We also have a business which is better able to meet the digital challenges, as well as the opportunities, that the fast-changing NHS presents.

In response to the challenge we faced in the middle of last year we have also sought to enhance our Board - both in terms of people and our processes. To this end we appointed Ian Johnson as our senior non-executive director. Ian has a wealth of experience in the healthcare environment. Meanwhile we said farewell to Leslie-Ann Reed who resigned at the end of her term in October 2023. More recently, and subsequent to the end of the financial year (May 2023), we announced that Hugo Stephenson, a director and founder, resigned at the end of his term. We thank both for their service to Induction. Consistent with our commitment to hire a permanent leadership team, Paul Tambeau (CEO) and John McIntosh (CFO) were appointed to the board on 30 June 2023. At the same time, with the outlook more positive, I stepped back to the non-executive Chair position.

Whilst, as a Board, we know that these changes have been fundamental to a sustainable future, we also know that they would not have been made possible without the drive and support of our leadership teams and all employees – across all the geographies we operate in. As a result of their action and determination we can look forward to significantly improved prospects for 2024 and we genuinely thank them for their part in turning our business around.

Finally, it remains for me to thank our long-suffering shareholders. You have placed your confidence in the Board, the leadership team and in me. I believe that in time we will justify that confidence.

Christopher Samler
Non-executive Chair
28 July 2023

Chief Executives Officer's Review

Double Digit Growth

FY23 saw a 12.1% increase in recognized revenue from all operations and 9.7% increase in ARR. Whilst this partly relates to the business being able to recognize a full year of Attend Anywhere revenue, our main growth engine was Zesty, growing from £1.5m in FY22 to £2.2m in FY23.

In addition to this growth within Zesty, there are a number of Trusts which have purchased Zesty via our partners Oracle Cerner and SystemC for deployment in FY24 but are yet to be recognized as contracted ARR while we finalise flow-through contracting with our partner. Induction also played a leadership role in partnering with the NHS Wayfinder Programme in embedding core Zesty functionality into the NHS App, including single sign-on. This will position Induction well for growth into the future as the NHS seeks to move more patient-facing activities into the NHS App.

With our Attend Anywhere business, we were pleased to renew our national contract with NHS Scotland contract for 3 years, and our NHS Wales national contract for another 1 year, with the option to renew for an additional year. We retained a large proportion of our NHS England contracts despite challenging market conditions.

Market Conditions Impacting Growth

Renewals in our Attend Anywhere business, especially within NHS England, were under pressure as the national funding that supported these contracts during COVID came to an end. This put downward pressure on pricing as Trusts, many of which are already under financial constraint, had to find budget to fund the renewal. We were successful at renewing 81% of these contracts. With the NHS's national contract with Microsoft, we also saw Trusts looking at Teams as an alternative solution. Whilst Teams doesn't have some of the health-specific capability of Attend Anywhere, such as robust waiting room functionality, we've had to work with Trusts in recognizing the administrative burden this would put on them. Finally, with the health care sector moving to more in-person appointments following COVID, we have seen a decline in usage of video consultations. Our Customer Success team has prioritized getting closer to our customers to help drive utilization and to help generate continuing value for patients and clinicians.

Notwithstanding the strong growth in our Zesty business, there were delays in the NHS Wayfinder program as well as the provision of national funding for Trusts to procure a portal. NHS procurement cycles and processes also factored into our growth in FY23.

Business Rightsizing & Focus

In the last quarter of FY23, we executed a plan to right-size the business and get our costs in check so that Induction was on a more sustainable footing. This involved reducing the Group's headcount (across a mix of employees and contractors) across our global team. It also involved reducing our operating costs, particularly web hosting and professional fees. The result of this program was circa 30% being cut from the c.£1.5m monthly operating costs incurred at the beginning of the final quarter of the year.

In completing the restructuring, we also reshaped business processes and provided a much-needed focus to all areas of the Group's operation. The result is a better understanding of the economics of our products and where and how it should be playing to maximize margin. In March 2023, we gained approval of our FY24 Operating Plan and Budget which built on our approach of closely managing costs, focusing on key priorities, and delivering value to the customer.

In focusing the business on our core strategy, we had to look at our product suite. With the development of a new integrated product strategy, our focus going forward will be on supporting the interactions between care teams and patients. That meant we have decided to divest assets that don't align with this strategy, notably Induction Switch and Induction Guidance. The Induction Switch business was subsequently sold for a material undisclosed sum post year end. We also decided to shut down our Booking application since much of this functionality sits within Zesty, and it wasn't generating sufficient revenue to justify significant investments required to upgrade the technology.

Finally, in the short term, we are going to be focused on the UK market. International growth is an important part of the Group's future, but only once we have stabilized the UK business and matured our business operations to take on new territories.

Chief Executives Officer's Review (continued)

Looking Ahead with Renewed Focus

Within our FY24 Operating Plan, we're going to be focused on executing on 4 Key Goals:

- **To be a profitable and sustainable growing business to deliver our commitments to shareholders.** This involves strengthening our sales capabilities and capitalizing on near-term growth opportunities. We are working to industrialise systems and processes within the business to ensure we continue to closely monitor our cost base.

- **To successfully develop our Integrated Product.** We are investing in bringing functionality from Zesty, Attend Anywhere and FormBuilder together for customers in a way that enables us to be responsive to customer needs. With these building blocks in place, we will be looking at how we expand our capabilities to meet growing customer needs.

- **To be customer centric and commercial in everything we do.** We will get closer to our customers to truly understand their pressures and how we can support them. Our customers also have valuable insight into how our integrated product should develop.

- **To implement and continuously develop an inclusive, performance driven and rewarding employee experience.** We are investing in the growth and development of our people as we seek to build a culture where people want to grow their careers.

Outlook

As we execute on our plan, we believe there are market factors that can generate new growth for the business. Underlying demand for digital healthcare services is growing as the NHS seek to make up for COVID-driven backlogs, while at the same time treating new patients. This has resulted in potential new funding streams from the NHS to tackle these challenges, presenting a strong opportunity for the business going forward.

The NHS continues to prioritize further developments within the NHS App, enabling Induction to become more embedded in the health ecosystem. There is also new funding available to Trusts to procure or enhance their patient portals, which Induction is well positioned to capitalize on.

We're also seeing increasing demand for integrating the capabilities of both our Zesty and Attend Anywhere platforms, creating a better experience for clinicians and patients.

Given the rightsizing changes we have already implemented, and the growth opportunities in front of us, we are confident this puts the Group in a sustainable position.

Paul Tambeau
CEO
28 July 2023

Our Products and Markets

Our Market Challenge

In quarter four of FY23 we took on our greatest challenge as a growing business. Despite the effectiveness of our core technologies and the resilience of our customer base, we needed to right size our business and refresh our leadership team. The outcome is a fresh go-to-market approach, and operational focus on building a strong foundation for sustainable growth in FY24.

How we have changed

Challenge	Strategy	Actions
Sustainable growth	Refresh Leadership . Augmented board skills . Refresh C-Suite . Turnaround experience	. Christopher Samler became non-exec Chair. . Ian Johnson as Senior Independent Director . Interim COO (now CEO)[1] . Interim CFO (now CFO)[1] . James Balmain stepped into a commercial role
Execution of cost containment	Sustainable budget . Achieve cost reduction . Margin strengthening	. Successful Q4 cost containment process. . Reduced web hosting costs. . Headcount reduction
Refresh Market Response	Integrated product Redefine & validate integrated product	Created integrated product roadmap. . Redefined the customer offering . Goal delivery aligned with staff performance review and incentives
Divestment of non-core assets	Core business focus . Effect separation of non-core product.	Successful post year end divestment of Induction Switch, our directory app; Induction Guidance product asset ready for sale.

1: The Company announced the appointment of Paul Tambeau as CEO and John McIntosh as CFO on 30 June 2023.

Our Market context

There is no doubt that the NHS is going through one of its most challenging times and Induction is responding to this challenge by providing healthcare customers in the NHS with services that address the goal of delivering digital service pathways and reduce waiting list pressures on an overstretched NHS.

.

Strategic Report (continued)

Induction product capabilities meet our healthcare customers' needs

Induction is well positioned to help our healthcare customers tackle their strategic priorities. Our integrated product strategy maps our vision of a highly effective, secure, convenient secondary care patient pathway aligned with our customers' needs.

Healthcare system challenges	Healthcare Provider needs	Induction capabilities that meet needs	
Shortage of healthcare workers	Patient self service Flexible working	Self-service appointment management Patient initiated follow ups (PIFU) Forms Remote consultations	INDUCTION INTEGRATED PRODUCT
Strained hospital capacity	Remote risk assessment Early discharge Patient self-service Efficiency in secondary care patient pathways Treat based on need Flexible working	Self-service appointment management Patient initiated follow ups (PIFU) Forms Remote consultations	
Cost reduction	Eliminate waste paper Reduce administration Improve utilization of physical space Insights on outcomes to improve decision making	Digital documents & letters Analytics	
Sustainable operations & net zero	Eliminate documentation Reduce travel	Digital documents & letters Remote consultations	

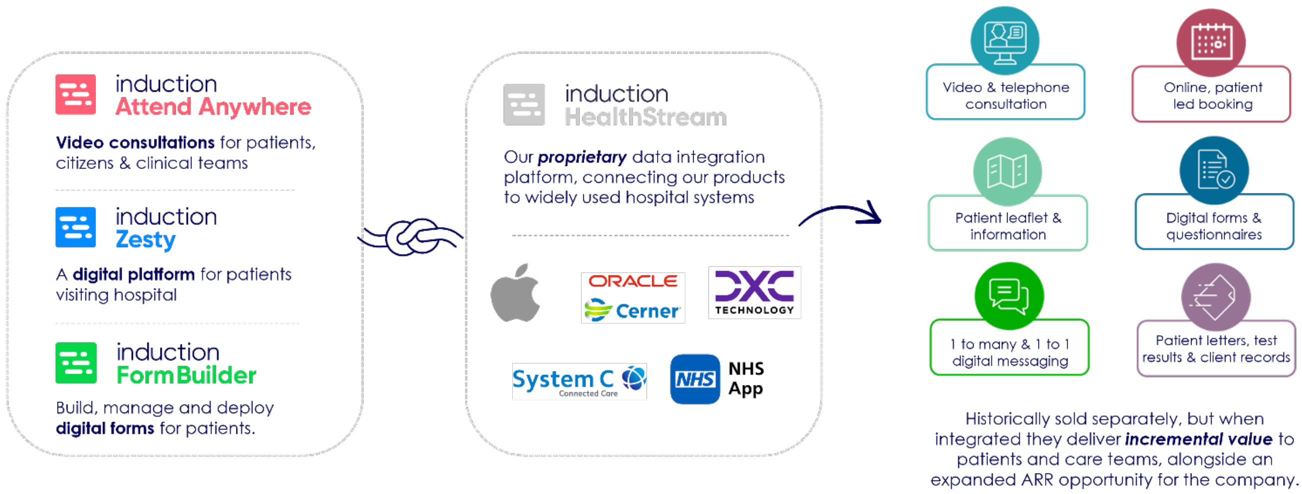
We see these capabilities as a key opportunity for Induction, not just to support the long-term strategic objectives for NHS structures, but to deliver early success, through our integrated product.

Our Integrated product solution:

- Delivers a secure, convenient, efficient service providing effective healthcare specific video conferencing support and digital pathways across a trust or nation region which is accessible to all.
- Helps tackle health inequity by offering a safe space for people to access their secondary care provider; and
- Provides analytical insight to inform healthcare planning by providing a regional and national picture of the changing needs and issues of accessing secondary care.

Product suite - our integrated products

Building an enterprise patient engagement platform



Induction Zesty

Induction Zesty ("Zesty") is an innovative digital platform that transforms the healthcare experience for patients and providers alike. Zesty is a user-friendly, secure, and efficient solution that streamlines the patient journey from appointment booking to post-appointment follow-up.

Our value proposition is centred around three key benefits:

- **Convenience**: With Zesty, patients can book appointments, manage their healthcare records, and communicate with their healthcare providers at any time, from anywhere. No more waiting on hold or scheduling appointments during office hours. Zesty makes healthcare accessible and convenient for all.
- **Efficiency**: Zesty's intelligent scheduling system optimizes clinic schedules, reducing wait times and minimizing patient no-shows. Our platform also automates appointment reminders and follow-up communications, allowing providers to focus on delivering high-quality care rather than administrative tasks.
- **Security**: Zesty is built with robust security features to ensure patient data is protected at all times. Our platform is fully compliant with GDPR, HIPAA, and NHS Digital security standards, providing patients with peace of mind knowing their sensitive information is safe and secure.

Zesty is a comprehensive solution that delivers tangible benefits to patients and providers. With Zesty, healthcare providers can increase efficiency, reduce administrative burden, and improve patient satisfaction. Patients benefit from a convenient and secure healthcare experience, resulting in improved outcomes and better overall health. At Induction Healthcare, we are committed to transforming healthcare delivery through innovative technology solutions like Zesty.

Induction Attend Anywhere

Induction Attend Anywhere ("Attend Anywhere") - A powerful platform that connects patients and healthcare providers in a secure and user-friendly virtual environment. Our platform is designed to improve access to care, reduce waiting times, and enhance the overall patient experience.

Our value proposition is centred around three key benefits:

- **Access**: Attend Anywhere makes healthcare more accessible by eliminating geographic and logistical barriers. Patients can connect with healthcare providers from the comfort of their own home, eliminating the need to travel long distances or take time off work for an appointment. This is particularly beneficial for patients with mobility issues, chronic conditions, or those who live in remote areas.
- **Convenience**: Attend Anywhere is easy to use, intuitive, and available on any device with an internet connection. Patients can schedule appointments, conduct video consultations, and receive medical advice and treatment from their healthcare provider without leaving their home or office.
- **Quality**: Attend Anywhere provides a high-quality, secure, and reliable virtual environment that enables patients and healthcare providers to communicate effectively.

Our platform is built with industry-leading security and privacy features to ensure patient information is protected at all times. Healthcare providers can deliver personalized care and treatment plans that meet patients' unique needs, resulting in better outcomes and improved patient satisfaction.

Attend Anywhere is a comprehensive solution that delivers tangible benefits to patients, healthcare providers, and the broader healthcare system. With Attend Anywhere, healthcare providers can increase efficiency, reduce wait times, and improve patient outcomes. Patients benefit from a more convenient and accessible healthcare experience, resulting in better health outcomes and improved quality of life. At Induction Healthcare, we are committed to transforming healthcare delivery through innovative technology solutions like Attend Anywhere.

Induction FormBuilder

FormBuilder enables our customers to digitise clinical and administrative forms. This means that standard forms can be safely and efficiently assigned to end users in electronic format through the Zesty patient portal. Our customers end users are able to respond using their own portal (on mobile device or PC) and results are collated and can be viewed electronically.

Induction Guidance

While Induction Guidance is not within our core suite of products, it continues to provide medical organisations with the ability to collaboratively create, edit and publish their own local medical guidelines in a secure and locally administrated environment.

Guidance remains a trusted standard for clinical content distribution. It has been adopted across the NHS (in 75% of Acute Trusts), hitting 15 million page views in FY23.

Financial review

Strong renewals - rightsizing programme completed - non-core asset divested

Revenue

The twelve months to 31st March 2023 was the first period the Group has benefited from a full year of recognised revenue from its Induction Attend Anywhere acquisition.

Revenue from contracts with customers for the year to 31 March 2023 per table below was £13.6m (pro-forma 2022: £12.1m). Excluding a non-cash accounting adjustment revenues from all operations grew 12.1% in the year to 31 March 2023.

In our prior year reporting for the twelve months to 31st March 2022 we applied an adjustment to revenues to account for IFRS 3 requirements. Consequently, as a more appropriate year on year comparison, recognised revenue for the year of reporting should be compared with prior year pro-forma full year revenue. This period end also saw our non-core products, Switch and Guidance being put up for sale. These two product assets will be classified as discontinued operations on the face of the P&L under IFRS5 - as assets held for sale)

Revenue analysis	31 March 2023	31 March 2022
	£000	£000
		Re-presented
Revenues from customer contracts [1]	13,584	12,116
Non-cash IFRS3 adjustment [2]	(74)	(4,209)
Revenue from all operations	13,510	7,907
Revenue - Discontinued operations [3]	627	676[4]
Reported revenue		
Revenue - continuing operations	12,884[4]	7,231

1 Reported revenue from continuing operations is stated after reclassifying assets held for sale under IFRS5 (Induction Switch and Induction Guidance £0.6m). These product assets were held for sale at year end 31 March 2023 and classified under discontinued operations (Total recognised revenue from continuing operations £12.9m, plus IFRS3 adjustment (£0.1m) and discontinued operations £0.6m was £13.6m, 2022: £12.1m).

2 Reported revenue from customer contracts as at 31 March 2022 is stated after the application of IFRS3 being a fair value adjustment (£4.2m) relating to the deferred revenue acquired as part of the Attend Anywhere Pty Limited acquisition in June 2021. Had this adjustment not been applied, pro-forma revenues from contracts with customers would have been £12.1m.

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

4 After excluding discontinued operations revenue (£0.6m). For reference only the comparative recognised 2022 revenue was £0.7m.

The majority of the Group's revenue came from Induction Attend Anywhere which has grown by 9.9% to £10.8m (2022: £9.8m[1]), while revenue from Induction Zesty has leapt to £2.2m (2022: £1.5m). Induction's other clinical apps (Switch and Guidance) delivered £0.6m (2022: £0.7m).

The headwinds which curtailed revenue growth in the second half of the year predicated a rightsizing programme to bring the Group's cost base into line with our sustainable revenue growth. The restructuring was completed by year end and all associated costs have been provided for in the year to 31st March 2023.

While focus is on sustainable recognised revenue growth management also takes note of ARR. ARR differs from recognised revenue due to the timing of revenue recognition, which includes amounts for partial years based on contract start dates, whereas ARR is an annualised amount. Recognised revenue also includes non-recurring non-SaaS fees.
ARR from all operations as at 1st April 2023 was £13.5m (2022: £12.3m). This represented the annualised value of the recurring revenue base that expected to be carried into future periods, and its growth is a forward-looking indication of recurring revenue growth.

Gross profit

Reported Gross profit was £8.1 million (2022: £5.0 million) with gross margin steady at 63.1% versus prior year reported margin (2022: 63.1%). Direct costs are predominantly made up of web hosting expenses, sales and delivery staff costs. The year-on-year increase in gross profit is not directly attributable to revenue growth due to the prior year FY22 accounts reporting revenue from customer contracts after IFRS 3 fair value adjustment. Had the prior year IFRS 3 adjustment not been applied prior year Group revenues would have been £12.1m on a pro-forma basis. Given the consistent year-on-year gross margin percentage, growth of gross profit is more comparable to recognised revenue growth from customer contracts of 12.1% as described in the Revenue section above.

Capitalised development costs

Development expenses for the year were £9.3m (2022: £6.0m) an increase of £3.3m. The reported cost increase for the year to 31 March 2023 is made up of two components: a lower level of capitalised development cost of £2.2m; and, an increase of development expenses of £1.1m.

Prior year additions to internally generated intangible assets were £3.1m reflecting the amount capitalised in the year to 31 March 2022. The comparable figure for the period to 31 March 2023 is £0.8m. This capitalised development expense movement has been charged directly to the income statement rather than being capitalised in the year.

In determining the amounts to be capitalised management makes assumptions regarding the percentage of staff time spent on development activities. There is a high level of estimation uncertainty over the estimates, as the ability to reliably track time is inhibited by the time recording method. The nature of the features developed during the year do not meet the criteria for capitalisation under IAS38. This conclusion resulted in costs, which would otherwise have been taken to the balance sheet, being charged directly to the operating costs of the business. As a result of this decision the reported development expenses more closely represent the development cash outflows experienced by the business in the year of reporting.

Impairment charge

Management performed an impairment review as at 31 March 2023 in accordance with IAS 36 'Impairment of assets'. The resulting non-cash impairment charge of £7.7m is explained in further detail in note 17 - Goodwill, within the financial statements.

Operating expenses

Excluding the adjusting items depreciation, amortisation and share based payments, operating expenses grew by £2.4m driven by increased development expenses and restructuring costs.

Core performance measures

Our rightsizing programme resulted in restructuring costs of £0.8m being charged to the income statement. By the 31st March 2023 the cost containment action had resulted in monthly cost reductions of the order of £0.5m - the equivalent of an annualised £6.0m reduction in cash outflow.

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

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

Adjusted EBITDA loss was £3.6m (Re-presented 2022: £3.8m).

	31/03/2023 £m	31/03/2022 £m Re-presented
Loss for the year	(18.3)	9.5
Loss from discontinued operations	(0.9)	0.4
Loss before tax from continuing operations	(17.4)	(9.1)
Add: Impairment losses	7.7	-
Add: Depreciation and amortisation	4.9	3.8
Operating loss before depreciation, amortisation and impairment	**(4.8)**	**(5.3)**
Adjusted for exceptional and non-cash costs:		
- Acquisition and fundraise related transaction costs[1]	-	0.5
- Other exceptional items[1]	0.8	0.4
- Share based payments (non-cash)	0.4	0.6
Adjusted Operating profit/(loss) before depreciation, amortisation, impairment and exceptional costs ("Adjusted EBITDA")	**(3.6)**	**(3.8)**
Adjusted EBITDA from continuing operations	**(3.6)**	**(3.8)**

[1]Restructuring costs. * Reference only

Cash

Cash as at 31 March 2023 was £4.3m (2022: £7.5m). As described above, the Leadership Team focused on cost containment and cash conservation during the last quarter of the year. Processes around cash have been revisited to ensure projected business needs are sustainable.

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

Going concern

The Group incurred an operating loss on continuing operations of £4.8m for the year ended 31 March 2023 (2022 £4.8m), however, it had net assets of £24.3m inclusive of £4.3m of cash and cash equivalents.

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

The directors have considered the applicability of the going concern basis in the preparation of the financial statements. This included a review of financial results, internal budgets and cash flow forecasts to 31 October 2024, including downside scenarios.

Assets and Liabilities

Goodwill as at 31 March 2023 of £10.6m (2022: £19.8m) and intangibles of £15.3m (2022: £21.0m) are derived from the earlier acquisitions, Attend Anywhere Pty Limited, Zesty Limited and Horizon Strategic Partners Limited. Following a review of the carrying value of the assets a non-cash impairment charge of £7.7m has been applied. Refer to note 17 of the financial statements.

Trade Receivables were £2.7m (2022: £3.3m) reflecting increased collection activity at the period end. Trade payables were £2.7m (2022: £3.4m) in part reflecting the impact of the right sizing programme reduced monthly costs.

Taxation

Current tax receivable £1.1m (2022: £1.2m) consists of Research and Development tax credits due to the Group for current and prior years. Post year end the Group received £0.3m of tax R&D reclaim. In spite of the delay to the repayments we expect further receipts in due course after appropriate follow-up.

Loss before tax

The Group net loss before tax was £17.4m (2022: loss of £9.1 million (re-presented)) the year-on-year change is driven by a non-cash impairment charge of £7.7m. See note 17 to the financial statements.

Discontinued operations

During the year ending 31 March 2023 the Group classified the Induction Switch and Induction Guidance products as being held for sale, as a result of a decision to focus on patient facing products in the secondary care market. This resulted in removal of discontinued operations losses of £0.8m (for reference: 2022 £0.4m) from the Group profit and loss. Refer to note 13 for further details.

Principal risks and uncertainties.

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

John McIntosh
Chief Financial Officer
28 July 2023

Strategic Report

Our model

Our products are designed for integration with existing hospital IT systems, a key sales advantage for healthcare providers looking to leverage legacy investments and avoid workflow disruption. The ability to integrate is the reason we have been able to work with so many NHS trusts.
Revenue is primarily generated from licensed subscription services, but we also collect fees for initial implementation. Work continues to onboard implementation partners, reducing our reliance on a professional services type model.

Partnerships

Using our advanced integration capability, we have developed valuable partnerships with large incumbent health IT suppliers to facilitate and enhance our routes to market. As part of the value-added reseller agreements with our partners, such as Cerner Corporation (NASDAQ: CERN) and System C, clients can access our products without an extensive procurement process.

Environmental Social Governance (ESG)

Sustainability is an important value for the Induction Healthcare Group. Our digital product, by nature, reduces unnecessary travel to hospitals and eliminates cumbersome and costly administration providing our customers and end users with a valuable additional benefit. We are partnered with Amazon Web Services (AWS) who host our technology platform, which allows the Group to benefit from their low emission data centre strategy.

We have committed to delivering an Environmental, Social and corporate Governance (ESG) strategy for 2023 as part of our Group business plan, which is sponsored at Executive level. This includes a Carbon Reduction Plan in development that details our organisational carbon footprint and supports UK NHS's 2040 (Carbon Footprint).

The Group has been working with a third-party sustainability specialist, Supercritical (http://gosupercritical.com), to measure our carbon footprint and prepare a carbon reduction plan.

We have formalised travel policies, with an objective to minimise travel and benefit from reduced emissions including:

- A business travel policy to avoid private car where possible and reduce business travel flights;
- Optimising our cloud use with the assistance of Amazon Web Services.
- A hardware policy to, where possible, to extend the average lifecycle of products.

We are committed to commissioning an independent footprint report annually and intend to publish our Net Zero commitments through our company website.

Environmental

We have a hybrid working structure which requires a relatively small office base for meetings with desks used on a rotational basis. In the UK we utilise office space via The WeWork group which has committed to 100% renewable energy by 2025.

One of the largest sources of energy usage from the digital healthcare industry is the transfer and storage of data. Our primary environmental energy impact comes from data centre usage. AWS, our main data centre partner providing on-demand cloud computing, is continuously working to increase the efficiency of its facilities, and its scale allows it to achieve higher resource utilisation and efficiency than typical on-premises data centres. AWS is on a path to 100% renewable use. Our footprint will change as AWS moves to powering its operations with 100% renewable energy by 2025.

Employees

The Group places significant value on the involvement of its employees and they are not only regularly briefed on the Group's activities, but encouraged to express their views at quarterly Town Hall gatherings. Employee opinion and engagement is sought and measured utilising anonymous survey and feedback tools within *Culture amp* online tool.

The Group monitors its turnover rates, which is seeks to mitigate, aiming to structure staff compensation at competitive rates in order to attract and retain high calibre personnel. The Group aims to ensure all individuals - regardless of race, age, gender, disability, sexuality or socio-economic background have access to opportunities with the Group.

Our employee assistance programme (EAP) provided by *Bupa* and *Lifeworks*, is an employee benefit that provides staff with support and practical advice on issues that might be impacting their health and performance.

To underline our commitment to staff the Group has introduced *Thrive,* a leading mental wellbeing digital tool, used and recommended by the NHS, for use by individuals in the workplace to help prevent mental health conditions. This initiative has the aim of increasing staff wellbeing and productivity.

Community and Human Rights

The directors recognise the Group has a duty to be a good corporate citizen and to respect and comply with the laws and regulations of the countries of operation and the fundamental rights and freedoms afforded to individuals.

.

S172 Statement

This section serves as our section 172 statement and should be read in conjunction with other information included in this Annual Report and Accounts.

Engagement with our members and wider stakeholder groups plays an essential role throughout our business. (Further information in contained in this report's Corporate Governance Statement and in the Directors' Report.).

The Directors, in good faith, have taken decisions that they consider are most likely to promote the success of the Company for the benefit of its stakeholders, having regard to the matters set out in s172(1)(a-f) of the Companies Act 2006:

- The likely long-term consequences of any decision;

The long-term success of the Company is always a key factor when making strategic decisions. It is important that our shareholders understand our strategic priorities and ambition, their views inform our decision-making.

- The interests of the Company employees;

Our employees are the main asset of the Company and their wellbeing and development are at the heart of our strategy for success.

- The need to foster the Company's business relationships with suppliers, customers and others;

The Company regularly meets with key suppliers and customers to review operations and plans and explores mutually beneficial future actions.

- The impact of the Company's operations on the community and the environment;

Due to the nature of its commercial activities, the Company believes that it has no appreciable impact on the environment, although it does take reasonable measures to ensure that it procures its office supplies from environmentally friendly and sustainable sources

.

- The desirability of the Company maintaining a reputation for high standards of business conduct;

Integrity is embedded the Company's culture. The Directors believe that it is important to maintain a high standard of ethical values and seek to ensure that this continues to be shared by all employees.

- The need to act fairly as between shareholders of the Company

In making decisions, the Directors aim to strike a fair balance among all stakeholders. The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves.

S172 Statement (continued)

The Board considered the interests of and the impact on all stakeholders when making a number of key decisions during the year, as demonstrated by the following examples:

Stakeholder	Why we engage	How we engage
Investors	It is important that our shareholders understand our strategic priorities, and that their views inform our decision making. Shareholder views are sought in connection with significant matters and taken into account by the Board in reaching critical decisions. We aim to provide transparency and clarity about our results and long-term strategy to build trust in our future plans.	• Meeting and discussions throughout the year • Reports and analysis on shareholdings • Annual, Half Year Results and AGM • Company website and investor news section • Stock exchange announcements • Analyst research
Employees	Our people are our most valuable asset. We rely on their skills, experience, knowledge and effort to deliver our vision to provide technology to the healthcare community. We value all staff including contractors and ensure our communications are to all participants to ensure there is transparency across the business. Effective staff engagement leads to greater wellbeing, promoting a successful team orientated culture.	• Enhanced company-wide Town Hall sessions incorporating staff Q&A sessions • Use of informal communication channels • Employee benefits (Bupa EAP, Worklife) • Wellbeing tools (Culture-amp, Thrive) • Learning / development budget per person. • Flexible hybrid working • Long term nominal share options • Personal, team and corporate objectives.
Regulators	Operations are subject to a wide range of listing requirements, regulatory and legal frameworks, including regulation of clinical products, data protection, tax, employment, and contractual terms.	• Governance, Risk and Compliance policy • Audit committee updates at Board meetings • Regular Risk Register review • Informing the board of key drivers of regulatory requirements requiring attention • Working with underwriters, accreditors on controls and certification reviews • Work with Clinicians to evaluate our products
Supply Chain	A robust and transparent supply chain results in greater visibility, leading to lower exposure to risks and disruptions.	• Trusted supplier partnerships • Our key suppliers are predominantly software technology providers requiring strong two-way working relationship. • Board review of material changes to supply chain • Risk mitigation planning
Partnerships and end users	Our partners allow us to develop our products to meet the needs of hospitals that we cannot reach directly. We partner with companies that can advance our products through complementary technologies, delivering a wider distribution channel.	• Obtain regular feedback from our users and clients to ensure that we are consistently delivering to high performance standards. • Monitoring and influencing the quality of our customers' experience. • Arrange forums on user experience.

Stakeholder	Why we engage	How we engage
Customers	Communication with our customers is fundamental to understanding how we may continue to add value to solve strategic and operational issues through our digital solutions. .	• We and our customer partners understand the importance of coordinated activities. This ensures that we achieve our joint objective of providing a high level of service and successful delivery. • Regular meetings with customers -these meetings provide us with valuable feedback regarding market requirements and competitive issues.
ESG	Our staff value their work developing high quality digital services which by their nature deliver a positive outcome for the NHS and the wider community,	• We generate employment among a diverse workforce in a number of international communities. • We are required to demonstrate our environmental impact as part of our sales process. • We contribute to a reduction of environmental costs, through lower carbon usage via reduced webhosting costs, reduced transport on our roads and elimination of paperwork and document distribution.

At the end of the annual reporting period, the Board continue to have regard to the interests of the Group's stakeholders, including the potential impact of the Group's future activities on the community, the environment and the Company's reputation when making decisions. This was especially impactful during the right-sizing programme conducted, where the Board balanced the needs of various stakeholder groups to achieve a successful outcome.

Principal risks and uncertainties

The Group is exposed to a variety of risks and actively manages them through risk management procedures.

As a public company operating in a highly regulated competitive space, it is vital that the Group governs and manages its risks in order to achieve compliance with legal and regulatory obligations.

Risk Management

The Board, assisted by the Audit Committee, is ultimately responsible for oversight of risk management. The Group's process for the identification, assessment and management of risks in the business, has been augmented by the implementation of a Governance Risk & Compliance (GRC) policy which is driven and monitored by our Leadership Team.

The Audit Committee reviews the systems of internal control for the Group alongside the Leadership Team's process for risk management and periodically reports its findings to the Board.

Internal systems of control

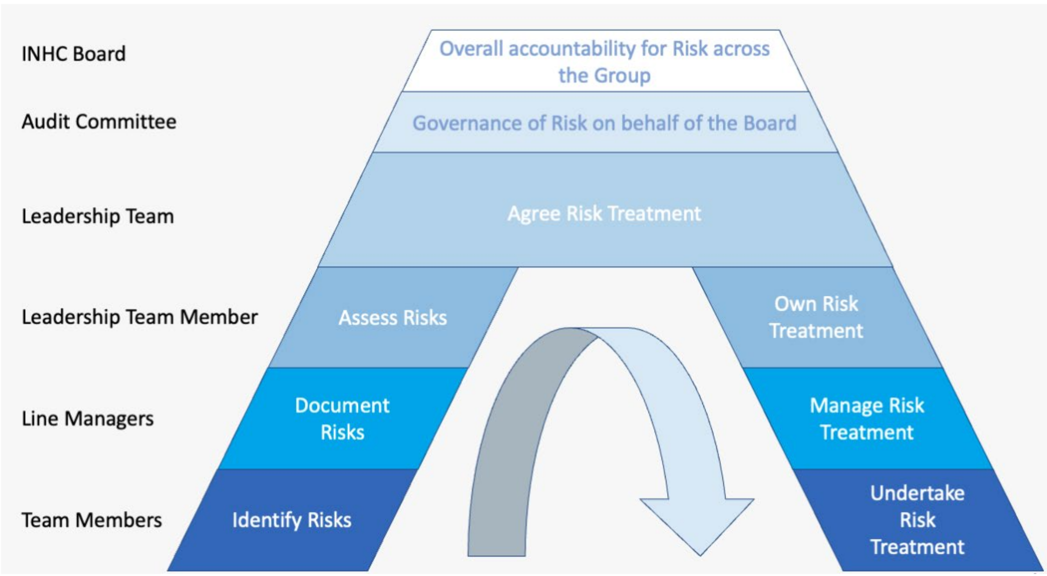
The Group maintains systems of internal control taking into account its risk profile and applicable regulatory and legal requirements. Details of the Group's financial risk management objectives and policies, and exposure to foreign exchange risk, market risk, credit risk and liquidity risk are given in note XX to the consolidated financial statements..

Registering and reviewing risks

The Group identifies and assesses each identified risk based on the impact and likelihood, and then applies mitigating actions appropriately. Each risk is scaled, based on the likelihood of occurrence and severity of impact, and risks scored accordingly, with high-risk areas receiving the most attention.

The risk register is reviewed and updated to capture and identify any new risks and opportunities, and to improve the mitigating actions. The Leadership Team review all identified risks and assign actions on a quarterly basis. Such risks are reported to and reviewed by the Board and Audit Committee.

Set out in the table overleaf are the principal risks and uncertainties that the Directors consider could impact the business. The Board recognizes that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and so this list is not intended to be exhaustive.



Principal risks and uncertainties
(continued)

The risk has increased

The risk has decreased

The risk has not changed materially since last year

Strategic Risks

Risk	Description and impact	Key mitigating activities	Trend
Political	The Group has a significant customer base in public sector health bodies. A change in either policy or spending priorities by the current or a future Government could materially impact the Group. **Potential impact:** • Delayed spending or change in National Health Service commissioning budgets	• Our primary revenue model is Saas based recurring revenue to deliver a stable base of contracted visible cashflow. • Our development priorities are to ensure we remain at the heart of our customer's operations, delivering cost efficiencies and value for money whatever the political environment. • Continuous investment in the development of the platforms to ensure they remain relevant, competitive and attractive to users as well as customers.	—
Economic environment	The Group could be affected by overall economic and political conditions in the UK and globally including the risk of a recession, persistently high inflation and currency fluctuations. **Potential impact:** • Inflationary and macro-economic events may have an impact on our costs and our customers' funding sources (NHS funding decisions).	• We continued to monitor our economic horizon and take pro-active action, both to reduce risk but also to capitalize on any opportunities that arise. • Where possible we contract multi-year Saas based ARR terms, protecting the business from cyclical macro events. The Group is a low energy user, however, like any other business in this economic environment we must manage overhead inflation, which we seek to manage via indexation clauses in our customer engagements where we can, and by maintaining tight budgetary cost control.	↗

Principal risks and uncertainties
(continued)

Operational Risks

Risk	Description and impact	Key mitigating activities	Trend
Product development, technological change and competition	The Group operates in a highly competitive market and also faces competition from products developed, marketed and supplied by companies with significantly greater resources. **Potential impact:** • Competitor products or technologies emerge that may render existing products and services uncompetitive or impaired, and may exert downward pressures on the pricing of existing products and services, impacting financial returns.	• We engage in regular customer dialogue to define future use cases for our products to ensure that the product offerings are validated. • We focus our development efforts on features that meet an identified market requirement and our internal processes review and prioritise projects most likely to generate sufficient revenue to fund their development. • Maintaining market knowledge and monitoring competitor developments and technologies.	↗
Ability to grow and sell effectively	The Group's growth strategy has, until 2022, centred around the acquisition of businesses which broaden and enhance existing operations. While our acquisition strategy is currently paused the Group must rely on the effectiveness of its Sales and Marketing team to grow the business. It is imperative we have effective sales and marketing models, methodologies and techniques to effectively realize our investments in software products and to recover the direct costs of associated delivery (and obtain sufficient margin to meet indirect costs) and that this is done in a profitable and cash generative way. **Potential impacts:** Investment returns not achieved and shareholder value eroded.	• The Group has engaged experienced sales leadership and is providing support to its customer facing teams to ensure they are selling effectively and engaging with our customers on a regular basis. • Upfront business approval controls have been implemented to ensure we are only bidding for work that has a suitable opportunity for a profitable, cash return, and review controls to ensure once we are committed with a customer, the agreed terms are monitored. • The implementation of a Group-wide CRM system in 2023 will provide significant benefit in terms of broader and deeper customer insight and data.	↗

Principal risks and uncertainties (continued)

Operational Risks

Risk	Description and impact	Key mitigating activities	Trend
Information security	The Group is dependent on its IT infrastructure, whereby loss/ corruption of the application software, infrastructure failure, damage or denial of service to the infrastructure could cause serious business interruption and a decline in user confidence. Cyber security attacks are prevalent and becoming more sophisticated. **Potential impacts:** • Internal impact due to releasing software that doesn't function as intended; and • External parties disrupt the platform or cause failure by a key outsourced provider.	• The Group has in place systems and processes for the classification and control of access to information within a number of areas of the business, and the security around access to information continues to be strengthened by the enforcement of enhanced security processes and practices. Changes to our products are subject to rigorous QA and product acceptance before they are released to users. • Maintenance of backups allowing roll back to previous versions if a new release fails. • Evaluation of all third-party suppliers, ensuring that they have appropriate recovery processes. • The Group is accredited to Cyber Essentials Plus standard and has recently successfully completed its annual ISO 27001 certification audit. This security standard specifies the requirements for establishing, implementing, maintaining and continually improving an information security management system.	
Business growth is constrained by not having appropriate people resources	There is a risk that, in a highly competitive talent landscape, the Group cannot attract and retain sufficient highly skilled and dedicated staff. **Potential impacts:** • Adverse effect on ability to manage and grow the business. • The loss of key individuals could have an adverse effect on the ability to grow revenues.	• The Leadership team has recently been refreshed and is incentivised towards achievement of core Goals. • The Leadership Team regularly reviews our key budget milestones to ensure appropriate decisions are made in a timely manner. • Retention strategies are in place for employees including market-level compensation and incentives, ongoing training and development and performance reviews. • Regular reviews of resource dependency and succession planning for key roles. • Focus on developing a strong and cohesive culture across the organization.	

Principal risks and uncertainties (continued)

Risk	Description and impact	Key mitigating activities	Trend
Customer concentration risk	The primary customer of the Group is the NHS which is a complex series of connected organisations. The procurement process can be onerous and very lengthy, increasing the risk that revenues fall short of expectation. **Potential impacts:** • Changes to Government policies can have a material impact on companies supplying the NHS, both in terms of changes in direction as well as structural changes which can delay or even negate the Group's ability to derive revenues. • NHS operates against a backdrop of regular funding reviews and this could have a negative impact on pricing.	• The Board and management team have extensive experience working in and supplying to the NHS and relationships with key NHS decision makers, and therefore the Group is well placed to navigate the myriad NHS organisations. • While the Group cannot mitigate the political risk entirely, there is cross party support for the use of technology in the NHS which will help reduce both political and pricing risk.	

Compliance Risks

Risk	Description and impact	Key mitigating activities	Trend
Data protection and privacy	Regulatory compliance is a key risk for the Group, not only in terms of the General Data Protection Regulations (GDPR) but also specific restrictions relating potentially to medical devices, clinical governance including patient safety and information governance including confidentiality and security. **Potential Impacts:** • Failure to comply with regulations could have a material impact on the Group's reputation, fines or late filings penalties, and financial results.	• The Group has a dedicated Data Protection Officer and a separate Head of Information Security to oversee data protection compliance and security. • Regular review of legislation and Group policies. • Policies applying to relevant staff on [list of GDPR areas] • Maintenance appropriate expertise and experience in clinical and information governance. • Independent third-party audits and reviews are conducted.	
Compliance with laws and regulations	The risk of insufficient evaluation and non-compliance with legislation and regulation in the markets in which Induction operates. Potential Impacts: • Failure to comply with regulations could have a material impact on the Group's reputation, fines or late filings penalties, and financial results.	• The Group maintains an in-house legal function and uses external legal and tax counsel to advise on legal, tax and regulatory requirements. • The Group's Governance and Regulatory Compliance committee is focused on the regulatory risk for product development and operational delivery. • The Data Protection Officer, Medical Director and Head of Information Security sit on the GRC committee headed by the Senior Information Risk Officer.	

Strategic Report

Principal risks and uncertainties (continued)

Financial Risks

Risk	Description and Impact	Key mitigating activities	Trend
Foreign currency risk	The risk of significant un-favourable foreign exchange movements. The Group's webhosting costs are denominated in US dollars whereas the Group's revenues are GBP denominated. In addition, due to its Australian subsidiary Attend Anywhere Pty Ltd, there is some exposure to the Australian dollar. **Potential impact:** • Unfavourable FX impact on cash costs of converting currency and financial statement reporting of foreign exchange movement.	• Customer contracts are maintained in GBP. • Consideration of currency hedging is regularly reviewed where appropriate. • Surplus cash balances are transferred to the UK to minimize any exposure to non-GBP currencies.	—

Risk	Description and Impact	Key mitigating activities	Trend
Liquidity risk	The risk of the Group not being able to meet its financial obligations as they fall due.	• The Group rigorously manages its cash resources. Operating expenses are closely monitored and management will continue to assess the appropriate level of expenditure against budgetary milestones. • The Board regularly monitors the cash position of the Group and ongoing cash requirements. We have systems, controls, and processes to manage expenditure in line with budgets, and cash is managed through rolling cashflow forecasts which are updated at least monthly.	—

By order of the Board

John McIntosh
Chief Financial Officer
28 July 2023

Directors' Biographies

Christopher Samler - Non-Executive Chair (appointed 8 June 2022)

Appointed to the Chair of Induction Healthcare in June 2022, Christopher has experience as Chief Executive Officer (CEO) and Chair of quoted companies (both Main Market and AIM) and private businesses in the education, healthcare, services and technology sectors. He has significant experience supporting growth for businesses across the U.S., Europe, Asia, Latin America and the Middle East. Christopher started his career in the British Army before joining The Boston Consulting Group as an analyst, leading to a variety of senior management positions at Baxter International, the US-based healthcare multinational. Christopher was CEO of several fast-growing venture capital backed healthcare businesses including Imutran Ltd, and Weston Medical plc, which he took through three venture capital funding rounds to an IPO on the Main Market of the London Stock Exchange in 2000. In 2004, Christopher co-founded Iceni Capital LLP, a private equity / venture capital firm focused on providing capital and operational support to fast growing UK companies in the services sector. He has Chaired a number of high growth technology, healthcare and service companies including TQ Education & Training which was sold to Pearson plc, AirPortr, Sphonic Solutions (recently sold to Signicat AS), Bubble and Tristel plc. Christopher holds an MA (hons) from the University of Oxford and an MBA from the Harvard Business School

Jane Silber - Non-Executive Director

Jane joined the Board on 1 April 2019. Jane is an experienced IT senior executive. She is the Non-executive Chair of Diffblue Ltd and VONQ B.V., as well as a non-executive board member of Weaveworks Ltd and Canonical Ltd. She also serves as an advisor for numerous tech start-ups. Previously she was CEO of Canonical for seven years, which followed a seven-year period as its Chief Operating Officer. With experience in the US, Japan and the UK, she has spent her entire career in software engineering and IT management, starting as a software developer and rising through various leadership roles. She holds a BS from Haverford College, an MS from Vanderbilt University and an MBA from Oxford University.

Jane is Chair of the Remuneration Committee and, also serves on the Audit and Nomination Committees.

Andy Williams – Non-Executive Director

Andy was appointed to the board on 8 June 2020 having formerly served as Chair at Zesty Limited since 26 July 2018. In addition to his role at Induction, Andy was Chair of Docly AB and was until recently,a non-executive director at Logex Group. His most recent full-time role was CEO of NHS Digital, the government body responsible for technology and data for the NHS. Prior to that, his career was in the technology industry, holding a wide variety of senior roles in IBM, Alcatel-Lucent and CSC. He holds an MA in mathematics and engineering from Cambridge University.

Andy is Chair of the Audit Committee and, also serves on the Remuneration and Nomination Committees.

Ian Jonhson - Senior Independent Director (appointed 2 December 2022)

Ian has spent his business career in life science and was founder and CEO of Biotrace International PLC, which was a listed company until its sale to 3M in December 2006. Ian is currently Executive Chairman of Niox Group plc and was recently Senior Independent Director of Clinigen plc until its sale to Triton. Previous roles include Executive Chairman of Bioquell PLC, non-executive Chairman of Redcentric plc, Quantum Pharma PLC, Cyprotex PLC and Celsis Group Ltd. and non-executive Director of Ergomed PLC. He has also served on the boards of various other public and private companies including Aim listed companies; Evans Analytical Group and AOI Medical Inc. Ian studied at Cardiff University obtaining a B.Sc. and M.Sc. in Microbiology. He is a Chartered Biologist, a Fellow of the Royal Society of Biology and a member of the Institute of Directors.

Paul Tambeau - Chief Executive Officer (appointed 30 June 2023)

Paul started his career in management consulting, spending 11 years on strategy and transformation engagements within Canada's public and private health sectors. This included 3 years in KPMG's national health care strategy practice. Over the last 7 years, he has held senior executive roles in digital health companies in Canada and the UK, Before joining Induction in 2022, Paul was Chief Commercial Officer at Doctor Care Anywhere, where he helped deliver a 300% increase in revenue growth. He also helped launch the internet hospital programme with a leading UK health insurer, including the commercial negotiations for a joint venture. Paul began his career in management consulting in North America, including KPMG Canada's national health care strategy practice. Paul holds an MBA with Distinction from the University of Edinburgh, and a Bachelor of Arts (Honours) from Wilfrid Laurier University in Waterloo, Canada.

John McIntosh - Chief Financial Officer (appointed 30 June 2023)

After qualifying with Deloitte in 1994, John worked with Sony Corporation, global advertising agency DMB&B and the BBC, before focusing towards online, and multi-media businesses. John has worked as a consultant CFO, interim Finance Director and Group CFO for public and private entities in the UK, USA, and Europe. John was Director, CFO of Bidstack Group plc for three years until 2021, where he led the business through its successful admission to AIM in September 2018, to become a multi-market international Ad-tech business. Prior to this, he was interim FD then Board member for three years of Anglo-Australian services group Progility plc leading its reverse takeover onto AIM in 2013. He was also CFO and Chief Operating Officer for DCD Media plc for six years until 2012. John holds a Bachelor of Commerce (Hons) from the University of Edinburgh and is a member of the Institute of Chartered Accountants of Scotland.

Corporate Governance Report
for Induction Healthcare Group PLC

Chair's Introduction

I have pleasure in introducing our Corporate Governance Statement. The Board is committed to supporting high standards of corporate governance. We consider that a solid foundation of good governance and best practice is needed to help the Group profitably and effectively support our user base, both clinical teams and patients. In this section of the Annual Report we set out our governance framework and describe our approach to good corporate governance throughout the Company and its subsidiaries ('the Group'). As Chair, my primary responsibility is to lead the Board effectively and ensure that the Group's corporate governance is appropriate and adopted across all our business activities. I am also responsible for ensuring that, as a Board, we examine the key operational and financial issues affecting our strategy.

We have had a number of Board changes during the year and since our year-end. Throughout the year of audit we had four independent Non-Executive Directors; Leslie-Ann Reed, Jane Silber, Ian Johnson and Andy Williams. Ian Johnson was appointed as our Senior Independent Director (SID) on 2 December 2022. On 2 December 2022, Leslie-Ann Reed's whose term came to an end stepped down from the board. On 5 May 2023 Hugo Stephenson's term also came to an end and he stepped down from the board.

Our Executive Directors during the year were James Balmain (resigned 9 January 2023) and Guy Mitchell (resigned 6 December 2022). From 9 December 2023, I was appointed to the position of Interim Executive Chair. I am pleased to confirm that on the 30th June 2023 Paul Tambeau, who had been interim COO since December 2022, was appointed CEO. At the same time, John McIntosh, interim CFO since December 2022, was appointed CFO. Both joined the board on the same date.

We follow the Quoted Companies Alliance ("QCA") Corporate Governance Code (the 'Code') and we continue to believe that this is the most appropriate Code for us as an AIM listed company. The report below is organised under headings which show how the Group has complied with the ten broad principles of the Code which all support the Group's medium to long-term progress.

Christopher Samler
Executive Chair

28 July 2023

Statement of Compliance with the QCA Corporate Governance Code

Strategy and Business Model

Principle 1 of the Code requires that companies establish a strategy and business model which promote long-term value for shareholders. The Group is a healthcare technology business focused on streamlining the delivery of care by healthcare professionals, and our strategy is articulated in the Strategic Report on pages 13. Our Section 172 statement, which is set out on page 14 shows how the Directors have fulfilled their duties and obligations to ensure the long-term success of the business. The Executive Directors and senior leadership team meet throughout the year to discuss strategy and the Group's long-term growth. The Board, in turn, debates strategy at every Board meeting and monitors progress against the strategic plan. The active challenge provided by the Non-Executive Directors to the Executive helps shape our strategy. The CFO maintains a strategic risk register and reports periodically to the Board on the how the Group mitigates major perceived risk and protects the company from unnecessary potential risk.

Shareholder Relations

Under Principle 2 of the Code, the Company must seek to understand and meet shareholder needs and expectations.

The Company is committed to listening to, and openly communicating with, its shareholders to ensure that its business, strategy, and performance are clearly understood and supported. During the year, the Board, and particularly the executive team, has maintained an open communication with investors, and the sell-side research community. This will be an increasing area of focus for the new Chair in the future believe that this is the best way to ensure the company understands what is expected of it in its efforts to drive enhanced value for our shareholders. The Executive Directors provide the Board with feedback from all meetings and communications with shareholders and the Board is provided with an analysis of investor base changes on a regular basis. Further information on investor sentiment is provided to the Board by the Company's Nominated Advisors. The Board is also mindful of the importance of its retail shareholders and we aim to provide meaningful information for all our investors, but particularly our retail shareholders, via our website www.inductionhealthcare.com. Our website also offers a facility to sign up for email alert notifications of Company news and regulatory announcements.

Our Stakeholders

Principle 3 of the Code requires that the Company takes into account wider stakeholder and social responsibilities and their implications for long-term success. The Company's stakeholders include shareholders, employees, its registered users, its customers, and its business suppliers.

The Board values the opinions of the stakeholders in the business and will regularly seek to ensure that the views of its shareholders, suppliers, and partners are known and, where relevant to the success of our business, are acted upon. The Board considers investors' views and feedback following investor roadshows and individual directors update the Board on any ad hoc meetings with investors throughout the year.

One of our most important stakeholder groups is our employees. The Company engages regularly with its employees and monitors closely the views and concerns.

Corporate Governance Report
for Induction Healthcare Group PLC (continued)

raised. We communicate thoroughly with all stakeholders and use the experience we gain from those interactions to inform our strategy.

Risk Management
Principle 4 of the Code requires that the Company embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Board, assisted by the Audit Committee, is ultimately responsible for overseeing management's activities in identifying, evaluating, and managing the risks facing the Group. The environment in which we operate is constantly evolving and can be affected by external factors that are outside of our control and which may impact on us operationally. The Group implements a risk management policy which defines the Group's risk appetite. The Board supported by its Leadership Team periodically reviews a matrix of the key risks which sets out how these are managed and mitigated through internal and other controls and processes.

The significant risks and related mitigation and control are disclosed in the Strategic Review on pages 17 to 21.

The Board
Principle 5 of the Code requires the maintenance of the board as a well-functioning, balanced team led by the chair.

Our current board consists of the Chair, and three Non-Executive Directors. The Chair and three Non-Executive Directors are all considered to be independent. The current Board has one female and three male Directors. The balance, skills and experience of the Board is evaluated throughout the year.

The Board holds between six and eight scheduled meetings a year and attendance at these meetings is set out below on page 26. There are also numerous ad hoc meetings where matters of importance have arisen between scheduled meetings.

There are three Board Committees: the Audit Committee, the Remuneration Committee, and the Nomination Committee, which are chaired by Andy Williams, Jane Silber, and Andy Williams respectively. Attendance at those meetings is set out on page 26.

Directors are expected to attend all meetings of the Board, and of the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chair, so that their contribution can be included as part of the wider Board discussion.

Directors' Skills and Capabilities
Principle 6 of the Code requires that the Directors ensure that between them, they have the necessary up-to-date experience, skills, and capabilities. The balance, skills and experience of the Board were evaluated during the year ended 31 March 2023.

The biographies of Board members are set out on page 23.

The role of the Non-Executive Directors is to bring valuable judgement and insight to Board deliberations and decisions. The Non-Executive Directors are all experienced and influential individuals whose blend of skills and business experience contributes to the proper functioning of the Board and its Committees, ensuring that matters are fully debated and that no individual or group dominates the Board's decision-making processes.

The Board is assisted by a range of external advisors, including the nominated advisor, strategic communication consultants, legal advisers, and tax consultants.

The Board training and development needs are met with the support of our Nominated Adviser (NOMAD) and our advisors. The Board is provided with regular updates on governance developments and the Company Secretary takes minutes at all Board and Committee meetings.

Board Performance and Evaluations
Principle 7 of the Code requires that the Board and Committees evaluate their own performance based on clear and relevant objectives and seek continuous improvement.

The Chair ensures that the Board reflects on its own performance at the beginning and end of each Board meeting. This "temperature check" ensures that all board members have an opportunity to consider whether the Board has worked effectively or if there are issues that need more discussion. The Board conducted a formal Board evaluation during the year under review with actions identified and implemented. A further formal Board evaluation will be carried out in 2023 and the Board evaluation process itself will continue to be refined.

Prior to the proposal for re-election at the AGM, the performance of the Non-Executive Directors is reconsidered to ensure they remain effective in their role and, where appropriate, that they retain their independence.

Succession planning for the Board was considered at the Nomination Committee and is an ongoing topic of discussion.

Corporate Culture
Principle 8 of the Code requires that the Company promote a corporate culture that is based on ethical values and behaviours.

The Company has an entrepreneurial and innovative culture underpinned by sound governance, and policies and processes that ensure we do business in a fair and ethical way and reflect the healthcare markets in which we operate. The Board seeks to lead by example and ensures that all strategic decisions are taken fairly, with due process and are in the best interests of the Company and its stakeholders.

Governance Structure

Principle 9 of the Code requires that the Company maintain governance structures and processes that are fit for purpose and support good decision making by the board.

The respective responsibilities of the Chair is clearly understood. The Chair is responsible for leading the

Board, facilitating the effective contribution of all members, and ensuring that it operates effectively in the interests of the shareholders. The Executive Chair is responsible for the leadership of the business and implementation of the strategy. In turn our Non-Executive Directors provide effective challenge and help develop proposals on strategy whilst ensuring that they satisfy themselves as to the integrity of the financial reporting systems, internal controls, and the
risk management system. The whole Board ensures that corporate performance is monitored and adequately reported to shareholders.

Shareholder and Stakeholder Communications

Principle 10 of the Code requires that the Company communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Board attaches great importance to communication with both institutional and private shareholders in reporting and demonstrating good corporate governance practices to create a sustainable, growing, profitable and successful business.

The Directors regularly communicated with investors and the Group operates an investor relations website at www.inductionhealthcare.com/. The website contains details of the Group and its activities, its regulatory announcements, and sets out the governance of the Group.

Board Committees

The Board has delegated and empowered a Remuneration Committee, Nomination Committee and an Audit Committee, each of which is accountable to the Board on all matters within its remit. A summary of the responsibilities of each Committee and their work during the year follows.

The Company Secretary acts as secretary to all the Board's Committees supported by the Executives to ensure that each Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the relevant items of business.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
		No. of meetings		
Christopher Samler[1]	9 of 12	4 of 4	5 of 6	0 of 1
Christopher Spencer [2]	3 of 12	0 of 4	3 of 6	0 of 1
Hugo Stephenson	12 of 12	N/a	N/a	N/a
Andy Williams	12 of 12	4 of 4	6 of 6	0 of 1
Leslie-Ann Reed[3]	4 of 12	1 of 4	1 of 6	1 of 1
Jane Silber	12 of 12	4 of 4	6 of 6	1 of 1
Ian Johnson [4]	5 of 12	N/a	N/a	N/a
James Balmain[5]	10 of 12	N/a	N/a	N/a
Guy Mitchell [6]	7 of 12	N/a	N/a	N/a

1.Christopher Samler was appointed in June 2022 and therefore did not attend all meetings held during the year.

2. Christopher Spencer resigned as a director in June 2022 and therefore did not attend all meetings held during the year.

3.Leslie Ann Reed resigned as a director in December 2022 and therefore did not attend all meetings held during the year.

4 Ian Johnson was appointed in December 2022 and therefore did not attend all meetings held during the year.

5. James Balmain resigned as a director in January 2023 and therefore did not attend all meetings held during the year.

6 Guy Mitchell resigned as a director in December 2022 and therefore did not attend all meetings held during the year.

Remuneration Committee Report

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee report for the year ended 31 March 2023. In this report, we provide you with an overview of the Committee's priorities and performance during the year, in addition to details regarding the Director's Remuneration Report.

Committee Members

Jane Silber (Chair)
Leslie-Ann Reed (resigned 2 December 2022)
Christopher Spencer (resigned 7 June 2022)
Andy Williams Christopher Samler (appointed to Remuneration committee on 7 June 2022)

Committee Responsibilities

The Committee is primarily responsible for:

- Setting the remuneration policy for all executive directors and the Company's Chair;
- Recommending and monitoring the levels and structure of remuneration for senior management; and
- Reviewing the ongoing appropriateness and relevance of the remuneration policy.

The Work of the Committee

The objective of the Company's remuneration policy is to facilitate the recruitment and retention of executives of an appropriate calibre, to ensure that the Executive Directors of the Company are provided with appropriate incentive to encourage enhanced performance and are rewarded fairly and responsibly for their individual contributions to the success of the Company in the year. The remuneration policy has regard to the risk appetite of the Company and alignment to the Company's long strategic term goals.

The Remuneration committee held six formal meetings during the year as set out on page 26 and held a number of informal meetings and telephone calls between scheduled meetings. The Remuneration committee considered the following items during the year:

Bonus Plan	Review of the FY24 Bonus Plan
LTIP	Review of the Scheme Rules
LTIP	Review of awards to staff
Remuneration	Review of proposed staff pay awards
Terms of Reference	Review of the terms of reference
Remuneration Policy	Review of the Remuneration Policy

Directors Remuneration Report

The Remuneration that the Company offers to its Executive Directors continues to be based on four principal components:

- Basic Salaries and benefits. Basic salaries are determined by the Remuneration Committee with reference to bench-marked salaries paid in AIM-quoted and other Technology businesses of similar size and complexity. It is intended that the guaranteed pay should be at or near the median level. Benefits in kind relate to health insurance.

- Pensions. The Group operates a defined contribution pension scheme for all Executive Directors and employees. Only basic salaries are pensionable.

- Short-term incentives. Bonuses are payable to staff according to the achievement by the Group determined by key measurable objectives and growth targets.

- Long-term incentives. The Company operates a share option scheme under which share options are normally granted on passing probation or ad-hoc on individual performance. Options normally vest over three years, with a third vesting after twelve months and the remainder quarterly over the subsequent two years and can be exercised (once fully vested) until the tenth anniversary. The number of shares granted is based on a fixed market value of shares on the date of the grant, so the individual only benefits if there has been a share price growth. The share option scheme is overseen by the Remuneration Committee which eligible individuals may be invited to participate, including the level of awards. The Remuneration Committee is currently reviewing the structure of the share option scheme.

Andy Williams was awarded an increase at the time of his appointment as Chair of the Audit Committee. Christopher Samler was awarded an increase to reflect his interim position as Executive Chair. No other salary increases were awarded to any other Executive Director or Non-Executive Directors for FY23.

Remuneration received by Directors for the year ended 31 March 2023 (audited)

The following represents remuneration received by directors during the year.

	Salary and Fees		Pension		Bonus		Other		Total Remuneration	
	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23
Executive										
Hugo Stephenson	184,683	49,364	18,244	-	–	–	–	–	202,927	49,364
James Balmain	238,769	177,784	22,158	17,778	227,050	110,813	3,086	2,404	491,063	308,779
Guy Mitchell	67,500	126,750	3,375	6,300	20,250	10,125	–	319	91,125	143,494
Non-Executive										
Christopher Samler	-	103,978	-		-	-	-	-	-	103,978
Christopher Spencer	55,000	10,208	2,475	459	–	–	–	–	57,475	10,668
Ian Johnson	-	13,182	–	–	–	–	–	–	-	13,182
Leslie-Ann Reed	40,000	26,667	–	–	–	–	–	–	40,000	26,667
Andy Williams	35,000	43,353	–	–	–	–	–	–	35,000	43,353
Jane Silber	40,000	40,000	1,800	1,800	–	–	–	–	41,800	41,800
	660,952	**591,286**	**48,052**	**26,337**	**247,300**	**120,938**	**3,086**	**2,723**	**959,390**	**741,285**

Four directors received retirement benefits in the form of defined contribution pension scheme contributions, accruing in respect of qualifying services. Contributions paid to a pension scheme in respect of directors' qualifying services for the highest paid director were £0.02m (2022: £0.02m).

The following represents share-based remuneration received by directors during the prior years.

Director	Date of Grant	Exercise price (£)	Number of shares	Market value of award	Performance conditions	Exercisable from	Exercisable to
James Balmain	8th June 2020	0.005	745,559	734,376	no	08/06/2021	08/06/2031
James Balmain	1st April 2021	0.005	5,803	6,239	no	01/04/2022	01/04/2032

Remuneration Committee Report (continued)

Directors' shareholding and share interests

Share ownership plays a key role in the alignment of our executives with the interests of shareholders. The table below sets out the number of shares held or potentially held by executive and non-executive directors (including their connected persons where relevant) as at 31 March 2023 and 31 March 2022.

Name	Beneficially owned shares at 31 March 2022	Beneficially owned shares at 31 March 2023	Award description	Granted (Audited)	Number of unvested options at 31 March 2022 (Audited)	Number of vested options at 31 March 2022 (Audited)	Number of unvested options at 31 March 2023 (Audited)	Number of vested options at 31 March 2023 (Audited)
Hugo Stephenson	8,891,730	8,891,730	–	–	–	–	–	–
Christopher Samler	-	266,667	–	–	–	–	–	–
Jane Silber	8,696	8,696	–	–	–	–	–	–
Andy Williams	419,495	889,968	–	–	–	–	–	–
Ian Johnson	-	20,000						

Jane Silber
Remuneration Committee Chair

28 July 2023

Audit Committee Report

On behalf of the Audit Committee, I am pleased to present the Audit Committee report for the year ended 31 March 2023. In this report, we provide you with an overview of the Committee's priorities and performance during the year, in addition to details regarding the audit and risk management policies approved by the Committee for implementation throughout the Group

Committee Members

Leslie-Ann Reed (Chair until 2 December 2022)
Andy Williams (Chair from 3 December 2022)
Jane Silber
Christopher Spencer (resigned 7 June 2022) Christopher Samler (appointed on 7 June 2022)

Committee Responsibilities

The Committee is primarily responsible for:

- Oversight of the Group's risk management framework and mitigating actions;
- Monitoring the effectiveness of internal controls;
- Ensuring that the Group's financial performance is properly measured and reported, through review of the annual and half-year financial statements, accounting policies and significant reporting judgements;
- Identification of adjusting items and the presentation of Alternative Performance Measures ("APMs") and the judgement used in terms of which costs or credits are not associated with the underlying trading of the Group or otherwise impact the comparability of the Group's results year on year; and
- Oversight of the annual audit and its effectiveness, including the objectivity and independence of the external auditor.

The Work of the Committee

The Audit Committee continued to review and establish the procedures and systems necessary to ensure robust standards of financial control. The Chief Financial Officer is invited to attend all meetings, while other senior financial managers will attend as appropriate. The external auditor attends the meetings to discuss the planning and conclusions of their work. The Audit Committee is able to call for information from management and external consultants with the external auditors directly if required. The objectivity and independence of the external auditors is safeguarded by reviewing the auditors' formal planning proposal and monitoring relationships between key audit staff and the Company.

The Audit Committee held four formal meetings during the year as set out on page 26 and considered the following items during the year:

Whistleblowing	Review of arrangements in place
Bribery	Review of arrangements in place
Interim Results	The Committee reviewed and approved the interim results,
Full Year Results	The Committee also reviewed and approved the full year results through review of the annual report with a focus on revenue recognition, valuation and impairment of goodwill/intangibles.
Revenue recognition	The Audit Committee was satisfied that management's judgement in the absence of explicit performance obligations and the consequential recognition of revenue and deferred revenue in the accounts was reasonable.
Going Concern	The Committee undertook reviews of the Company's going concern status at the half and full year period ends. The Audit Committee was satisfied that the basis for adopting the going concern basis in preparing the Group and Company financial statements.
Valuation and amortization, impairment	The Audit Committee reviewed the basis of capitalisation and amortisation and considered the intangible value attributed to its intangible software development costs. The Audit Committee was satisfied that the forecast cash flows from the anticipated level of future revenues, supported by customer interest and the sales pipeline, are sufficient to support the carrying values.
Internal Audit	The Committee reviewed the need for an internal auditor and agreed that the Company was of not yet of sufficient size or complexity to merit a separate internal audit function.
External Audit	The Committee reviewed the independence and objectivity of the newly appointed external auditor, Crowe UK LLP; their plan for the full year audit, advisory fees and the effectiveness of the audit process.
Terms of Reference	Reviewed terms of reference.

External Auditor

The Audit Committee appointed a new external auditor Crowe UK LLP in December 2022 and monitors the relationship, to ensure that auditor independence and objectivity are maintained. A summary of remuneration paid to the external auditor is provided in note 7 of the financial statements. The external auditor does not provide any material non-audit services to the Company or its subsidiaries. Being satisfied with the external auditor's work for the year under review and of the external auditor's independence, the Audit Committee recommended that the Board reappoint the External Auditor. The value of the non-audit services provided by the Auditor is zero. Having reviewed the auditor's independence and performance, the Audit Committee has concluded that this is effective.

Andy Williams
Audit Committee Chair

28 July 2023

Nomination Committee Report

On behalf of the Board, I am pleased to present the Nomination Committee report of the Company for the year ended 31 March 2023.

Committee Members

Andy Williams (Chair)
Christopher Spencer (resigned 7 June 2022)
Jane Silber
Christopher Samler (appointed 07 June 2022)

Committee Responsibilities

The Nomination Committee is responsible for reviewing the structure, size, and composition (including the skills, knowledge, experience, and diversity) of the board and making recommendations to the board with regard to any changes.

The Work of the Committee

The Nomination Committee met formally once during the year and held a number of informal meetings and telephone calls between the scheduled meeting.

Appointment of Directors	The Board asked the Committee to consider the suitability of Ian Johnson for the position of Senior Independent Director on the Board. The Committee recommended this appointment and Ian Johnson joined the Board on 2 December 2022.
Succession Planning	During the year, the Committee considered the positions of the Executive Directors and short term and long term succession planning for the Executive Directors and the Chairs of the various Committees. Their discussions took into account the needs of the business and the preferences of the individuals under discussion. The recommendations of the Committee were communicated to the full Board and resulted in the appointment of Christopher Samler as Chair, and subsequently as interim Executive Chair following the resignation of James Balmain as CEO in January 2023. Andy Williams was appointed as Chair of the Audit Committee. Following the appointment of Paul Tambeau as Interim COO and John McIntosh as Interim CFO in December 2022, both were confirmed as CEO and CFO respectively on 30 June 2023.
Change of Company Secretary	After the resignation by Guy Mitchell as Company Secretary, Louise Torr was appointed to this role in January 2023.

Induction of new directors

New directors are taken through a comprehensive induction programme which is tailored to their individual needs and understanding.

Andy Williams
Nomination Committee Chair

28 July 2023

Directors' report

The Directors are pleased to present the Directors' report to shareholders and the audited financial statements for the year ended 31 March 2023.

Principal activity and business model

The principal activity and business model are set out in the Strategic Report on page 13.

Results and dividends

The results for the year to 31 March 2023 are set out in the financial statements on pages 43 to 91.

The Directors do not propose payment of a dividend for 2023 (2022: £Nil).

Review of the year and outlook

A summary of the Group's progress and development is set out in the Chair's review and Chief Executive Officer's review, and the Financial Review, which form part of the Strategic Report on pages 2 to 13. This analysis includes comments on the position of the Group at the end of the financial year, an indication of likely future developments in the business of the Group and details of the Group's development activities. The outlook of the business is set out in the Strategic Report on page 5.

Significant events after the year-end

On the 30th June 2023 the Group announced the completion of the sale of Switch, a directory app, for an undisclosed sum. This is in line with the previously announced strategy to focus on sustainable growth and allows additional cost savings to be applied. The revenues of Switch are disclosed as part of the discontinued operations. Further details to be found at note 13.

Directors' insurance

An insurance policy is maintained by the Group which insures the Directors of the Group against certain liabilities arising in the conduct of their duties.

Capital structure

The Company's share capital is divided into 92,380,300 ordinary shares of £0.005 each with voting rights.

Related party transactions

Details of all related party transactions are set out in Note 29 to the Financial Statements.

Corporate governance

The Directors' statement on Corporate Governance is set out on pages 23 to 35 and forms part of this report.

Going Concern

In assessing the appropriateness of the going concern assumption, Directors has reviewed the ability to continue operating over the period to 31 October 2024 to take into account the operating cycle of the group. The Directors have also reviewed other relevant information, together with considering scenarios with adverse impacts across the Group's principal risks relating to: revenue reductions from either non-renewals of major contracts with customers or downward price pressures; non-materialisation of forecast sales to new customers and delays in securing new contracts with customers or delayed cash inflows.

The severe but plausible downside scenario has indicated that cash balances are their lowest in April 2024 before increasing again in May 2024 in line with the Group's operating cycle. At this low point, cash balances remain positive. The Directors believe they can timeously respond to decreases in cash inflows by taking mitigating actions. The Directors have applied significant judgement regarding renewals of existing contracts with major customers, in particular NHS customers. The Directors have made this judgement after considering the UK budget announcement in November 2022 and funding confirmation in July 2023. Whilst there remains uncertainty as to the specifics of the NHS funding plan following the budget announcement, the Directors note that NHS funding generally was increased and there was a focus on NHS efficiency, which the Group's products / services are designed to assist with. Therefore, the Directors believe that the judgement they have made is appropriate based upon information available at that point.

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group and Company have adequate resources to meet their liabilities as they fall due for the period to 31 October 2024, and therefore these financial statements are prepared on a going concern basis.

Annual General Meeting

The date of the 2023 Annual General Meeting of the Company can be found in the Notice of Meeting which is available in the Investor Section of the Company's website at www.inductionhealthcare.com.

Research and development

The assessment of when development expenditure meets the recognition criteria required for capitalisation requires judgement as to the technical feasibility and commercial viability of products and ideas that are under development. The Group capitalised £0.8m of development costs (2022: £3.1m).

Financial instruments

The financial risk management objectives and policies of the Group, including credit risk, interest rate risk and currency risk are provided in Note 28 of the accounts.

Directors

The Directors who held office during the year were as follows:

- Christopher Samler (appointed 7 June 2022)
- Jane Silber
- Andy Williams
- Ian Johnson (appointed 2 December 2022)
- Christopher Spencer (resigned 7 June 2022)
- Leslie-Ann Reed (resigned 2 December 2022)
- Guy Mitchell (resigned 5 December 2022)
- James Balmain (resigned 9 January 2022)
- Hugo Stephenson (resigned on 5 May 2023)

Political contributions

Neither the Group nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2022: £Nil).

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditors is aware of that information.

Auditor

Crowe U.K. LLP were appointed as the Group external auditor at the AGM on 11 January 2023.

By order of the board

John McIntosh
Chief Financial Officer
28 July 2023

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and they have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' report to the members of Induction Healthcare Group Plc

Opinion

We have audited the financial statements of Induction Healthcare Group Plc (the "Parent Company") and its subsidiaries (the "Group") for the period ended 31 March 2023, which comprise:

- the Group statement of comprehensive income for the year ended 31 March 2023;
- the Group and parent company statements of financial position as at 31 March 2023;
- the Group and parent company statements of changes in equity for the year then ended;
- the Group and parent company statements of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and accordance with UK adopted international accounting standardsand, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included

- Understanding the system of internal control over the cash flow management and budgeting processes;
- Assessing the adequacy of the period covered in management going concern assessment;
- Confirming the reasonability of the inputs and assumptions in the budgets as well as identifying which inputs had been subjected to stress testing and how the results of the stress testing impacted the conclusions;
- Validating that the cost savings identified by management in the last quarter of the year ended 31 March 2023 have been realised in the first quarter of the year ended 31 March 2024 and ensuring that the forecast savings over the assessment period are consistent with this;
- Ensuring that these forecasts are consistent with those used for impairment assessment;

- Performing a retrospective review on the figures to mitigate the risk of management bias;
- Challenging other potential mitigating actions to improve liquidity in addition;
- Reviewing and incorporating any post balance sheet events that could impact the conclusions on going concern; and
- Assessing the completeness and accuracy of the matters described in the going concern disclosure within the significant accounting policies as set out in Note 2.2.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £500,000 based on a 5% loss before tax adjusted for impairment charges. Materiality for the Parent Company financial statements as a whole was set at £90,000 based on 0.3% of net assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £350,000 for the group and £54,000 for the parent. We reviewed this during the audit but considered that it remained set at an appropriate amount.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £25,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our engagement was in respect of the audit of the Group's consolidated financial statements and those of the Parent Company. Our audit approach was developed by obtaining a thorough understanding of the Group's activities and is risk based.

Based on this understanding we assessed those aspects of the Group and Subsidiary Companies' transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error.

Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly. We undertook a combination of analytical procedures and substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

We conducted specific audit procedures in relation to all entities within the Group without the use of component auditors. Not all group companies were within the scope of audit testing as some were dormant with minimal to no transactions during the year under review.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Revenue Recognition *Refer to page 10 (directors' report), page 43, (Consolidated Statement of Comprehensive Income), pages 50-52 (Notes to the Consolidated Financial Statements – Note 1.5 Accounting policies), Note 6, pages 72-76, (financial disclosures).* Revenue is recognised in accordance with the accounting policy set out in the financial statements. Revenue from contracts with customers including discontinued operations for the year to 31 March 2023 was £13.6m (2022: £7.9m). The group has a number of different revenue streams with different revenue recognition points, including licence revenue recognised overtime. Errors in the recognition of revenue could materially misstate the financial statements and key investor metrics. Revenue is a significant risk area as judgements are required in determining the appropriate revenue recognition point.	Our work focused on assessing that revenue accounting policies were compliant with IFRS and validating that revenue is recognised in accordance with the accounting policies and that cut off was correctly applied through testing. We understood and walked through the revenue recognition process and the related systems of internal control. We tested substantively the processing of revenue across all different products and service offerings to ensure that the processes are in place to recognise revenue in the appropriate periods. Substantively tested the contract assets and liabilities to test the accuracy of the revenue recognised to contractual terms and supporting evidence. We ensured that revenue was recognised in the correct accounting period through review of sample of contracts to confirm when performance obligations were met and also reviewing sampled invoices after the end of the reporting period. We confirmed the accuracy of the calculation of any deferred and accrued income balances. This additionally gave us comfort over the risk of management override or fraudulent financial reporting. We reviewed revenue disclosures and segmental reporting to ensure compliance with the underlying accounting standards.
Valuation of intangibles including Goodwill *Refer to page 11 (directors' report), page 44 (Consolidated balance sheet), pages 50,54-56 (Notes to the Consolidated Financial Statements – Note 1 and 5 Accounting policies, Accounting estimates and judgements), Note 17&18, pages 75-79 (financial disclosures).* The carrying value of goodwill and other intangible assets at 31 March 2023 were £10.3 million and £15.2 million respectively.	The key components of our review covered broadly the following: - Appropriateness of key assumptions and judgments including the discount rate. - Adequacy of disclosures, including around the sensitivities attached to key assumptions. - Appropriateness of CGUs and accuracy of the asset allocations to those CGUs. We performed the following procedures in order to address the risks around the impairment: We evaluated, in comparison to the requirements set out in IAS 36, management's assessment (using

Management performed an impairment review as at 31 March 2023 in accordance with IAS 36 ‘Impairment of assets’. The resulting impairment charge of £7.7m is explained in further detail in note 17 within the financial statements. The Group’s intangible assets comprise of goodwill arising on acquisition of subsidiaries, customer relationships and software developments. When assessing the carrying value of goodwill and intangible assets, management makes judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and/or other intangible assets were impaired. The key judgements are in relation to growth and profitability. Changes in these factors could result in an impairment to the carrying value of the goodwill and intangible assets.	discounted cash flow models) as to whether goodwill and other intangible assets were impaired. We reviewed, challenged and considered management’s impairment and fair value models as appropriate and their key estimates, including the discount rate. We reviewed the appropriateness and consistency of the process for making such estimates. We have also reviewed the constitution of CGU’s identified by the management. We obtained management’s discounted cash flow models supporting the intangible asset valuation. We challenged the key assumptions into the model, including the forecast revenue and EBITDA, discount rates and growth rates. We compared cash flow forecasts used in the impairment review to historical performance and forecasts used in the assessment of going concern and challenged where forecasts indicated performance that deviated significantly from historical performance, in the absence of significant changes in the business or market environment. Discount rates and growth rates were benchmarked to our knowledge of sector performance, to evaluate the reasonableness of these assumptions. We used an in-house valuations expert to assist with the assessment of the discount rate. Sensitivity analysis was performed on the key assumptions such as growth, margin and discount rates to identify those assumptions to which the goodwill or intangible asset valuation was highly sensitive. We reviewed the disclosures made in respect of impairment, including those made as significant estimates and judgements.
Capitalisation of intangible assets *Refer to page 10-11 (directors’ report), page 44 (Consolidated balance sheet), pages 50,54-56 (Notes to the Consolidated Financial Statements – Note 1 and 5 Accounting policies, Accounting estimates and judgements), Note 18, pages 79 (financial disclosures).* The carrying value of other intangible assets including capitalised development costs as at 31 March 2023 was £15.2 million. Additions to internally generated intangible assets was for the year ended 31 March 2023 is £0.8m. The risk on the capitalisation of the intangibles was in relation to appropriateness of management’s judgements concerning whether the capitalisation criteria have been met. There was also the risk of errors in the capturing of relevant costs resulting in misstatements in the amount being capitalised.	Our audit procedures in this area included: Obtaining management’s assessment of the development projects undertaken and whether they met, or not, the capitalisation criteria in IAS 38. Testing, on a sample basis, capitalised costs through to supporting documentation. For projects where capitalisation has occurred obtaining evidence to support the technical feasibility and commercial viability. Understanding management’s basis for determining qualifying costs. Reviewing the sources of these costs by obtaining third party invoices or receipts, payroll records, etc. Understanding management’s assessment and judgement around which percentage or ratio of costs incurred in respect of software developers should be capitalised or not by holding discussions with management’s technical/project heads.

	Reviewing management's assessment of each capitalizable cost against the requirements of IAS 38 for capitalisation. Reviewing management's assessment and determination of the basis for amortisation and reviewing the amortisation of each item of capitalised development costs relating to each feature developed and ensuring no errors in determination of the charge for the year Reviewing the adequacy of disclosure.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. Based on our understanding of the Group and industry, discussions with management and the Board of Directors we identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and disclosures in the financial statements. Our work included direct enquiry of management, reviewing Board and relevant committee minutes and inspection of correspondence.

As part of our audit planning process, we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas involving significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on key areas of estimate or judgement, this included specific testing of journal transactions, both at the year end and throughout the year.

Other laws and regulations where non-compliance may have a material effect on the Group's operations are Data Protection and GDPR.

Our audit procedures included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance including fraud;
- examining supporting documents for all material balances, transactions and disclosures;
- review of minutes of meetings of the Board of Directors;
- enquiry of management about litigations and claims;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions, in particular those items included in the Key Audit Matters;
- analytical procedures to identify any unusual or unexpected relationships;

- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matthew Stallabrass (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

28 July 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	2023 £000	2022 £000 Re-presented
Continuing operations			
Revenue from contracts with customers	6	12,884	7,231
Cost of sales		(4,754)	(2,751)
Gross profit		8,130	4,987
Sales and marketing expenses		(1,523)	(1,092)
Administrative expenses		(6,952)	(7,260)
Development expenses		(9,287)	(5,256)
Impairment losses	17	(7,748)	–
Loss from operations	7	(17,380)	(9,129)
Finance income	11	1	1
Finance expense	11	(7)	(30)
Loss before tax		(17,386)	(9,158)
Tax credit	12	798	1,082
Loss for the year from continuing operations		(16,588)	(8,432)
Discontinued operations			
Loss from discontinued operations, net of tax	13	(795)	(356)
Loss for the year		(17,383)	(8,432)
Other comprehensive income			
Exchange gains/(losses) arising on translation on foreign operations		(162)	801
Exchange gains / (losses) on translation of foreign operations reclassified to profit and loss during the year		(801)	9
Other comprehensive income for the year, net of tax		(963)	810
Total comprehensive income		(18,346)	(7,266)

	Note	2023	2022
Loss per share attributable to the ordinary equity holders of the parent			
Basic	14	(0.19)	(0.10)
Diluted	14	(0.19)	(0.10)
Loss per share from continuing operations attributable to the ordinary equity holders of the parent			
Basic	14	(0.18)	(0.10)
Diluted	14	(0.18)	(0.10)

The Notes on pages 47 to 91 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2023

	Note	2023 £000	2022 £000
Assets			
Non-current assets			
Property, plant and equipment	19	9	244
Intangible assets	18	15,251	20,962
Goodwill	17	10,685	19,758
Deferred tax assets	12	556	1,540
Total non-current assets		26,501	42,504
Current assets			
Contract assets	21	1,228	786
Trade and other receivables	20	2,672	3,347
Current tax receivable	12	1,175	1,240
Cash and cash equivalents	22	4,287	7,496
Assets held for sale		2,474	—
Total current assets		11,836	12,869
Total assets		38,337	55,373
Liabilities			
Non-current liabilities			
Contract liabilities	24	3,588	326
Deferred tax liability	12	3,870	5,851
Other financial liabilities	30	56	128
Total non-current liabilities		7,514	6,305
Current liabilities			
Trade and other payables	23	2,713	3,365
Provisions	25	528	—
Contract liabilities	24	2,198	2,579
Current tax payable	12	—	789
Liabilities associated with assets held for sale	13	1,016	—
Other financial liabilities	30	72	72
Total current liabilities		6,527	6,805
Total liabilities		14,041	13,110
Net assets		24,296	42,263
Equity attributable to equity holders of the parent			
Share capital	26	462	460
Share premium reserve	27	41,665	41,665
Merger reserve	27	20,205	20,205
Foreign exchange reserve	27	(162)	801
Other reserves	10	1,578	1,405
Retained earnings	27	(39,452)	(22,273)
Total equity		24,296	42,263

The Notes on pages 47 to 91 form an integral part of these financial statements.

The financial statements on 49 to 93 were approved and authorised for issue by the board of Directors on 28 July 2023 and were signed on its behalf by:

John McIntosh
Director
Company registered number: 11852026

Consolidated Statement of Changes in Equity

As at 31 March 2023

	Note	Share capital £000	Share premium £000	Merger reserve £000	Foreign exchange reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 31 March 2021 and 1 April 2021		**210**	**18,432**	**10,879**	**(9)**	**792**	**(13,839)**	**16,465**
Comprehensive income for the year								
Loss for the year		—	—	—	—	—	(8,434)	(8,434)
Other comprehensive gain/(loss) for the year		—	—	—	810	—	—	810
Total comprehensive income for the year		—	—	—	810	—	(8,434)	(7,624)
Transactions with owners, recorded directly in equity								
Issue of ordinary shares	15	179	24,821	—	—	—	—	25,000
Issue of shares as consideration for a business combination	15	71	—	8,928	—	—	—	8,999
Equity settled share-based payments	10	—	—	—	—	613	—	613
Share-issue costs	15	—	(1,190)	—	—	—	—	(1,190)
Reclassification of equity		—	(398)	398	—	—	—	—
Total contributions by and distributions to owners		250	23,233	9,326	—	613	—	33,422
At 31 March 2022 and 1 April 2022		**460**	**41,665**	**20,205**	**801**	**1,405**	**(22,273)**	**42,263**
Comprehensive income for the year								
Loss for the year		—	—	—	—	—	(17,383)	(17,383)
Other comprehensive income/(loss) for the year		—	—	—	(963)	—	—	(963)
Total comprehensive income for the year		—	—	—	(963)	—	(17,383)	(18,346)
Transactions with owners, recorded directly in equity								
Issue of shares on exercise of equity settled share-based payments	10	2	—	—	—	(204)	204	2
Equity settled share-based payments	10	—	—	—	—	377	—	377
Total contributions by and distributions to owners		2	—	—	—	173	204	379
At 31 March 2023		**462**	**41,665**	**20,205**	**(162)**	**1,578**	**(39,452)**	**24,296**

The notes on pages 47 to 91 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Cash flows from operating activities			
Loss for the year		(17,383)	(8,434)
Adjustments for			
Depreciation of property, plant and equipment	19	119	28
Amortisation of intangible fixed assets	18	4,726	3,785
Impairment losses on intangible assets	17	7,748	–
Finance income	11	(1)	(1)
Finance expense	11	7	30
Fair value adjustments on financial liabilities	28	-	–
Share-based payment expense	10	377	613
Net foreign exchange loss/(gain)		63	–
Income tax charge/(credit)	12	(798)	(1,146)
		(5,142)	(5,125)
Movements in working capital:			
Decrease/(Increase) in trade and other receivables and contract assets		166	1,661
(Decrease)/Increase in trade and other payables and contract liabilities		2,972	1,115
Interest received	11	1	1
Interest paid	11	(7)	(30)
Income taxes received		65	458
Income taxes paid		(863)	(141)
Net cash used in operating activities		(2,808)	(2,061)
Cash flows from/(used in) investing activities			
Acquisition of subsidiary, net of cash acquired	15	-	(13,486)
Purchases of property, plant and equipment	19	(17)	(256)
Payment of software development costs	7	(810)	(3,090)
Net cash used in investing activities		(827)	(16,832)
Cash flows from/(used in) financing activities			
Issue of ordinary shares		2	25,000
Proceeds on other financial liabilities		-	210
Share issue costs	15	-	(1,190)
Repayment of bank borrowings	28	-	—
Payment of lease liabilities		(72)	(12)
Net cash from/(used in) financing activities		(70)	24,008
Net cash increase/(decrease) in cash and cash equivalents		(3,705)	5,115
Cash and cash equivalents at the beginning of year		7,496	2,472
Exchange gains/(losses) on cash and cash equivalents		496	(91)
Cash and cash equivalents at the end of the year		4,287	7,496

The notes on pages 47 to 91 form part of these financial statements.

Notes (forming part of the financial statements)

1. Basis of preparation

Both the financial statements of the Group and the financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards ("UK-Adopted IFRS"). They were authorised for issue by the Group's board of directors on 28th July 2023.

Details of the Group's accounting policies, including changes during the year, are included in note 2.

These financial statements are presented in pound sterling, which is the Group's presentational currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 5.

The financial statements have been prepared on the historical cost basis.

2. Accounting policies

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Group and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

There are no restrictions on the ability of the parent and subsidiaries to transfer cash or other assets to or from other entities within the group. There are no restrictions that may restrict dividends and other capital distributions within the group. There are no restrictions on the ability of the group to access or use the assets and settle the liabilities of the group.

2.2 Going concern

The Group has recognised total revenues during the year of £13.6m (2022: £7.9m) and had cash balances at 31 March 2023 of £4.3m (2022: £7.49m) with cash outflows from operating activities during the year of £2.8m (2022: £2.06m).

During the year ended 31 March 2023, the Group successfully completed a right-sizing programme, estimated to deliver c. 30% reduction in costs.

In assessing the appropriateness of the going concern assumption, the Board of Directors ("the Directors") has reviewed the ability to continue operating over the period to 30 June 2025 ("the going concern period"). The Directors have also reviewed other relevant information, together with considering scenarios with adverse impacts across the Group's principal risks relating to: revenue reductions from either non-renewals of major contracts with customers or downward price pressures; non-materialisation of forecast sales to new customers and delays in securing new contracts with customers resulting in delayed cash inflows. These risks are further connected to macro-economic conditions and the UK government's fiscal policy, in particular the funding and support to the group's customers which are primarily NHS Trusts and other government bodies. The Directors determined that the forecast period extends to 30 June 2025 to take into account the operating cycle of the group, which sees significant contract renewals in March 2025, with cash inflows received in April and May 2025.

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

The Directors have considered a severe but plausible downside scenario whereby the Group is impacted by: reductions in revenue arising from either non-renewals of some major customer contracts or downward price pressure; non-materialisation of some forecast sales to new customers and three to six-month delays in securing some contracts with new customers resulting in delays in SaaS revenues and cash inflows, with associated reductions in incremental costs directly linked to revenue generation. The severe but plausible downside scenario has indicated that cash balances are their lowest in April 2024 before increasing again in May 2024 in line with the Group's operating cycle. At this low point, cash balances remain positive. Under a more severe scenario, the Directors believe they can timeously respond to decreases in cash inflows by taking mitigating actions to reduce costs. These include but are not limited to; delays in hiring new employees; delays in hiring new contractors; and reducing discretionary spend through, for example, reducing professional and consulting expenditure and contractor costs.

In determining that there is no material uncertainty related to going concern, the Directors have applied significant judgement regarding renewals of existing contracts with major customers, in particular NHS customers. The Directors have made this judgement after considering the UK budget announcement in November 2022. Whilst there remains uncertainty as to the specifics of the NHS funding plan following the budget announcement, the Directors note that NHS funding generally was increased and there was a focus on NHS efficiency, which the Group's products / services are designed to assist with.

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

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.2 Going concern (continued)

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group and Company have adequate resources to meet their liabilities as they fall due for the period to 30 June 2025, and therefore these financial statements are prepared on a going concern basis.

2.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

1 deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
2 liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see note 1.8); and
3 assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair values and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.3 Business combinations (continued)

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.3) less accumulated impairment losses, if any.

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

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.5 Revenue

Licenced subscription services

The Group is in the business of providing a right-to-access to its proprietary software applications, as software-as-a- service ("SaaS"). Management have determined that it provides a right-to-access based on the fact that the customer simultaneously receives and consumes the benefit from the performance of providing access to the proprietary applications.

Revenue from the sale of licenced software is recognised when control of the goods or services are transferred to the customer, either after user acceptance testing or go-live and at the point where there are no further outstanding significant commitments relating to the sale. Revenue is recognised over time, over the length of the subscription period on a straight- line basis.

Revenue is recognised at an amount that reflects the consideration to which the Group is entitled to in exchange for those services. For contracts with value-added reseller customers, revenue is presented net of amounts payable to these customers.

The transaction price is determined based on the standard list price in line with the Group's pricing policy. Revenue is therefore shown net of value added tax and trade discounts and is reported for healthcare institutions and resellers where the Group has a value-added reseller agreement, whereby healthcare institutions and resellers are charged a subscription/ licence fee for making the applications available to users.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.5 Revenue (continued)

Control is transferred, and performance obligations are satisfied over time over the subscription period and therefore this revenue is recognised rateably over the period of the subscription. For arrangements which contain set-up services, the period of the subscription commences once set-up services have been fully provided.

Payment is due within 30 days of date of invoice.

The Group did not enter into any transactions with variable consideration, rights of return, volume rebates or significant financing components during the year. The Group does not have any warranty obligations. The Group has elected to use the practical expedient to disregard the significant financing component for contracts with a subscription period of 12 months or less.

With regards to principal versus agent considerations, the Group acts as principal in its contracts with resellers. As such the Group recognises revenue net of any commissions. The performance obligations of the Group as applicable to contracts with resellers do not differ from those arising on direct contracts with end customers.

Set-up services
Set-up services vary depending on the scope and complexity of the engagement and type of software service provided. Examples of such services include system configuration, project management, testing assistance and database consulting. Where software requires installation effort, set-up services are deemed to be essential to the functionality of the licence and therefore impacts the timing of the software licence recognition, as control does not transfer until such set-up services have been fully provided. Set-up services are considered fully provided on either the go-live date or date of completion of user acceptance testing, as specified in each contract. Such set-up services are not considered a separate performance obligation and are combined with the corresponding licence subscription fee and recognised rateably over the subscription period.

Certain of the group's services require set-up effort, these are considered to be essential to the functionality of the software and are not considered to be separate performance obligations and do not affect the timing of revenue recognition for licensed subscriptions.

Contract terms
Management considers termination clauses and renewal clauses on a contract-by-contract basis to determine if such clauses grant a material right to the customer. Where management have determined that such material rights exist, these impact the contractual licenced subscription period. Management also assess whether material rights represent separate performance obligations. For the avoidance of doubt, any references to "subscription period" or "subscription term" in these financial statements includes extensions of contractual licence or subscription periods in instances (if any) where management have determined that a material right exists.

Software support and maintenance fees
Unless separately specified, software support and maintenance services are included in licence fees under in the Group contracts. Support and maintenance fees are recognised as a separate performance obligation as they are distinct due to the fact that the customer derives a benefit from these services together with the access to the Group's applications. For example, the customer receives a distinct benefit from the provision of support services in dealing with any issues that arise from the use of the applications, whereas the licence fees provide access to these applications. Support and maintenance fees are recognised as revenue in line with the licensed subscription revenues, from the date at which any set-up services have been fully provided (ie. go-live date or user acceptance date). The transaction price is determined with reference to the standalone selling price of the services based on historical contracted amounts agreed. Management have assessed whether any contracts contain specified upgrade rights and have concluded that no contracts contain material upgrade rights and therefore these are not accounted for as separate performance obligations.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.5 Revenue (continued)

Text and SMS revenues

Text and SMS revenues are recognised at a point in time and in line with usage.

Other revenues

Where ad-hoc development or consulting activities are undertaken for customers, the revenue from these is recognised at a point in time, when control of the service passes to the customer and there are no further outstanding significant commitments in relation to the sale.

Contract assets and liabilities

A contract asset is initially recognised for approved renewals of subscriptions, where the customer continues to have access to the applications but has not been invoiced for the subscription renewal. Upon receipt of a purchase order from the customer and invoicing by the Group, the balance is reclassified to trade receivables.

A contract liability is recognised if a payment is received from a customer in advance of the subscription period to which that payment relates.

The Group has incurred sales commission costs to obtain contracts with customers during the year. Management have elected to apply the exemption from capitalisation of these costs for contracts with a term of 12 months or less. For contracts with terms longer than 12 months, costs are capitalised and amortised over the initial subscription period and the extended period under anticipated renewals.

The Group has incurred costs to fulfil contracts with customers during the year, specifically related to the provision of set-up services. Such costs are capitalised as contract costs and amortised through cost of sales over the licenced subscription period from the date of the completion of the set-up services.

2.6 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

2.7 Employee benefits

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.8 Share-based payments

Share-based payment transactions of the Group

Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 10.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.9 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.9 Taxation (continued)

Research and development tax credits claimed from HM Revenue & Customs are taken as a credit in the period in which the qualifying research and development costs are incurred unless there is uncertainty over the amount and timing of the credits. During the year ended 31 March 2022 a credit was recognised in respect of the claim submitted for the year ended 31 March 2020 in respect of two subsidiary entities. This credit was not recognised in prior years as there was uncertainty regarding the amount and timing of the credits due to there being no past experience of claims being received. These credits were therefore only recognised when approved by HMRC. A credit was also recognised in respect of the claim for the years ended 31 March 2021 and 31 March 2022 for those subsidiary entities, these claims have not yet been submitted to HM Revenue & Customs.

2.10 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

	Fixtures and fittings	Computer Equipment
Useful life	5 years	3 years
Amortisation method	Straight line over the expected life of the asset	Straight line over the expected life of the asset

2.11 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

	Technology	Users	Trade Name	Capitalised development costs
Useful life	3 – 10 years	3 – 10 years	3 – 10 years	3 – 5 years
Amortisation method	Straight line over the expected life of the asset	Straight line over the expected life of the asset	Straight line over the expected life of the asset	Straight line over the expected life of the asset
Internally generated or acquired	Acquired	Acquired	Acquired	Internally developed

Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.11 Intangible assets (continued)

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits; , including through contracts with new customers, reductions in the cost of delivering the Group's products, and by enhancing the likelihood of contract renewals
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.12 Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value-in-use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

2.13 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.13 Impairment of tangible and intangible assets other than goodwill (continued)

reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification of financial instruments

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in Induction Healthcare Group plc's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of Induction Healthcare Group plc's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.14 Financial instruments (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of Induction Healthcare Group plc's own shares, the amounts presented in the financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Recognition and initial measurement
Non-derivative financial instruments comprise other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. All financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value plus, for items measured at amortised cost, transaction costs directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets - classification and subsequent measurement
On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss ("FVTPL"). The Group has no financial assets measured at fair value through other comprehensive income ("FVOCI"). A financial asset is measured at amortised cost if it is both: held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise to cash flows that are solely payments of principal and interest on the amount outstanding.

Financial assets - classification and subsequent measurement
For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition, and "interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument, including any terms which may affect the timing or amount of contractual cash flows. All financial assets not measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value with net gains and losses, including any interest or dividend income, recognised in profit or loss.

Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - classification and subsequent measurement
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.14 Financial instruments (continued)

Measurement and recognition of expected credit losses
The Group recognises loss allowances for expected credit losses ("ECLs") on contract assets and financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs, except for cash and cash equivalents which is measured using 12-month ECLs. ECLs are a probability-weighted estimate of credit losses and are measured as the present value of all cash shortfalls expected on financial assets, using the effective interest rate of the financial asset. Lifetime ECLs are the ECLs which result from all possible default events over the expected life of a financial instrument. When determining ECLs, the Group considers reasonable and supportable qualitative and quantitative information that is relevant and available without undue cost or effort. The Group considers a financial asset to be in default when the borrower is unlikely to pay its obligations to the Group in full without recourse by the Group to actions such as realising security (if any held) or when the financial asset is more than 90 days overdue.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition
The Group derecognises a financial asset when the contractual rights to receive cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership are transferred.
The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the consolidated cash flow statement.

Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way the business is managed, and information provided to management. The assessment includes consideration of the stated objectives of the portfolio, the performance of the portfolio, the risks that affect the performance of the business model, and the frequency, volume and timing of sales of financial assets.

2.15 Defined contribution schemes
Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

2.16 Cost of sales
Cost of sales consists of the direct costs associated with the Group's proprietary application. These include costs incurred for server hosting, costs incurred to obtain a contract such as sales commission, and costs incurred to deliver on a contract. Costs incurred to deliver on a contract are staff costs, which are allocated to cost of sales based on an estimation of the proportion of time spent on each contract.

2.17 Segmental reporting
For management purposes, the Group is organised into business units based on its products and services, with separate revenue streams being generated by different business units. These business units operate on a shared cost base. The Board is the Chief Operating Decision Maker ("CODM") and monitors the operating results of the consolidated Group for the purposes of making decisions about resource allocation and

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.17 Segmental reporting (continued)

performance assessment. Therefore, management have determined that the Group has one reportable segment.

2.18 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. This includes leases of property.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

The lease liability is measured at amortised cost using the effective interest method.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other financial liabilities in the statement of financial position.

2.19 Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Notes (forming part of the financial statements) (continued)

2. Accounting policies (continued)

2.19 Non-current assets held for sale (continued)

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 14. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

3. Reporting entity

Induction Healthcare Group plc is a company incorporated, domiciled and registered in England and Wales in the United Kingdom. Its principal activity is the provision of software to healthcare professionals. The registered number is 11852026 and the registered address is 20 St. Dunstan's Hill, London, United Kingdom, EC3R 8HL.

These financial statements include the consolidated financial information of Induction Healthcare Group plc (the "Company") and its subsidiaries (together referred to as the "Group"). Details of Induction Healthcare Group plc's subsidiaries are included in Note 17. The Group has only one reportable segment.

4. New standards, interpretations and amendments

No new standards or interpretations have had any impact on the recognition, measurement or disclosures of the Group. The Group has not early-adopted any standards in issue but yet effective.

5. Accounting estimates and judgements

5.1 Significant judgements

Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. Significant judgement is applied by management in determining the point at which technical feasibility is reached, as well as determining the economic feasibility of the project/feature.

Technological feasibility is achieved at the point at which the product, project or feature is determined to be technically capable of being built which the Group assess with reference to the functionality of other products in the market, and the Group has assessed it has the resources available to complete the development.

Notes (forming part of the financial statements) (continued)

5 Accounting estimates and judgements (continued)

5.1 Significant judgements (continued)

Economic feasibility is achieved when a market for the product has been identified and management have determined that the product will generate future economic benefits, which can be demonstrated by either charging the customer incremental licence fees for a new feature, generating internal const savings to the Group, or increased likelihood of customer renewals. The judgement is most significant where the future economic benefit of a project is determined to be in the form of increased likelihood of customer contract renewals, where evidence of customer likelihood to renew due to a particular project is uncertain and subjective. Of the additions to internally generated intangible assets disclosed in Note 5.2, £0.2m of additions capitalised by Zesty Limited (2022: £Nil) and £0.2m of additions capitalised by Attend Anywhere Limited (2022: £Nil) were deemed to generate probable future economic benefit via customer renewals.

In concluding on the judgement whether economic feasibility has been met, management have considered correspondence with customers; past trends in renewal rates; feature differentiation for which there is demand, and whether the functionality of other similar product features in the market indicates economic feasibility.

Going concern
The directors have applied judgement in assessing that no material uncertainty exists over going concern as part of their going concern assessment. Refer to note 2.2 for full details.

Non-current assets held for sale
Management have applied significant judgement in determining whether the planned disposal of the Induction Switch and Induction Guidance disposal groups meet the requirements of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Management have concluded that the disposal groups are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such disposal groups, and the sale of these disposal groups are highly probably, based on the actions taken by management to commence the active marketing of the disposal groups. The Induction Switch disposal group was sold post-year end, refer Note 32.

5.2 Significant estimates and assumptions

Development costs
In determining the amounts to be capitalised, management makes assumptions regarding the percentage of employee time spent on development activities. At 31 March 2023 the carrying amount of capitalised development costs was £4.5m (2022: £5.9m), of which £1.9m relates to Zesty Limited (2022: £2.2m) and £2.5m to Attend Anywhere Limited (2022 £3.2m). This included additions to internally generated intangible assets of £0.8m (2022: £3.1m), of which £0.5m relates to Zesty Limited (2022: £1.2m) and £0.3m to Attend Anywhere Limited (2022: £1.6m). In determining the estimated percentage of time, management considers: the role of the employee; whether the activity is of a research nature (which is not capitalised); whether the standard activities the employee performs are project or customer specific (not capitalised) or related to the development of the products of the entity; and an estimate of other time spent on administrative activities such as training. The percentage of time capitalized is determined on an individual employee basis and is reflective of the time spent purely on developing the products and services of the group for sale to a range of customers. There is a high level of estimation uncertainty to the estimates used, as there is no time tracking system in place for employees to record time spent on a certain activity at the point at which that time is incurred. Development costs capitalised are highly sensitive to the percentages used.

During the year ended 31 March 2023, the average percentage of development costs capitalised, as a percentage of total staff costs for development related employees was 15% or £0.8m (2022: 60% or £3.1m). A reasonably possible decrease of 5 percentage points would result in a decrease in the costs capitalised during the year of £0.3m, resulting in a corresponding decrease in the capitalised development cost balance and an increase in losses for the year. 5 percentage points is considered a reasonably possible change in the capitalisation percentage for an individual employee’s time, based on management’s historical experience in the variability of time spent on development activities.

Financial Statements

Notes (forming part of the financial statements) (continued)

5 Accounting estimates and judgements (continued)

5.2 Significant estimates and assumptions (continued)

Impairment of goodwill
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The impairment assessment performed for the purposes of goodwill impairment, includes both goodwill and other intangible assets. For the Induction Zesty and Induction Attend Anywhere CGU's, management do not calculate the fair value less costs of disposal, as reliable inputs to fair value are not available for the assets, and therefore the recoverable amount is the value-in-use. As a result of the planned disposal of the Induction Guidance disposal group (which aligns to the grouping of assets used for the Induction Guidance CGU), the carrying amount of the Induction Guidance CGU will be recovered primarily through sale rather than use, and therefore the recoverable amount was determined to be the fair value less costs of disposal.

The value-in-use ("VIU") calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next two years and projections for another three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested (including those related to research and development activities performed to create new feature functionality). The recoverable amount is sensitive to the discount rate used for the DCF model; the expected future cash-inflows and cash outflows; and the growth rate used for extrapolation purposes. Management considers EBITDA to be representative of future cash-inflows and outflows. These estimates are most relevant to goodwill recognised by the Group and apply to the Induction Zesty and Induction Attend Anywhere CGU's.

The key assumptions in the VIU assessments are related to the estimation of the discount rate and the cash inflows and outflows which determine EBITDA. The primary source of estimation uncertainty arises from the combined impact of reasonably possible changes in two or more of the above assumptions.

Cash inflows are primarily influenced by assumptions about existing customers' renewal rates; sales of additional services to existing customers; sales made to new customers; the price of the services and the timing of the completion of set-up activities for new customers (or "go-lives"). The major sources of estimation uncertainty in determining cash inflows are the renewal rates of contracts with customers, the number of new customers contracted in a period, and the timing of the completion of set-up activities for these new customers.

Cash outflows are primarily influenced by employee and non-employee workforce costs, supplier costs such as cloud hosting costs, and an allocation of corporate overheads.

Based on the sensitivity analysis performed by management, none of the assumptions mentioned above give rise to significant estimation uncertainty (or an impairment) on an individual basis, but do so in aggregate.

In measuring the fair value of the Induction Guidance CGU, management has adopted an expected value income approach. Management developed a set of discrete potential outcomes and assigned probabilities to the estimated consideration derived from these (the "probability weighted outcomes"). The costs of disposal have been estimated based on historical costs for similar transactions entered into by the group. Refer to Note 13 for further information.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 17. The carrying amount of each CGU is disclosed in Note 17.

Notes (forming part of the financial statements) (continued)

5 Accounting estimates and judgements (continued)

5.3 Other judgements

Recognition of deferred tax assets
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has £26m (2022: £16.9m) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and do not expire. Some of these subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

Two subsidiaries have future taxable profits and deferred tax liabilities, and the Group has recognised deferred tax assets on the tax losses carried forward to the extent that there are sufficient offsetting deferred tax liabilities.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by £6.5m (2022: £2.9m). This is not considered to be a reasonably possible outcome. Further details on taxes are disclosed in Note 12.

5.4 Other estimates

Valuation of acquired intangibles
During the year ended 31 March 2022, management made estimates in determining the value of intangible assets (comprising technology and customer related intangibles) acquired in its business combinations. Due to numerous assumptions made on variables within the valuation, there is a high level of estimation uncertainty. These estimations were classified as significant in the financial statements for the year ended 31 March 2022, but are not considered significant for the year ended 31 March 2023. This is due to the fact that the estimation uncertainty only affects the amortisation expense recognized during the year ended 31 March 2023.

The assumptions applied in valuing the technology related intangible assets include projections of cash inflows from contracts with customers, the obsolescence rate, profit margins, corporate tax rates, contributory asset charges and the discount rate applied to cash flows. Projections of cash inflows from contracts with customers are influenced by customer attrition rate assumptions and pricing assumptions. The obsolescence rate represents a rate at which the technology become obsolete, which is a proxy for the number of years over which the Group updates and replaces the underlying software in order to maintain existing competitiveness. The valuation of technology assets is most sensitive to cash inflows from contracts with customers and obsolescence rates.

The assumptions applied in valuing the customer related intangible are projections of cash inflows from contracts with customers, profit margins, corporate tax, working capital requirements, commission rates paid to resellers under the “without” scenario and the discount rate. Projections of cash inflows from contracts with customers are influenced by customer attrition rate assumptions and pricing assumptions. The value of the customer related intangible is most sensitive to the cash inflows from contracts with customers.

The post-tax discount rate used in the valuations was 16%. Management have also determined and disclosed sensitivities of the valuations to these assumptions. Please refer to Note 15 for more information.

Notes (forming part of the financial statements) (continued)

6. Revenue

During the year ended 31 March 2023, the Group classified the Induction Switch and Induction Guidance products as disposal groups held for sale (refer Note 13). Consequently, revenues from contracts with customers arising from these products have been presented as part of results from discontinued operations. Revenues as presented in this note include only revenues from continuing operations, and comparative amounts for the year ended 31 March 2022 have been re-presented to exclude the impact of discontinued operations.

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

	2023 £000	2022 £000 Re-presented
Provision of software (including set-up services of £0.1m (2022: £0.2m))	11,703	6,711
Post-contract support and maintenance	258	217
Text message revenue	431	303
Professional services	492	–
Total revenue from contracts with customers	12,884	7,231

Revenue from the provision of software of £11.7m (2022: £6.7m) is shown after IFRS 3 related adjustments of £0.07m (2022: £4.2m)). This includes £0.05m related to Induction Zesty (2022: £0.07m) and £0.02m related to Induction Attend Anywhere (2022: £4.2m). As a result of applying IFRS 3 in accounting for acquisitions, the Group is required to determine the fair value of all acquired assets and liabilities. This includes determining the fair value of the contract liabilities ("deferred income") of the acquiree.

The following is an analysis of revenue from continuing operations by country of destination:

	2023 £000	2022 £000 Re-presented
United Kingdom	12,884	7,231
Europe	–	–
United States	–	–
Rest of World	–	–
Total revenue from contracts with customers	12,884	7,231

Revenue from the United Kingdom of £12.8m (2022: £7.2m) is shown after IFRS 3 related adjustments of £0.07m (2022: £4.2m).

The following is an analysis of revenue by product line. Attend Anywhere Pty Ltd (Induction Attend Anywhere) was acquired on 9 June 2021, refer to Note 15 for further information. Revenues for Induction Guidance and Induction Switch have been included in the results of discontinuing operations, refer Note 13.

	2023 £000	2022 £000 Re-presented
Induction Attend Anywhere	10,709	5,715
Induction Zesty	2,175	1,516
	12,884	7,231

Notes (forming part of the financial statements) (continued)

6. Revenue (continued)

The following represents the timing of revenue recognition:

	2023 £000	2022 £000 Re-presented
Services transferred over time	11,961	6,918
Services at point in time	923	313
	12,884	7,231

The following represents the transaction prices allocated to performance obligations that are unsatisfied or partially satisfied at 31 March 2023, and the timing of the recognition of revenue from these balances.

	2023 £000	2022 £000
Within one year	1,330	985
More than one year	171	321
	1,501	1,306

7. Expenses by nature for continuing operations

The following represents expenses incurred during the year, by nature. These amounts exclude the results of discontinued operations, which are presented separately in Note 13.

	2023 £000	2022 £000
Employee costs	9,630	7,859
Depreciation of property, plant and equipment	119	29
Amortisation of intangible assets	4,514	3,785
Impairment of goodwill and intangible assets	7,748	–
Contractors' costs	2,756	2,366
Acquisition related transaction costs	–	423
Fundraise related transaction costs recognised in profit and loss	–	108
Professional and legal fees	512	459
Research and development expense capitalised	(805)	(3,090)
Share-based payment charge	377	613

8. Auditors remuneration

	2023 £000	2022 £000
Audit of these financial statements	93	795
Total audit fees	93	795
Interim financial statement review	–	8
Total non-audit fees	–	8
Total audit and non-audit fees	93	803

Notes (forming part of the financial statements) (continued)

9. Employee benefit expenses for continuing operations

The following represents employee benefit expenses from continuing operations.

	2023 £000	2022 £000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**6,934**	5,735
Social security costs	**801**	551
Defined contribution pension cost	**359**	309
Share-based payment expenses	**361**	613
Other employee benefits	**1,175**	651
Total employee benefit expense	**9,630**	7,859

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

	2023 No. of employees	2022 No. of employees
Development	**36**	40
Sales and Marketing	**13**	10
Delivery and Support	**11**	8
General and Administrative	23	19
Total Average FTE	**83**	77

The remuneration of the highest paid director was £0.3m (2022: £0.3m). Included in other employee benefits is a bonus of £0.03m (2022: £0.4m).

The Group operates a defined contribution pension plan which was put in place in October 2018. The total expense relating to the plan in the year was £0.8m (2022: £0.3m).

10. Share-based payments

10.1 Details of the employee share option of the Group

On the admission to the AIM market on 22 May 2019, the Group established the Non-tax Advantaged Share Option Plan (“the NTA Plan”) which awards executive directors, management and other employees share options. The awards are granted in the form of share options over ordinary shares of £0.005 each with the intent of normal vesting after a minimum period of three years from the date of grant, and an exercise price of £0.005 per option. Vesting is subject to continued services of the participant. No options issued during the year had any vesting conditions other than service conditions attached.

The Group accounts for the plan as an equity settled plan. During the year ended 31 March 2021, the Group amended the vesting periods in the NTA Plan. The vesting periods were amended to allow for vesting in tranches, whereby one-third of the options awarded vest after one year of service, and the remaining two-thirds of the options vest on a quarterly basis over the remaining two years. No changes were made to the plan in the year ended 31 March 2023.

10.2 Expense recognised during the year

The expense recognised for employee services received during the year is as follows. This includes £0.01m related to discontinued operations.

	2023 £000	2022 £000
Expense arising from equity settled share-based payment transactions	**377**	613
Total expense arising from share-based payment transactions	**377**	613

Notes (forming part of the financial statements) (continued)

10 Share-based payments (continued)

10.3 Fair value of share options granted in the year

The fair value of share options is estimated at the grant date using a Black-Scholes-Merton model, taking into account the terms and conditions on which the options were granted.

The expected life of share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. Due to the fact that the Induction Healthcare Group plc does not have listed share data for the same period as the expected life of the share options, the expected volatility is based on an average of the volatilities of comparable companies in comparative industries and of the same market capitalisation as the Group. This volatility reflects an assumption that the volatility is indicative of future trends, which may not necessarily be the actual outcome.

The weighted average remaining contractual life for the share options outstanding as at 31 March 2023 was 1.16 years (2022: 2.16). Options expire after 10 years.

The weighted average fair value of options granted during the year was £Nil (2022: £1.05).

The following share-based payment arrangements were in existence during the current and prior years:

	Year to 31 March 2023	Year to 31 March 2022
Weighted average grant date fair value £	**0.96**	1.05
Exercise price £	**0.005**	0.005
Expected volatility %	**50.00**	50.00
Option life years	**3.98**	3.98
Risk Free interest rate %	**0.62**	0.62
Dividend rate %	-	–

10.4 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2023 Number of options ('000)	2022 Number of options ('000)
Balance at the beginning of the year	**2,200,483**	2,589,231
Granted during the year	-	115,180
Forfeited during the year	**(203,725)**	(503,928)
Exercised during the year	**(387,872)**	–
Outstanding at 31 March	**1,608,886**	2,200,483
Exercisable at 31 March 2023	**1,442,335**	1,388,724

11. Finance income and expense

	2023 £000	2022 £000
Finance income		
Interest on:		
- Bank deposits	1	1
Total finance income	1	1
Finance expense		
Finance costs on other financial liabilities	**1**	29
Finance costs on lease liabilities	**6**	1
Total finance expense	**7**	30
Net finance (expense)/income recognised in profit or loss	**(6)**	(29)

Notes (forming part of the financial statements) (continued)

12. Tax expense

12.1 Income tax recognised in profit or loss

The below table illustrates income tax related to continuing operations, recognised in profit or loss. Income tax related to discontinued operations is disclosed in Note 13.

	2023 £000	2022 £000
Current tax		
Corporation tax expense	2	361
Prior year adjustment in respect of research & development tax credit	-	(764)
Total current tax	2	(405)
Deferred tax expense		
Origination and reversal of timing differences	(800)	(438)
Prior year deferred tax movement	-	297
Total deferred tax	(800)	(735)
Tax income on loss on ordinary activities	(798)	(1,140)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2023 £000	2022 £000
Loss for the year	(17,386)	(9,574)
Tax at the standard rate of corporation tax of 19% (2022: 20.13%)	(3,303)	(1,927)
Research & development tax relief	-	(292)
Expenses not deductible for tax purposes	1,647	1,674
Share-based payments	-	123
Prior year adjustments - research and development tax relief	-	(722)
Prior year adjustments on deferred tax	-	(297)
Deferred tax not recognised	2,075	303
Other timing differences	(1,099)	109
Difference in overseas tax rates	(104)	328
Effective rate change	(80)	(429)
Income not taxable	66	-
Total tax income	(798)	(1,140)

12.1 Income tax recognised in profit or loss (continued)

Expenses not deductible for tax purposes primarily relate to the impairment of the investment in Induction Healthcare Limited in the standalone financial statements of Induction Healthcare Group plc (refer to Note 5 in the Company financial statements), and also to unrealised foreign exchange differences on foreign currency cash balances in one subsidiary, which are deductible only once these are realised (ie. on settlement of the balance).

Deferred tax not recognised relates to unused tax losses carried forward, for which deferred tax assets are only recognised to the extent that there are deferred tax liabilities available with the same tax authority and which will be unwound in the same period as the deferred tax asset. Other timing differences relate to a variety of immaterial timing differences other than those related to intangible assets or tax losses.

Changes in tax rates and factors affecting the future tax charges

The main rate of corporation tax will increase from 19% to 25% with effect from 1 April 2023. This change was introduced by Finance Bill 2021 which was substantially enacted on 24 May 2021. Therefore, the timing differences for the UK companies are recognised at 25% for deferred tax purposes.

Notes (forming part of the financial statements) (continued)

12 Tax expense (continued)

The rate of corporation tax is 25% in Australia for the 2022-23 income year.

12.2 Current tax assets and liabilities

	2023 £000	2022 £000
Current tax assets		
R&D tax credit receivable	1,175	1,240
Current tax liabilities		
Corporation tax liability in Australia	-	(789)
	1,175	451

Current tax assets relate to research and development tax credits in respect of 2 subsidiaries, for the years ended 31 March 2020, 31 March 2021 and 31 March 2022. A claim of £0.3m for the year ended 31 March 2020 was settled post-year end for one subsidiary.

12.3 Deferred tax balances

A deferred tax liability of £2.9m (2022: £3.7m) has been recognised in relation to the fair value of intangible assets acquired in a business combination. A deferred tax liability of £Nil (2022: £1.05m) has been recognised in relation to the fair value adjustments to contract liabilities acquired in business combinations. A deferred tax asset of £0.5m (2022: £0.7m) was recognised in relation to unused tax losses acquired in business combinations. This deferred tax asset was recognised only to the extent that there are deferred tax liabilities available with the same tax authority and which will be unwound in the same period as the deferred tax asset.

A deferred tax asset of £6.5m (2022: £4.2m) has not been recognised due to uncertainty over future taxable profits in the relevant subsidiaries with tax losses. The unrecognised deferred tax asset includes those in relation to tax losses of £26m (2022: £17m). These amounts exclude amounts related to Horizon Strategic Partners Limited, which is expected to generate profits and for which a deferred tax asset of £0.2m (2022: £0.05m) has been recognised. They also exclude those for Zesty Limited, where deferred tax assets have been recognised in relation to the deferred tax liabilities for the intangible fixed assets acquired through business combinations. A deferred tax asset of £0.4m (2022:£0.6m) has been recognised for Zesty Limited.

12.3 Deferred tax balances (continued)

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	2023 £000	2022 £000
Deferred tax assets	556	1,540
Deferred tax liabilities	(3,870)	(5,851)
	(3,314)	(4,311)

Deferred tax liabilities in relation to:

	2023 £000	2022 £000
Intangible assets	(3,813)	(5,780)
Tax losses carried forward	470	1,309
Other	29	160
Total deferred tax liability	(3,314)	(4,311)

Notes (forming part of the financial statements) (continued)

12 Tax expense (continued)

12.4 Reconciliation of deferred tax liabilities, net

	2022 £000	2022 £000
Opening deferred tax balance at tax rate of 25%	(4,287)	(168)
Deferred tax acquired in business combinations	-	(4,878)
Tax expense during the period recognised in profit or loss	800	438
Prior year movements	173	297
Closing deferred tax at tax rate of 25%	(3,314)	(4,311)

12.5 Movement in deferred tax balances

2023	1 April 2022 (Net) £000	Recognised in profit or loss £000	Acquired in business combination £000	Other movements £000	31 March 2023 (Net) £000	Deferred Tax Assets £000	Deferred Tax Liabilities £000
Intangible assets	(5,780)	1,976	—	—	(3,813)	57	(3,870)
Tax losses	1,309	(838)	—	—	470	470	—
Other	160	(131)	—	—	28	28	—
Closing deferred tax at tax rate of 25%	(4,311)	798			(3,314)	556	(3,870)

2022	1 April 2021 (Net) £000	Recognised in profit or loss £000	Acquired in business combination £000	Other movements £000	31 March 2022 (Net) £000	Deferred Tax Assets £000	Deferred Tax Liabilities £000
Intangible assets	(1,047)	889	(3,798)	30	(5,780)	60	(5,840)
Tax losses	880	429	—	—	1,309	1,309	—
Other	—	1,195	(1,057)	21	160	171	(11)
Closing deferred tax at tax rate of 25%	167	735	(4,855)	51	(4,311)	1,540	(5,851)

13. Discontinued operations and disposal groups held for sale

During the year ended 31 March 2023, management committed to a plan to sell both the Induction Switch and Induction Guidance product lines and all related assets and liabilities, following a strategic decision to place greater focus on the Group's key patient-facing applications.

The Induction Switch and Induction Guidance product lines were therefore classified as disposal groups held for sale for the first time in the year ended 31 March 2023. The grouping of assets aligns to that previously reported for impairment assessment purposes for the Induction Switch and Induction Guidance CGU’s. The comparative consolidated statement of profit or loss and OCI has been re-presented to present the results of discontinued operations separately from continuing operations.

Notes (forming part of the financial statements) (continued)

13 Discontinued operations and disposal groups held for sale (continued)

13.1 Results of discontinued operations

The following are the results of discontinued operations:

	Induction Switch		Induction Guidance		Total	
	2023 £000	2022 £000 Re-presented	2023 £000	2022 £000 Re-presented	2023 £000	2022 £000 Re-presented
Revenue	**4**	34	**622**	642	**626**	676
Expenses	**(499)**	(524)	**(996)**	(566)	**(1,495)**	(1,090)
Profit / (loss) from operating activities	**(495)**	(490)	**(374)**	76	**(869)**	(414)
Income tax	—	—	**74**	58	**74**	58
Profit / (loss) from operating activities, net of tax	**(495)**	(490)	(300)	134	(795)	(356)
Loss on remeasurement of discontinued operation	—	—	—	—	—	—
Income tax on gain / (loss) on remeasurement of discontinued operation	—	—	—	—	—	—
Profit / (loss) from discontinued operations, net of tax	**(495)**	(490)	(300)	134	(795)	(356)

The loss from the discontinued operations is attributable entirely to the owners of the Group.

13.2 Cash flows from / (used in) discontinued operations

The following are the cash flows from / (used in) discontinued operations:

	Induction Switch	Induction Guidance	Total
	2023 £000	2023 £000	2023 £000
Net cash flows from / (used in) operating activities	**(495)**	(22)	(517)
Net cash flows from / (used in) investing activities	—	(4)	(4)
Net cash flows from / (used in) financing activities	—	(781)	(781)

13.3 Induction Switch disposal group

The sale of the Induction Switch disposal group was finalised in June 2023 (refer to Note 32 for further details on subsequent events).

The Group did not recognise a gain or loss on remeasurement of the disposal group to fair value less costs to sell, as the fair value less costs to sell exceeds the carrying value of the disposal group. The Group did not recognise impairment losses or gains on the remeasurement of the disposal group held for sale. There were no income or expenses included in OCI relating to the disposal group. As the Group presents one operating segment, the disposal group was not presented separately within any operating segment.

The disposal has a nil impact on the financial position of the Group, as the assets to which the disposal relates were fully impaired during the year ended 31 March 2021 as part of the impairment of the Induction Switch CGU.

The non-recurring fair value measurement of the disposal group has been recognised as a Level 2 fair value based on the inputs used to determine fair value. The fair value was determined using inputs that are directly observable for the disposal group, being the price as per the Asset Purchase Agreement that was concluded in June 2023. Agreement on price was reached prior to 31 March 2023.

Notes (forming part of the financial statements) (continued)

13 Discontinued operations and disposal groups held for sale (continued)

13.4 Induction Guidance disposal group

The Group did not recognise a loss on remeasurement of the Induction Guidance disposal group to fair value less costs to sell, as the fair value less costs to sell exceeds the carrying value of the disposal group. The Group did not recognise impairment losses or gains on the remeasurement of the disposal group held for sale. There were no income or expenses included in OCI relating to the disposal group. As the Group presents one operating segment, the Induction Guidance disposal group was not presented separately within any operating segment.

The effect of disposal on the financial position of the Group are as follows:

Assets and liabilities of disposal group held for sale	2023 £000
Deferred tax assets	185
Goodwill	857
Intangible assets	1,238
Contract assets	40
Trade and other receivables	154
Assets held for sale	**2,474**
Deferred tax liabilities	(270)
Contract liabilities	(629)
Trade and other payables	(117)
Liabilities held for sale	**(1,016)**

The non-recurring fair value measurement of the disposal group has been recognised as a Level 3 fair value based on the inputs used to determine fair value. The fair value as determined using inputs that are based on valuation methodologies commonly used in the primary industry that the Induction Guidance disposal group operates in.

14. Loss per share

14.1 Basic loss per share

	2023 £	2022 £
From continuing operations attributable to the ordinary equity holders of the Group	(0.18)	(0.10)
Total basic loss per share attributable to the ordinary equity holders of the Group	**(0.19)**	(0.10)

14.2 Diluted loss per share

	2023 £	2022 £
From continuing operations attributable to the ordinary equity holders of the Group	(0.18)	(0.10)
Total diluted loss per share attributable to the ordinary equity holders of the Group	**(0.19)**	(0.10)

14.3 Reconciliation of loss used in calculating loss per share

	2023 £000	2022 £000 Re-presented
Loss attributable to the ordinary equity holders of the Group used in calculating basic loss per share and diluted loss per share:		
From continuing operations	(16,588)	(8,076)
From discontinued operations	(795)	(356)
	(17,383)	(8,432)

Notes (forming part of the financial statements) (continued)

14 Loss per share (continued)

14.4 Weighted average number of shares used as the denominator

	2023 number	2022 number
Shares in issue at the beginning of the period	**92,050,727**	42,050,728
Shares issued	**—**	35,714,285
Issue of ordinary shares on exercise of equity settled share-based payments	**329,573**	—
Shares issued on business combination	**—**	14,285,714
Issued ordinary shares as at the end of the period	**92,380,300**	92,050,727
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	**92,370,367**	82,461,686

During the year ended 31 March 2023, the Group issued 329,573 shares to option holders who exercised options held under the equity settled share-based payments scheme, the NTA Plan. Refer to Note 10 for further details on the plan.

15. Business combinations completed in the prior year

15.1 Subsidiary Acquired

On 9 June 2021, Induction Healthcare Group plc acquired 83.5% of the share capital of Attend Anywhere Pty Limited and 100% of the share capital of A.C.N. 167 231 307 PTY Ltd ("A.C.N."), which owns 16.5% of the share capital of Attend Anywhere Pty Limited, thereby obtaining 100% control over Attend Anywhere Pty Limited. Attend Anywhere Pty Limited owns 100% of the share capital of Attend Anywhere Limited, a UK subsidiary.

The consideration included cash consideration of £16.4m, plus the issue of 14,285,714 new ordinary shares which had a fair value of £9m. This brought the total consideration to £25.4m prior to transaction costs.

Attend Anywhere is a leading provider of video consultations in the UK secondary care market, holding national contracts with NHS Scotland, NHS Wales and the HSE in Ireland, alongside a number of regional contracts in England. Attend Anywhere's proprietary technology, allows users to easily access and use the video service via a common browser, without the need for plug-ins or downloading a native app.

15.1 Subsidiary Acquired (continued)

The Group's strategy is to build a leading and future-forward integrated virtual care platform, incorporating patient onboarding, clinical guidelines, digital communications, online appointment management and, via the acquisition of Attend Anywhere, video consultations. While the current focus is on secondary care, there is scope to migrate into allied care settings, such as primary care, mental health and community care.

Attend Anywhere is a clear strategic fit with Induction and the acquisition will provide a number of commercial, operational and financial benefits, which are expected to create value for shareholders.

Name	Principal Activity	Date of Acquisition	Proportion of voting equity interest acquired	Consideration transferred £000
Attend Anywhere Pty Limited	Provision of video consulting software	09/06/2021	83.50%	21,207
A.C.N. 167 231 307 PTY Ltd	Holding Company	09/06/2021	100%	4,191
Attend Anywhere Limited	Provision of support services to group entities	09/06/2021	100% (indirect)	—

Notes (forming part of the financial statements) (continued)

15. Business combinations completed in the prior year (continued)

15.2 Consideration transferred

The following represents the consideration transferred to the owners of Attend Anywhere Pty Limited, A.C.N. 167 231 307 PTY Ltd and Attend Anywhere Limited.

	2022 £000
Share consideration	9,000
Cash consideration	16,398
Total consideration transferred	**25,398**

The fair value of cash consideration equals its carrying value. The fair value of the equity consideration has been determined with reference to the market value of the shares of Induction Healthcare Group plc immediately prior to the issue of the consideration shares, adjusted for the impact of a lack of marketability discount of 10%. The lack of marketability discount arises as a result of restrictions on the trading of the shares issued to the former owners of Attend Anywhere Pty Limited and A.C.N 167 231 307 Pty Ltd as consideration for the acquisition of the company, for a period after the acquisition. Restrictions on trading of shares extend for 12 months after acquisition date and share prices may be affected once these restrictions cease.

15.3 Assets acquired and liabilities recognised at the date of acquisition

The following represents assets acquired and liabilities recognised on acquisition. All amounts are final and not provisional.

	2022 £000
Intangible assets	15,193
Cash and cash equivalents	2,912
Other current assets	4,751
Deferred tax liability	(4,856)
Other non-current liabilities	(85)
Contract liabilities	(1,782)
Other current liabilities	(746)
Total identifiable net assets at fair value	**15,386**

The separately identifiable intangible assets and valuation techniques used to measure the fair value of these material assets acquired were as follows:

Assets acquired	Valuation technique
Customer contracts and relationships	Income Approach: With and without method. This method estimates the value of customer related assets by quantifying the impact on cash flows under a scenario in which the customer-related assets must be replaced. The projected revenues, operating expenses, and cash flows are calculated in a “With” and “Without” scenario, and the differential between the cash flows from the two scenarios serve as the basis for estimating the fair value of the customer-related asset.
Technology	Excess Earnings Method: a stream of revenue and expenses are identified with a particular group of assets that are necessary to support the earnings associated with the subject intangible asset. By identifying and subtracting contributory assets, the residual earnings are estimated to be attributable to the subject intangible asset and are discounted to present value at an appropriate discount rate. An obsolescence rate of 25% is applied to the forecasts used in the valuation model.

Notes (forming part of the financial statements) (continued)

15. Business combinations completed in the prior year (continued)

15.3 Assets acquired and liabilities recognised at the date of acquisition (continued)

Contract liabilities

The fair value of the of the deferred revenue liability has been determined using the bottom-up approach. Under this approach the fair value is determined to be equal to the costs still to be incurred in fulfilling the performance obligations related to the contract liability, plus an associated profit on these costs. The costs still to be incurred in satisfying the remaining performance obligations are hosting fees, staff costs to support the operation of the platform and provide support and maintenance and other software fees necessary for the operation of the platform. A mark-up on cost to be incurred in fulfilling the performance obligation of 28% was applied.

15.4 Goodwill arising on acquisition

The following represents goodwill arising on acquisition

	2022 £000
Consideration transferred at fair value	25,398
Total identifiable net assets at fair value	(15,386)
Goodwill arising on acquisition	**10,012**

Goodwill arising on acquisition relates to the strategic fit with the existing products of the Group and strengthened market position for the Group. Goodwill includes intangible assets that were not valued separately, such as the assembled workforce, potential savings for economies of scale, and potential development of further product offerings using existing know-how in the business acquired.

15.5 Analysis of cash flows on acquisition

	2022 £000
Consideration paid in cash	(16,398)
Transaction costs attributable to the issuance of shares (included in cash flows from financing activities, net of tax)	–
Less: cash and cash equivalent balances acquired	2,912
Net cash outflows on acquisition	**(13,487)**

Acquisition related costs of £423k were recognised in administrative expenses.

15.6 Impact of acquisition on the results of the Group

From the date of acquisition, Attend Anywhere Pty Limited and A.C.N. 167 231 307 PTY Ltd contributed £5.7m to the revenue of the group and profit before tax of £1.1m. The Group has not disclosed the impact to revenue and profit before tax for the 12 month period under IFRS3.B64, as it is impracticable to determine the impact of the IFRS 3 fair value adjustment to contract liabilities ("deferred income") at 1 April 2021.

Notes (forming part of the financial statements) (continued)

15. Business combinations completed in the prior year (continued)

15.7 Sensitivity analysis

The valuation of acquired technology assets and customer related assets is most sensitive to changes in the assumptions made regarding cash inflows / revenues. The primary assumptions that influence cash inflows / revenues for both the technology assets and customer relate assets are the customer attrition rate and growth in contract prices for forecasted contracts with customers. The reasonable range of outcomes and sensitivity analysis is presented on an aggregate basis as cash inflows from contracts with customers. A 15 percentage point difference downwards and 5 percentage point difference upwards in cash inflows from contracts with customers in each forecast year is considered a reasonable possible range, based on management's understanding of potential pricing pressures and renewal probabilities for contracts at the next renewal date. In addition, the valuation of technology assets is also sensitive to changes in the annual obsolescence rate. A 5 percentage point variation in the obsolescence rate is considered reasonably possible based on a change of one year in the useful economic life of the asset.

The following table demonstrates the impact of a reasonably possible range of outcomes on the valuation of technology assets.

Input	Sensitivity range	Increase / (decrease) in value of asset
		2022 £000
Cash inflows from contracts with customers	-15%	(1,128)
Cash inflows from contracts with customers	+5%	367
Obsolescence rate	-5%	1,424
Obsolescence rate	+5%	(979)

The valuation of acquired customer related assets is most sensitive to changes in the assumptions made regarding cash inflows / revenues. Cash inflows from contracts with customers represents the cash inflows from contracts with customers in all forecast years which are primarily influenced by the customer attrition rates of existing customers and contract pricing. The following table demonstrates the impact of a reasonably possible range of outcomes on the valuation of customer related intangible assets.

Input	Sensitivity range	Increase / (decrease) in value of asset
		2022 £000
Cash inflows from contracts with customers	-15%	(1,410)
Cash inflows from contracts with customers	+5%	470

Notes (forming part of the financial statements) (continued)

16. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Registered number	Registered Address	Principal activity	Place of incorporation and operation	Directly owned by the Company	portion of ownership interest in ordinary shares and voting power held by the Group (%) 2023	2022
Induction Healthcare Limited	11232772	30 Crown Place, Earl Street, London. EC2A 4ES	Investment holding company	United Kingdom	√	100%	100%
Induction Healthcare (UK) Limited	11237890	30 Crown Place, Earl Street, London. EC2A 4ES	Provision of software to healthcare providers	United Kingdom		100%	100%
Induction Healthcare Pty Ltd	625119397	Level 2, Suite 2.03, 574 St. Kilda Road, Melbourne, Victoria, 3001	Provision of software to healthcare providers	Australia		100%	100%
Podmedics Limited	06840040	30 Crown Place, Earl Street, London. EC2A 4ES	Provision of software to healthcare providers	United Kingdom	√	100%	100%
Horizon Strategic Partners Limited	06285278	30 Crown Place, Earl Street, London. EC2A 4ES	Provision of software to healthcare providers	United Kingdom	√	100%	100%
Zesty Limited	08294659	30 Crown Place, Earl Street, London. EC2A 4ES	Provision of software to healthcare providers	United Kingdom	√	100%	100%
Attend Anywhere Pty Ltd	081211707	Level 2, Suite 2.03, 574 St. Kilda Road, Melbourne, Victoria, 3001	Provision of software to healthcare providers	Australia	√	100%	100%
Attend Anywhere Limited	11883931	30 Crown Place, Earl Street, London. EC2A 4ES	Provision of software to healthcare providers	United Kingdom		100%	100%
A.C.N. 167 231 307 Pty Ltd	167231307	Level 2, Suite 2.03, 574 St. Kilda Road, Melbourne, Victoria, 3001	Investment Holding Company	Australia	√	100%	100%

All subsidiaries have reporting periods that end on 31 March 2023.

Induction Healthcare Limited (registered number 11232772), Induction Healthcare (UK) Limited (registered number 11237890), Podmedics Limited (registered number 06840040), Horizon Strategic Partners Limited (registered number 06285278) Zesty Limited (registered number 08294659) and Attend Anywhere Limited (registered number 11883931) have taken advantage of the exemption from audit under section 479A of the Companies Act 2006, and Induction Healthcare Group plc has provided a parental guarantee in accordance with section 479C of the Companies Act 2006.

Notes (forming part of the financial statements) (continued)

17. Goodwill

17.1 Carrying amount of goodwill

The following represents the carrying value of goodwill as at 31 March 2023.

	2023 £000	2022 £000
Cost	18,164	20,175
Accumulated impairment	(7,479)	(417)
	10,685	19,758

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

	2023 £000	2022 £000
Cost		
At 1 April	20,175	9,790
Additions as a result of business combinations	–	10,012
Transferred to assets of disposal groups held for sale	(1,553)	—
Translation differences	(458)	373
At 31 March	18,164	20,175
Accumulated impairment		
At 1 April	417	—
Impairment charge	7,758	417
Transferred to assets of disposal groups held for sale	(696)	—
At 31 March	7,479	417

The net carrying value of goodwill transferred to assets of disposal groups held for sale was £0.8m. During the year ended 31 March 2023, the Group classified the Induction Switch and Induction Guidance CGU's as disposal groups held for sale, refer to Note 13. As a result, goodwill balances relating to these CGU's have been reclassified to assets held for sale, after the impairment losses detailed below were recognized.

17.2 Allocation of goodwill to cash generating units

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

	2023 £000	2022 £000
Induction Attend Anywhere	9,928	10,385
Induction Zesty	757	8,237
Induction Guidance	–	1,136
Induction Switch	–	—
	10,685	19,758

The Attend Anywhere CGU consists of the assets and cash flows related to the Attend Anywhere video consultation product. The Zesty CGU consists of the assets and cash flows related to the Zesty patient portal product. The Induction Guidance CGU consists of the assets and cash flows related to the Induction Guidance product line (formerly MicroGuide, acquired as part of the acquisition of Horizon Strategic Partners). The Induction Switch CGU consists of the assets and cash flows related to the Induction Switch app.

Goodwill in relation to the Induction Guidance and Induction Switch CGU's have been re-classified to assets of disposal groups held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations. Refer Note 13 for more information.

Notes (forming part of the financial statements) (continued)

17. Goodwill (continued)

17.3 Recoverable amount, carrying amount and headroom / impairment losses

During the year ended 31 March 2023, the Group recognised impairment losses of £7.7m on goodwill. These have been presented separately in the consolidated statement of comprehensive income as "impairment losses". There have been no reversals of previously recognised impairment losses. There have been no impairment losses, or reversals of impairment losses on revalued assets during the period.

The following table illustrates the recoverable amount, carrying amount and headroom for each of the CGU's. The recoverable amounts of the Induction Zesty and Induction Attend Anywhere CGU's were determined to be the value-in-use ("VIU"). Due to the decision to dispose of the Induction Guidance CGU (refer Note 13), the carrying amount will be recovered primarily through sale and therefore the recoverable amount was determined as the fair value less costs of disposal ("FVLCD").

	Goodwill allocated		Carrying amount of CGU (incl. goodwill)		Recoverable amount		Headroom / (Impairment)	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Induction Attend Anywhere	**9,928**	10,385	**21,466**	29,302	**27,428**	34,252	**5,962**	4,950
Induction Zesty	**757**	8,237	**351**	8,293	**351**	19,111	**(7,479)**	10,818
Induction Guidance	-	1,136	**2,241**	4,292	**1,962**	6,243	**(279)**	1,951
Induction Switch	-	—	—	—	-	—	-	—
	10,685	19,758	**24,058**	41,887	**29,741**	59,606	**(1,796)**	17,719

The recoverable amount of the Induction Switch CGU continues to be £nil as at 31 March 2023 (2022: £nil). During the year ended 31 March 2023, the Group classified this CGU as a disposal group held for sale (refer Note 13) and the sale of this disposal group was finalized in June 2023 (refer Note 32).

The Induction Guidance CGU was impaired during the year ended 31 March 2023 as a result of the intention to dispose of the CGU and the fact that its fair value less costs of disposal is therefore its recoverable amount. The non-recurring fair value measurement of the disposal group has been recognised as a Level 3 fair value based on the inputs used to determine fair value. The fair value was determined using an expected value income approach, and using inputs such as income multiples that are commonly used in the primary industry that the Induction Guidance disposal group operates in.

The Induction Zesty CGU was impaired during the year ended 31 March 2023 as a result of challenging macroeconomic conditions in the primary market in which it operates, which has resulted in slower than expected growth, and therefore lower net cash flows used in the VIU assessment.

The following table illustrates the key discount and growth rate assumptions applied for each CGU:

	Pre-tax discount rate		Long term average growth rate		Forecast period length (years)	
	2023 %	2022%	2023%	2022%	2023	2022
Induction Attend Anywhere	**16.3%**	13.6%	**2.5%**	2.5%	**5**	5
Induction Zesty*	**15.0%**	15.2%	**2.5-10%**	2.5-10%	**5**	5
Induction Guidance*	**n/a**	13.7%	**n/a**	2.5-10%	**n/a**	5

* Cash flows beyond the five-year period are extrapolated using a declining growth rate, determined using the H-model. The H-model uses a gradually declining growth rate of between 10% to 2.5%, with a higher growth component beyond the five-year forecast period as inputs to estimate the present value of the higher growth component

Notes (forming part of the financial statements) (continued)

17. Goodwill (continued)

17.4 Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions

The calculation of value-in-use for the Induction Zesty and Induction Attend Anywhere CGU's is most sensitive to the following assumptions:

- Earnings before interest, tax, depreciation and amortisation ("EBITDA"). EBITDA is significantly influenced by cash inflows and cash outflows.
- Discount rates

EBITDA

EBITDA is determined by deducting the budgeted costs to be incurred (cash outflows) from payments received from customers (cash inflows). Cash in-and-outflows are determined based on detailed budgets for the first two years of the forecast period, and then extrapolated for the remaining forecast period using an appropriately declining growth rate to reach the terminal growth rate.

Detailed budgets for cash inflows from payments received from customers are determined using assumptions on existing customer renewal rates; sales of additional services to existing customers; sales made to new customers; pricing assumptions based on a standard price list as determined by the Group's pricing policy, and assumptions regarding the timing of the completion of set-up activities for new customers (or "go-lives").

Cash outflows primarily consist of employee and non-employee workforce costs, supplier costs such as cloud hosting costs; and an allocation of the corporate overhead costs.

During the year ended 31 March 2023, a reasonably possible decrease of 5% in EBITDA would not have resulted in an impairment the Induction Attend Anywhere CGU. A decrease of 19.9% would have resulted in the impairment of the Attend Anywhere CGU. During the year ended 31 March 2023, a reasonably possible rise in the pre-tax discount rate of 1% in the Attend Anywhere CGU would not have resulted in an impairment of the Attend Anywhere CGU. A rise in the pre-tax discount rate of 3.3% to 19.6% in the Induction Attend Anywhere CGU would have resulted in the elimination of the headroom of the CGU.

During the year ended 31 March 2023, a reasonably possible decrease of 5% in EBITDA would have resulted in the elimination of the £0.3m headroom of the Induction Zesty CGU. A decrease of 3.5% would have resulted in the full impairment of the Induction Zesty CGU. During the year ended 31 March 2023, a reasonably possible rise in the pre-tax discount rate of 0.3% to 15.3% in the Zesty CGU would not have resulted in the elimination of the headroom of the Induction Zesty CGU.

Management have sensitised the EBITDA assumption below for the Induction Attend Anywhere and Induction Zesty CGU's.

	Reasonably possible decrease % 2023	Impact of reasonably possible decrease 2023	% decrease resulting in impairment 2023
Induction Attend Anywhere	5%	(1,501)	19.9%
Induction Zesty	5%	(667)	3.5%

5% is considered to be a reasonably possible decrease for the Induction Attend Anywhere CGU due to the maturity of the products, high renewal rates, and lower reliance on new customer wins within this CGU.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into account the time value of money and individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from the weighted average cost of capital ("WACC").

Notes (forming part of the financial statements) (continued)

17. Goodwill (continued)

17.4 Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions (continued)

Discount rates (continued)

The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. These were £Nil for the year ended 31 March 2023 (2022: £Nil). The beta factors were first evaluated in the year ended 31 March 2020, based on publicly available market data, and re-evaluated in the year ended 31 March 2022. These remain relevant for the year ended 31 March 2023.

Adjustments to the discount rate are made to factor in the specific amount and timing of the future cash flows arising from income tax in order to reflect a pre-tax discount rate. The assumptions made in determining the discount rate were updated during the year ended 31 March 2022 to reflect the changes in the nature of the business as a result of the acquisition of Attend Anywhere Pty Ltd, however this did not result in a change in the post-tax discount rate for the Group.

Discount rates are reviewed each year. Pre-tax discount rates as disclosed above are dependent on the tax rates in the jurisdiction where the CGU is based and therefore differ from the Group's WACC. One percentage point is considered a reasonably possible increase in the discount rate.

	Impact of reasonably possible percentage point increase in discount rate		Percentage point increase resulting in impairment	
	2023	2022	2023	2022
Induction Attend Anywhere	**(2,093)**	(2,552)	3.3%	2.1%
Induction Zesty	**(934)**	(1,995)	0.3%	9.5%

Notes (forming part of the financial statements) (continued)

18. Intangible assets

	Trade name £000	Users £000	Technology £000	Total £000
Cost				
At 31 March 2021	**633**	**1,426**	**6,446**	**8,505**
Additions - internally developed	–	–	3,090	3,090
Acquired through business combinations	–	7,713	7,480	15,193
Translation differences	–	321	398	719
At 31 March 2022	**633**	**9,460**	**17,414**	**27,507**
Additions - internally developed	—	—	809	809
Transferred to assets of disposal groups held for sale	(264)	(919)	(1,024)	(2,207)
Translation differences	–	(394)	(556)	(950)
At 31 March 2023	**369**	**8,147**	**16,643**	**25,159**
Accumulated amortisation and impairment				
At 31 March 2021	**83**	**265**	**2,273**	**2,621**
Charge for the year	61	1,067	2,658	3,786
Translation differences	—	54	83	137
At 31 March 2022	**144**	**1,386**	**5,014**	**6,544**
Charge for the year	62	1,620	3,034	4,716
Transferred to assets of disposal groups held for sale	(102)	(355)	(513)	(970)
Translation differences	—	(395)	13	(382)
At 31 March 2023	**104**	**2,256**	**7,548**	**9,908**
Net book value				
At 31 March 2022	489	8,074	12,400	20,963
At 31 March 2023	**265**	**5,891**	**9,095**	**15,251**

Notes (forming part of the financial statements) (continued)

19. Property, plant and equipment

	Fixtures and fittings £000	Computer equipment £000	Right-of-use asset – Buildings £000	Total £000
Cost				
At 31 March 2021	3	**28**	—	**31**
Additions	—	46	211	257
Acquired through business combinations	—	50	—	50
At 31 March 2022	3	**124**	**211**	**338**
Additions	—	13	—	13
Disposals	—	(98)	(201)	(298)
Translation differences	—	(2)	(10)	(12)
At 31 March 2023	3	**37**	—	**41**
Accumulated depreciation and impairment				
At 31 March 2021	2	14	—	**16**
Provided during the year	—	1	12	13
Acquired through business combinations	—	50	—	50
Disposals	1	13	—	14
Translation difference	—	—	1	1
At 31 March 2022	3	78	**13**	**94**
Provided during the year	—	50	70	120
Disposals	—	(98)	(78)	(176)
Translation difference	—	(2)	(4)	(6)
At 31 March 2023	3	28	—	**32**
Net book value				
At 31 March 2022	—	46	198	244
At 31 March 2023	—	9	—	9

20. Trade and other receivables

	2023 £000	2022 £000
Trade receivables	**2,069**	2,900
Trade receivables net	**2,069**	2,900
Total financial assets other than cash and cash equivalents classified as loans and receivables	**2,069**	2,900
Prepayments	**125**	251
Social security and other taxes receivable	**126**	80
Other receivables	**352**	116
Total trade and other receivables	**2,672**	3,347

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

Trade receivables are non-interest bearing and are generally on terms of 30 days. Included within trade and other receivables is £nil expected to be recovered in more than 12 months (2022: £nil).

An allowance for expected credit losses is not material to the Group, due to the nature of the customers of the Group (primarily NHS), for which the risk of default has been assessed to be negligible.

Other receivables of £0.3m (2022: £0.1m) include deposits held with a financial institution as guarantee for amounts owing under a lease of £0.1m (2022: £0.1m) and sub-lease receivables of £0.1m (2022: £Nil).

Notes (forming part of the financial statements) (continued)

21. Contract assets

21.1 Contract assets

The below tables reconcile the movement in contract assets during the year.

	2023 £000	2022 £000
Balance at 1 April	**276**	35
Transfers from contract assets to contract liabilities, on invoice of accrued amounts	(2,799)	(1,732)
Additions for subscriptions commenced, not yet invoiced	3,208	1,745
Impairment of a contract asset	—	(1)
Changes due to business combinations	—	228
Translation differences	(15)	1
Balance at 31 March	**670**	276

21.2 Contract costs to obtain a contract

The below table reconciles the movement in contract costs to obtain a contract.

	2023 £000	2022 £000
Balance at 1 April	**345**	25
Contracts costs - to obtain a contract	608	355
Amortisation of contract costs to obtain a contract	(623)	(35)
Translation differences	48	—
Balance at 31 March	**378**	345

21.3 Contract costs to fulfill a contract

The below table reconciles the movement in contract costs to fulfil a contract.

	2023 £000	2022 £000
Balance at 1 April	165	95
Contract costs - to fulfil a contract	348	121
Amortisation of contract costs to fulfil a contract	(333)	(51)
Balance at 31 March	180	165

22. Cash and cash equivalents

	2023 £000	2022 £000
Cash at banks and on hand	4,287	6,996
Short-term deposits	—	500
Cash and cash equivalents per the statement of financial position and cash flow statement	4,287	7,496

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made on weekly basis, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Notes (forming part of the financial statements) (continued)

23. Trade and other payables

	2023 £000	2022 £000
Trade payables	848	901
Other payables	65	108
Accruals	1,096	2,120
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	2,009	3,129
Other payables tax and social security payments	704	238
Total trade and other payables	2,712	3,367
Current taxation payable	—	789

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates to fair value.

Included within trade and other payables is £nil expected to be settled in more than 12 months (2022: £nil). All trade and other payables are non-interest bearing and are normally settled on 30 day terms.

24. Contract liabilities

	2023 £000	2022 £000
Current	3,588	2,580
Non-current	2,198	326
Total contract liabilities	5,786	2,906

	2023 £000	2022 £000
Balance at 1 April	2,906	1,214
Revenue recognised	(9,684)	(6,215)
Increases due to cash received excluding amounts recognized as revenue during the year	13,885	7,576
Changes due to business combinations	-	1,782
Other changes (including transfers from contract assets on invoice of accrued amounts)	(267)	(1,733)
Translation differences	(419)	282
Transfers to liabilities associated with disposal groups held for sale	(635)	
Balance at 31 March	5,786	2,906

Other changes (including transfers from contract assets on invoice of accrued amounts) relates to the offsetting of contract asset ("accrued income") balances for subscriptions that have renewed but have not yet been invoiced, against contract liabilities ("deferred income"), when those accrued balances are invoiced (and therefore derecognised). Since the revenue has been recognised already through accrued income, this offset is required in order to ensure the contract liabilities balance represents the balance of performance obligations not yet satisfied.

25. Provisions

	Onerous contracts £000	Restructuring and termination £000	Total £000
Carrying amount			
Balance at 1 April 2022	—	—	—
Additions	104	424	528
Balance at 31 March 2023	104	424	528

Notes (forming part of the financial statements) (continued)

25 Provisions (continued)

The provision for onerous contracts consists of the unavoidable costs of performance against non-healthcare contracts.

The provision for restructuring and termination costs relates to costs committed to as a result of the right-sizing of the Group's activities during the year ended 31 March 2023.

All provisions are expected to realise within 12 months from 31 March 2023.

26. Share capital

For the purposes of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group does not have any interest-bearing loans and borrowings. There have been no changes to the Group's capital management policies and processes during the year ended 31 March 2023.

Authorised

	2023 Number ('000)	2023 £000	2022 Number ('000)	2022 £000
Shares treated as equity	**92,380**	**462**	92,051	460
Ordinary shares of £0.0050 each	**92,380**	**462**	92,051	460

Issued and fully paid

	2023 Number ('000)	2023 £000	2022 Number ('000)	2022 £000
Ordinary shares of £0.0050 each				
At 1 April	**92,051**	**460**	42,052	210
Issue of ordinary shares	—	—	35,714	179
Issue of shares as consideration for a business combination	—	—	14,285	71
Issue of shares on exercise of equity settled share-based payments	**329**	**2**	—	—
At 31 March	**92,380**	**462**	92,051	460

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Induction Healthcare Group plc.

On 9 June 2021, the Group acquired Attend Anywhere Pty Ltd ("Attend Anywhere"). The consideration included the issue of 14,285,714 new Ordinary Shares (the "Consideration Shares"). (Refer Note 15 for further details). As part of the transaction, on 8 June 2021, the Company announced that it had raised £25m through a placing of 35,714,285 new Ordinary Shares at a price of 70p per share.

The number of share options granted to employees of the Group that are exercisable at 31 March 2023 is 1,442,335 (2022: 1,388,724). An equivalent number of shares will be issued in future on exercise of the options by employees.

Notes (forming part of the financial statements) (continued)

27. Reserves

The following represents the movement in the share premium:

27.1 Share premium

	2023 £000	2022 £000
At 1 April	**41,665**	18,432
Issue of ordinary shares	—	24,821
Transaction costs on issue of shares	—	(1,190)
Reclassification to merger reserve	—	(398)
At 31 March	**41,665**	41,665

During the year ended 31 March 2020, Induction Healthcare Group plc acquired Podmedics Limited in a share-for-share exchange. £0.4m of the purchase consideration was accounted for as share premium. However, during the year ended 31 March 2022 management assessed that the conditions set out in section 612 of the Companies Act 2006 were met at the acquisition date, and therefore the difference between the fair value of the shares issued and the nominal value have been reclassified from share premium to the merger reserve. This was reclassified in the year ended 31 March 2022 rather than treated as a prior period adjustment, as it was neither quantitatively nor qualitatively material.

27.2 Foreign exchange reserve

The translation reserve comprises all foreign exchange differences arising since 5 March 2018 (date of incorporation) from the translation of the financial information of foreign operations.

27.3 Merger reserve

During the year ended 31 March 2022, Induction Healthcare Group plc acquired 83.5% of the share capital of Attend Anywhere Pty Limited and 100% of the share capital of A.C.N. 167 231 307 PTY Ltd, which owns 16.5% of the share capital of Attend Anywhere, thereby obtaining 100% control over Attend Anywhere. Attend Anywhere Pty Limited owns 100% of the share capital of Attend Anywhere Limited, a UK subsidiary. Prior to the acquisition, a fundraise of £25m was held which led to the issue of 35,714,285 New Ordinary Shares. The consideration included payments of £0.8m in cash for the purchase of net assets at the completion date, cash consideration of £15.6m, plus the issue of 14,285,714 New Ordinary Shares which had a fair value of £9m. The acquisition was effected by way of a share-for-share exchange, whereby the shareholders the above entities exchanged their shares for an equivalent number of shares in Induction Healthcare Group plc.

The difference between the nominal amount of the shares and the fair value of the shares has been recognised in the merger reserve.

Where the conditions set out in section 612 of the Companies Act 2006 or equivalent sections of previous Companies Acts are met, shares issued as part of the consideration in a business combination are measured at their fair value in the Consolidated Statement of Financial Position, and the difference between the nominal value and fair value of the shares issued is recognised in the merger reserve.

The following represents the movement in the merger reserve during the year.

	2023 £000	2022 £000
At 1 April	**20,205**	10,879
Issue of shares as consideration for a business combination	—	8,928
Reclassification from share premium	—	398
At 31 March	**20,205**	20,205

Notes (forming part of the financial statements) (continued)

27 Reserves (continued)

27.3 Merger reserve (continued)

During the year ended 31 March 2020, Induction Healthcare Group plc acquired Podmedics Limited in a share-for-share exchange. £0.4m of the purchase consideration was accounted for as share premium. However, during the year ended 31 March 2022 management have assessed that the conditions set out in section 612 of the Companies Act 2006 were met at the acquisition date, and therefore the difference between the fair value of the shares issued and the nominal value have been reclassified from share premium to the merger reserve. This has been reclassified in the year ended 31 March 2022 rather than treated as a prior period adjustment, as it is neither quantitatively nor qualitatively material.

27.4 Other reserves

Other reserves arise from the Group's equity settled share option scheme. The reserve represents the value of stock options in issues and still to be exercised. The cumulative value of the reserve is decreased for forfeitures. Upon exercise of options by option holders, the difference between fair value and exercise price is reclassified from other reserves to retained earnings/ (losses). Refer to Note 10 for further details.

28. Financial instruments, fair values and risk management

28.1 Financial assets

The following table shows the carrying amounts and fair values of financial instruments as at 31 March 2023 and 31 March 2022. For financial assets not measured at fair value, the carrying amount is considered to be a reasonable approximation of fair value.

	2023 £000	2022 £000
Financial assets measured at amortised cost		
Trade receivables	2,069	2,900
Other receivables	351	116
Prepayments	125	251
Social security and other taxes receivable	126	80
Cash and cash equivalents	4,287	7,496
Current tax receivable	134	1,322
	7,092	12,165

The business does not hold any other form of financial assets.

Management have assessed that the fair values of cash and short-term deposits and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

28.2 Financial liabilities

The following table shows the carrying amounts and fair values of financial liabilities as at 31 March 2023 and 31 March 2022. For financial liabilities not measured at fair value, the carrying amount is considered to be a reasonable approximation of fair value.

	2023 £000	2022 £000
Financial liabilities measured at amortised cost		
Trade and other payables	2,712	3,367
Lease liabilities (included in "other financial liabilities")	128	199
	2,840	3,566

28.3 Financial risk management objectives

The Group's principal financial liabilities, comprise loans and borrowings, and trade and other payables. 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 and short-term deposits that derive directly from its operations.

Notes (forming part of the financial statements) (continued)

28 Financial instruments, fair values and risk management (continued)

28.3 Financial risk management objectives (continued)

The Group has exposure to the following principal financial risks in the operation and management of its business:

Market risk
Foreign currency risk;
Credit risk; and
Liquidity risk

28.4 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, such as foreign exchange rates, interest rates and equity prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Interest rate risk is not considered to be material to the Group. The Group is not exposed to any other market risks aside from foreign currency risk.

28.5 Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group's main exposure is to the United States dollar and the Australian dollar. The Group's exposure to the US dollar is as a result of web hosting costs, which forms the majority of cost of sales, being denominated in US dollars. The Group's exposure to the Australian dollar is as a result of the Group's operations in Australia related to Attend Anywhere Pty Limited. The Group's exposure to foreign currency risk has increased since the year ended 31 March 2022 as a result of the acquisition of Attend Anywhere, which has a functional currency of Australian dollar. The Group has a bank account denominated in Australian dollars and the Group's exposure to foreign exchange risk is limited by ensuring the Group has enough cash in this account to cover approximately six months of expenditure. The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments based on notional amounts. Sensitivity analysis has not been presented as the effects of reasonably possible strengthening or weakening of the foreign currencies below would not have a material impact on the Group's financial information.

	Liabilities £000	Assets £000
2022		
Australian dollar	(2,049)	70
US dollar	–	44
Euro	–	10
Sterling	(1,642)	10,270
	(3,691)	10,394
2023		
Australian dollar	**(874)**	**196**
US dollar	–	–
Euro	–	–
Sterling	**(1,839)**	**6,160**
	(2,713)	**6,356**

28.6 Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

Notes (forming part of the financial statements) (continued)

28 Financial instruments, fair values and risk management (continued)

28.6 Credit risk management (continued)

The Group's principal financial assets are cash and cash equivalents, trade receivables, other financial assets, and other receivables, the carrying values of which represent the Group's maximum exposure to credit risk in relation to financial assets, as shown in this note. The Group's credit risk is primarily attributable to its cash and cash equivalents. The credit risk arising from cash and cash equivalents is limited because the counterparties are banks with Triple-A credit-ratings assigned by international credit rating agencies.

The credit risk arising from trade receivables and contract assets is assessed as limited, due to the nature of the counterparties, which consist of primarily NHS customers. Therefore, no provision for expected credit losses has been recognised on trade receivables or contract assets. Contract asset balances below relate only to accrued income, as contract costs are not subject to credit risk management as these costs are already incurred and capitalised.

	Current £000	<30 days £000	30 – 60 days £000	60 – 90 days £000	>91 days £000
2022					
Trade receivables	2,259	430	64	144	3
Contract assets	276	—	—	—	—
2023					
Trade receivables	1,195	928	16	-	66
Contract assets	669	-	-	-	-

28.7 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's treasury policies are designed to ensure that sufficient cash is available to support current and future business requirements. Cash management is a core feature of the Group's business model and rolling cash flow forecasts, updated on at least a monthly basis, are reviewed to manage these requirements. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

			cash flows		
	Carrying amount £000	Total £000	Less than 12 months £000	1-5 years £000	ore than 5 years £000
2022					
Trade payables	4,154	4,154	4,154	–	—
Lease liabilities (included in "other financial liabilities")	231	231	79	152	—
2023					
Trade payables	2,713	2,713	2,713	-	-
Lease liabilities (included in "other financial liabilities")	127	127	72	55	-

29. Related party transactions

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

29.1 Identities of related parties with whom the Group has transacted

Note 16 provides information about the Group's structure, including subsidiaries and the holding company. The related parties with whom the Group has transacted are i) the subsidiaries within the group and ii) key management personnel.

Notes (forming part of the financial statements) (continued)

29 Related Party transactions (continued)

29.2 Compensation of key management personnel

The remuneration of the directors and other members of key management personnel during the year was as follows:

	2023 £000	2022 £000
Short-term employee benefits	1,209	1,249
Post-employment pension and other benefits	37	76
Termination benefits	187	-
Share-based payment transactions	286	246
Bonus	193	342
Other benefits	4	3
Total compensation paid to key management personnel	1,916	1,916

Key management remuneration comprises short-term benefits only. The remuneration of the highest paid director was £0.3m (2022: £0.3m).

30. Leases

The Group leases office space. The lease was entered into during the year ended 31 March 2022. The lease runs for a period of 3 years, with an option to renew the lease after that date. Lease payments increase at a rate of 3% per annum, on the anniversary of the lease commencement date. The group has recognised a right of use asset and lease liability for this lease. The group does not have any other leases, including those that are short term and/or leases of low value items.

During the year ended 31 March 2023, the Group entered into a sub-lease agreement for the above lease. This sub-lease was signed during the year ended 31 March 2023 and is effective on 1 April 2023 for a term of one year and ten months. Therefore no sub-lease payments have been recognised in the year ended 31 March 2023. The sub-lease has been accounted for as a finance lease, and a lease receivable of £0.1m has been recognised and included in trade and other receivables.

Right of use assets that meet the definition of property, plant and equipment have been presented as part of property, plant and equipment, refer Note 19. During the year ended 31 March 2023, the Group vacated the premises that are subject to the lease, and entered into a sub-lease for the premises, which is accounted for as a finance lease. Consequently, the right-of-use-asset has been fully depreciated in the year ended 31 March 2023. The related lease liability has been presented as part of "Other financial liabilities" and disclosures are included in Note 28.

31. Contingent liabilities

As at 31 March 2023 the Group had £nil contingent consideration liabilities (2022: £nil).

32. Events after the reporting date

On the 30th June 2023 the Group announced the completion of the sale of Switch, a directory app, for an undisclosed sum. This is in line with the previously announced strategy to focus on sustainable growth and allows additional cost savings to be applied. The revenues of Switch are disclosed as part of the discontinued operations. Further details to be found on page 13.

Company Statement of Financial Position

as at 31 March 2023

	Note	2023 £'000	2022 £'000
Assets			
Non-current assets			
Investments in subsidiaries	4	29,246	41,009
Amounts receivable from group companies	5	4,585	4,585
Total non-current assets		33,831	45,594
Current assets			
Trade and other receivables		35	–
Total assets		33,866	45,594
Liabilities			
Current liabilities			
Trade and other payables	6	1,066	667
Total current liabilities		1,066	667
Total liabilities		1,066	667
Net assets		32,800	44,927
Issued capital and reserves			
Share capital	8	462	460
Share premium	9	41,665	41,665
Other reserves	9	1,578	1,405
Merger reserve	9	20,205	20,205
Retained earnings	9	(31,110)	(18,808)
TOTAL EQUITY		32,800	44,927

The loss for the year for the Company was £12.5m (2022: £7.2m).

The notes on pages 97 to 103 form an integral part of these Financial Statements.

The financial statements were approved and authorised for issue by the board of directors on 28 July 2023 and were signed on its behalf by:

John McIntosh
Director
Company registered number: 11852026

Company Statement of Changes in Equity

for the year ended 31 March 2023

	Sh are capital S £'000	hare premium M £'000	erger reserve O £'000	ther reserves £'000	Retained earnings £'000	Total equity £'000
At 1 April 2021	210	18,432	10,879	792	(11,596)	18,717
Total comprehensive loss for the year						
Loss for the year	—	—	—	—	(7,212)	(7,212)
Total comprehensive loss for the year	-	-	-	-	(7,212)	(7,212)
Transactions with owners, in their capacity as owners						
Issue of ordinary shares	178	24,822	—	—	—	25,000
Issue of ordinary shares as consideration for a business combination	72	—	8,928	—	—	9,000
Share-issue costs	—	(1,191)	—	—	—	(1,191)
Equity-settled share-based payments				613		613
Reclassification of equity	—	(398)	398	—	—	—
Total contributions by and distributions to owners	250	23,233	9,326	613	-	33,422
At 31 March 2022	460	41,665	20,205	1,405	(18,808)	44,927
Total comprehensive loss for the year						
Loss for the year	—	—	—	—	(12,506)	(12,506)
Total comprehensive loss for the year	—	—	—	—	(12,506)	(12,506)
Transactions with owners, in their capacity as owners						
Issue of ordinary shares on exercise of equity settled share-based payments	2	—	—	(205)	205	2
Equity-settled share-based payments	—	—	—	378	—	378
Total contributions by and distributions to owners	2	-	-	173	205	380
At 31 March 2023	462	41,665	20,205	1,578	(31,110)	32,800

The notes on pages 97 to 103 form an integral part of these Financial Statements.

Company Cash Flow Statement

for the year ended 31 March 2023

	2023 £'000	2022 £'000
Cash flows from operating activities		
Loss for the year	(12,858)	(7,208)
Adjustments for		
– Other non-cash movements	(35)	24
(Increase) / decrease in amounts due from group companies	12,686	(7,184)
Net cash used in operating activities	(207)	–
Cash flows from investing activities		
Payments for acquiring businesses, net of cash acquired	–	–
Payments for Issue of shares on exercise of equity settled share-based payments	207	–
Net cash from investing activities	207	–
Cash flows from financing activities		
Share issue proceeds	–	–
Share issue costs	–	–
Net cash from financing activities	–	–
Net movement in cash equivalents		
Cash and cash equivalents at the beginning of the year	–	–
Cash and cash equivalents at the end of the year	–	–

The notes on pages 97 to 103 form an integral part of these Financial Statements.

Financial

Notes to the company financial statements

1. Accounting policies

1.1 Going concern

The Company operates as an investment company for the Induction Healthcare Group plc, holding investments in subsidiaries financed by Group companies. As the Company is an intrinsic part of the Group's structure, the Directors have a reasonable expectation that Group companies will continue to support the Company through trading and cash generated from trading until the end of the going concern forecast period at 30 June 2025. On this reason, the Directors have adopted the going concern assumption in preparing the financial statements. Please refer to Note 2.2 in the consolidated financial statements for Induction Healthcare Group plc for going concern considerations for the Group.

1.2 Share-based payments

Where the Company grants share-based awards over its own shares in exchange for employee services rendered to its subsidiaries, it recognises an increase to the cost of investment equivalent to the share-based payment expense recognised in the consolidated financial statements and a corresponding credit in other reserves in equity.

The Company does not recharge the obligation to settle equity-settled share option awards relating to employees employed by UK subsidiaries to the subsidiary. The Company recognises in its individual financial statements an allocated percentage of the share-based payment charge for employees performing some duties for the Company. Therefore, the cost of investment increases by the share-based payment expense recognised in the consolidated financial statements net of amounts relating to services supplied to the company. Refer to Note 2 of the consolidated financial statements for the accounting policy in respect of share-based payments.

1.3 Financial instruments

Financial assets and liabilities are recognised on the Company statement of financial position when the Company becomes a contractual party to the instrument. When financial instruments are recognised initially, they are measured at fair value, which is the transaction price plus, in the case of financial assets and financial liabilities not measured at fair value through profit and loss, directly attributable transaction costs.
Management calculate the weighted-average loss rate in measuring the expected credit loss allowance for intra-group receivables. The credit risk exposure of intra-group receivables arises from the loan receivable from Induction Healthcare Limited, due to its investment in Induction Healthcare (UK) Limited and the fact that the CGU to which Induction Healthcare (UK) Limited is allocated is the Induction Switch CGU, which remains impaired. The expected credit loss ("ECL") provision is calculated as a weighted average expected value of the range of outcomes with regards to default on repayment of the intra-group receivable. The range of outcomes is binary (ie. either default or no default) and a range of probabilities of 20% to 80% is allocated to each scenario.

1.4 Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

1.5 Cash flow statement

Induction Healthcare Group plc does not have a bank account. Management have applied judgement and elected to present a cash flow statement.

2. Reporting entity

Induction Healthcare Group Plc (the 'Company') is a public company incorporated, domiciled and registered in England in the United Kingdom. The Company's registered office is at 20 St Dunstan's Hill, London, EC3R 8HL. The Company's principal activity is the provision of software to healthcare professionals.

3. Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards ("UK- adopted IFRS").
Details of the Company's accounting policies, including changes during the year, are included in note 1.

Notes to the company financial statements (continued)

3. Basis of preparation (continued)

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Income statement or Statement of Comprehensive Income in these financial statements.
The financial statements have been prepared on the historical cost basis.

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand pounds, unless otherwise indicated.

4. Judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

There are no estimates that result in significant estimation uncertainty during the year ended 31 March 2023.

5. Investments in subsidiaries

The investments in subsidiaries represent the investments of Induction Healthcare plc in Attend Anywhere Pty Limited and A.C.N. 167 231 307 PTY Ltd, which were acquired during the year. It also represents investment in Induction Healthcare Limited, Horizon Strategic Partners Limited and Zesty Limited (acquired in prior year). All of the entities are wholly owned subsidiaries of the company. A full list of subsidiaries is included in Note 17 of the consolidated financial statements for the Group.

During the year ended 31 March 2023, management performed an impairment assessment of the investments in subsidiaries. As a result, management impaired the investment in Zesty Limited by £11.7m (2022: £Nil). The recoverable amount of the investment in Zesty Limited is the value-in-use as determined for the purposes of the goodwill impairment assessment of the Induction Zesty CGU in the consolidated financial statements of the Group. Refer note 17 in the consolidated financial statements. In addition, management impaired the investment in Horizon Strategic Partners Limited by £0.28m (2022: £Nil). The recoverable amount of the investment in Horizon Strategic Partners Limited is the fair value less costs-of-disposal as determined for the purposes of the goodwill impairment assessment of the Induction Guidance CGU in the consolidated financial statements of the Group. Refer note 17 in the consolidated financial statements. The investments in Attend Anywhere Pty Limited and A.C.N. 167 231 307 PTY Ltd ("A.C.N.") are not impaired, as the recoverable amounts exceeds the costs of the investments.

During the year, the Company advanced £0.08m (2022: £6.8m) to Induction Healthcare Limited, in order to fund the continued operation of the Group, specifically the Induction Switch CGU and group-wide corporate costs. This has been accounted for as a capital contribution and therefore an increase in the investment in Induction Healthcare Limited. The Company has then impaired the investment in Induction Healthcare Limited by £0.08m (2022: £6.8m), due to the fact that the Induction Switch CGU remains impaired and has been classified as held for sale in the consolidated financial statements of the Group, and there is no expectation of repayment of these amounts by Induction Healthcare Limited in the near future. This has been included in the loss for the year for Induction Healthcare Group plc. The recoverable amount of the investment is £Nil (2022: £Nil).

Notes to the company financial statements (continued)

5. Investments in subsidiaires (continued)

During the year ended 31 March 2022, on 9 June 2021, Induction Healthcare Group plc acquired 83.5% of the share capital of Attend Anywhere Pty Limited and 100% of the share capital of A.C.N. 167 231 307 PTY Ltd ("A.C.N."), which owns 16.5% of the share capital of Attend Anywhere, thereby obtaining 100% control over Attend Anywhere. Attend Anywhere Pty Limited owns 100% of the share capital of Attend Anywhere Limited, a UK subsidiary. Prior to the acquisition, a fundraise of £25m was held which led to the issue of 35,714,285 New Ordinary Shares. The consideration included payments of £0.8m in cash for the purchase of net assets at the completion date, cash consideration of £15.6m, plus the issue of 14,285,714 New Ordinary Shares which had a fair value of £9m. This brings the total consideration to £25.4m prior to transaction costs.

	2023 £'000	2022 £'000
Balance at 1 April	**41,009**	14,639
Acquisitions of new subsidiaries	–	25,797
Share-based payments	**402**	621
Capital contribution	**82**	6,834
Impairment	**(12,247)**	(6,882)
Balance at 31 March	**29,246**	41,009

6. Amounts receivable from group companies

Amounts receivable from group companies comprise loans due from group companies of £4.6m (2022: £4.6m). The loans are interest free and repayable on demand. Lifetime expected credit losses of £10.5m (2022: £10.5m) have been recognised on amounts due from group companies. These amounts have been classified as non-current, as there is no intention to demand repayment of these amounts within 12 months from 31 March 2023.

	2023 £'000	2022 £'000
Balance at 1 April	**4,585**	12,668
Net settlement of amounts owed to group companies	–	(2,333)
Provision for expected credit losses	–	(5,750)
Amounts receivable from group companies	**4,585**	4,585
Total non-current portion	**4,585**	4,585

The carrying value of trade and other receivables classified as loans and receivables approximates fair value. The gross carrying value of amounts receivable from group companies, prior to the application of the expected credit loss provision ("ECL") is £15.1m. This is wholly due from Induction Healthcare Limited.

Amounts receivable from Induction Healthcare Limited are considered to have a high credit risk. Default for amounts due from group companies is defined as a scenario where the entity will not be able to recover the amount owing through any means, such as repayments on the loan, distribution of dividends or the sale of the asset. It is the policy of the entity to not write-off amounts due from group companies.

Notes to the company financial statements (continued)

7. Trade and other payables

The following table summarises the balance of trade and other payables. The amounts owed to group companies represent £0.8m (2022: £0.6m). This is an interest free arrangement and is repayable on demand.

	2023 £,000	2022 £,000
Trade payables	**173**	—
Accruals	**75**	42
Amounts due to group companies	**818**	625
Total current portion	**1,066**	667

8. Share capital

For the purposes of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group does not have any interest bearing loans and borrowings. There have been no changes to the Group's capital management policies and processes during the year ended 31 March 2023.

Authorised

	2023 Number ('000)	2023 £000	2022 Number ('000)	2022 £000
Shares treated as equity				
Ordinary shares of £0.0050 each	**92,380**	**462**	92,051	460
	92,380	**462**	92,051	460

Issued and fully paid

	2023 Number ('000)	2023 £000	2022 Number ('000)	2022 £000
Ordinary shares of £0.0050 each				
At 1 April	**92,051**	**460**	42,052	210
Issue of ordinary shares	–	–	35,714	179
Issue of ordinary shares on exercise of equity settled share-based payments	**329**	**2**	—	—
Issue of shares as consideration for a business combination	–	–	14,286	71
At 31 March	**92,380**	**462**	92,051	460

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Induction Healthcare Group plc.

On 9 June 2021, the Group acquired Attend Anywhere Pty Ltd ("Attend Anywhere"). The consideration included the issue of 14,285,714 new Ordinary Shares (the "Consideration Shares"). (Refer Note 15 for further details).

As part of the transaction, on 8 June 2021, the Company announced that it had raised £25m through a placing of 35,714,285 new Ordinary Shares at a price of 70p per share. Induction Healthcare Group plc does not operate a bank account, and cash inflows from the fundraise were received by a subsidiary entity, Induction Healthcare Limited.

Notes to the company financial statements (continued)

• Reserves

9.1 Share premium

	2023 £,000	2022 £,000
Ordinary shares of £0.0050 each		
At 1 April	41,665	**18,432**
Issue of shares	–	**24,821**
Transaction costs on issue of shares	–	**(1,190)**
Reclassification of equity	–	**(398)**
At 31 March	41,665	**41,665**

During the year ended 31 March 2020, Induction Healthcare Group plc acquired Podmedics Limited in a share-for-share exchange. £0.4m of the purchase consideration was accounted for as share premium. However, during the year ended 31 March 2022 management have assessed that the conditions set out in section 612 of the Companies Act 2006 were met at the acquisition date, and therefore the difference between the fair value of the shares issued and the nominal value have been reclassified from share premium to the merger reserve.

9.2 Merger reserve

On 9 June 2021, Induction Healthcare Group plc acquired 83.5% of the share capital of Attend Anywhere Pty Limited and 100% of the share capital of A.C.N. 167 231 307 PTY Ltd (“A.C.N.”), which owns 16.5% of the share capital of Attend Anywhere, thereby obtaining 100% control over Attend Anywhere. Attend Anywhere Pty Limited owns 100% of the share capital of Attend Anywhere Limited, a UK subsidiary. Prior to the acquisition, a fundraise of £25m was held which led to the issue of 35,714,285 New Ordinary Shares. The consideration included payments of £0.8m in cash for the purchase of net assets at the completion date, cash consideration of £15.6m, plus the issue of 14,285,714 New Ordinary Shares which had a fair value of £9m. This brings the total consideration to £25.4m prior to transaction costs. This acquisition was effected by way of a share- for-share exchange, whereby the shareholders of Attend Anywhere Pty Limited and A.C.N. 167 231 307 exchanged their shares for an equivalent number of shares in Induction Healthcare Group plc. The difference between the nominal amount of the shares and the fair value of the shares has been recognised in the merger reserve.

Where the conditions set out in section 612 of the Companies Act 2006 or equivalent sections of previous Companies Acts are met, shares issued as part of the consideration in a business combination are measured at their fair value in the Consolidated Statement of Financial Position, and the difference between the nominal value and fair value of the shares issued is recognised in the merger reserve.

Notes to the company financial statements (continued)

9. Reserves (continued)

9.2 Merger reserve (continued)

The following represents the movement in the merger reserve:

	2023 £000	2022 £000
At 1 April	**20,205**	10,879
Issue of shares as consideration for a business combination	–	8,928
Reclassification of equity	–	398
At 31 March	**20,205**	20,205

During the year ended 31 March 2020, Induction Healthcare Group plc acquired Podmedics Limited in a share-for-share exchange. £0.4m of the purchase consideration was accounted for as share premium. However, during the year ended 31 March 2022 management have assessed that the conditions set out in section 612 of the Companies Act 2006 were met at the acquisition date, and therefore the difference between the fair value of the shares issued and the nominal value have been reclassified from share premium to the merger reserve.

9.3 Other reserves

Other reserves arise from the Group's equity settled share option scheme. Refer to Note 10 in the consolidated group financial statements for further details.

10. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

10.1 Identities of related parties with whom the Group has transacted

Note 16 in the consolidated financial statements provides information about the Group's structure, including subsidiaries and the holding company. The related parties with whom the Group has transacted are i) the subsidiaries within the group and ii) key management personnel.

10.2 Compensation of key management personnel

The remuneration of the directors and other members of key management personnel during the year was as follows:

	2023 £000	2022 £000
Short-term employee benefits	**1,209**	1,249
Post-employment pension and other benefits	**37**	76
Termination benefits	**187**	—
Share-based payment transactions	**286**	246
Bonus	**193**	342
Other benefits	**4**	3
Total compensation paid to key management personnel	**1,916**	1,916

Key management remuneration comprises short-term benefits only. The remuneration of the highest paid director was £0.3m (2022: £0.3m).

Directors' remuneration has been disclosed in the Directors' report. Refer to pages 27 and 28, tables "Directors remuneration".

Notes to the company financial statements (continued)

10. Related party transactions (continued)

10.3 Transactions with subsidiaries

Included in amounts due from group companies is an amount of £4.6m (2022: £4.7m) due from Induction Healthcare Limited. This arose as a result of loans made to Induction Healthcare Limited as intermediate holding company to fund the operations of the group. The loan carries interest at 0% and is repayable on demand.

Included in trade and other payables is an amount of £0.6m (2022: £0.3m) due to Induction Healthcare (UK) Limited. This arose as a result of payments made by Induction Healthcare (UK) Limited on behalf of Induction Healthcare Group plc. The loan carries interest at 0% and is repayable on demand.

Included in trade and other payables is an amount of £0.02m (2022: £0.02m) due to Induction Healthcare Pty Ltd. This arose as a result of payments made by Induction Healthcare Pty Ltd on behalf of Induction Healthcare Group plc. The loan carries interest at 0% and is repayable on demand.

Included in trade and other payables is an amount of £0.02m (2022: £0.02m) due to Zesty Limited. This arose as a result of payments made by Zesty Limited on behalf of Induction Healthcare Group plc. The loan carries interest at 0% and is repayable on demand.

11. Events after the reporting date

There were no material events after the reporting date that have an impact on these financial statements.

Induction Healthcare Additional Information Annual Report & Accounts 2023

Company Information

Directors

Christopher Samler	Non-Executive Chair
Jane Silber	Non-Executive Director
Andrew Williams	Non-Executive Director
Ian Johnson	Non-Executive Director
Paul Tambeau	Chief Executive Officer
John McIntosh	Chief Financial Officer

Secretary

Louise Torr
C/O Pinsent Masons
30 Crown Place
London
EC2A 4ES

Auditors

Crowe LLP
55 Ludgate Hill
London
EC4M 7JW

Primary Bankers

HSBC Bank Ltd
172 Upper Richmond Road London SW15 2SH

Solicitors

Pinsent Masons LLP Third Floor
Quay 2
139 Fountainbridge
Edinburgh EH3
9QG

Nominated advisers and brokers

Singer Capital Markets 1 Bartholomew Lane
London
EC2N 2AX

Registered Office

C/O Pinsent Masons
30 Crown Place
London
EC2A 4ES

Registered Number

11852026

Company Website

www.inductionhealthcare.com

Glossary

Alternative Investment Market (AIM)

Annual General Meeting (AGM)

Attend Anywhere Pty Ltd (Attend Anywhere, Induction Attend Anywhere)

Electronic Medical Record (EMR)

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

General Data Protection Regulation (GDPR)

Horizon Strategic Partners Limited (Induction Guidance, Horizon and Microguide)

Induction Healthcare Group PLC (Group, Induction, Induction Healthcare and Company)

Initial Public Offering (IPO)

Monthly recurring revenue (MRR)

National Health System (NHS)

Podmedics Limited (Podmedics,

Induction Switch)

Return on Investment (ROI)

Software as a service (SaaS)

The Quoted Companies Alliance (the QCA Code)

Zesty Limited (Induction Zesty, Zesty)