

**Induction Healthcare Group PLC**  
(“Induction”, the “Company”, or the “Group”)

**Unaudited Interim Results**  
**for the six months ended 30 September 2023**

Induction (AIM: INHC), a leading digital health platform driving transformation of healthcare systems, announces its unaudited interim results for the six months ended 30 September 2023.

**Financial Highlights**

- **Revenues of £6.1m (H1 2022: £7.1m).** New NHS patient portal contracts (revenue to be recognized in second half of this financial year) compensates for decline in NHS video conferencing usage.
- **Gross margin improvement to 75% (H1 2022: 66.1%).** Improved management of direct cost base including cloud infrastructure.
- **Adjusted EBITDA of £0.01m (H1 2022: Loss £1.0m)** Breakeven after non-cash adjustments.
- **Operating loss reduced to £2.4m (H1 2022: (£4.5m)).** Ongoing cost containment programme continues to yield results.
- **Cash position £3.1m (FY23 YE: £4.3m).** We remain on track towards our objective of self-sustaining growth and cash flow breakeven in FY24.

**Operational Highlights**

- Awarded five new patient portal development contracts totaling £1.9m with several large Trusts/ICS and ICBs for the Zesty patient portal. In addition to the £1.4m announced in October, a further £538,000 is announced today:
  - Whittington Health NHS Trust worth £267,000 covering several patient portal projects including the use of Induction’s Form Builder module for wait list validation, enhancing appointment management functionality, and integrating with Whittington’s pre-surgical assessment tool.
  - Milton Keynes University Hospital worth £271,000 covering several patient portal projects related to reducing wait lists and launching an Induction video consultation from the patient portal.
- Induction to be the first NHS-accredited portal to digitize maternity records for expectant mothers ensuring patient records are accessible within Zesty.
- Completed roll out of NHS App integration with 6 new customers. 2.5 million patients can now access Zesty via the NHS App, up from 1 million patients at the beginning of April 2023.
- One of only two patient portal providers to launch new functionality into the NHS App related to notifications, messages, and forms. This functionality is vital to supporting waitlist validation.
- In final stages of engineering work which will enable patients to launch video consultation from within the patient portal, as well as enable clinicians to access a video consultation from their Electronic Medical Record (EMR) – integration of Zesty and Attend Anywhere platforms.
- Non-core asset (Switch) sold for material consideration.

Paul Tambeau, CEO of Induction Healthcare, said: *“With reports that over 8m patients will be on a waiting list by next year, Induction has a vital role to play in helping NHS Trusts manage their backlog and giving patients more choice in how they access care. We’re well positioned to do this because of the work we’ve done on integrating our platforms and enhancing the features available through the NHS App. Improvement in both gross margin and operating losses also demonstrates the outcome of our cost containment work completed in the last 9 months which remains on track to achieve our goal of being breakeven this year.”*

## Enquiries

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### **About Induction – [www.inductionhealthcare.com](http://www.inductionhealthcare.com)**

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

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

## CEO Review

### Overview

Over the last six months, we have been *focused* on implementing our FY24 plan that was based on four goals:

1. To be a profitable and sustainable growing business to deliver our commitments to shareholders.
2. To successfully develop our Integrated Product.
3. To be customer centric and commercial in everything we do.
4. To implement and continuously develop an inclusive, performance driven and rewarding employee experience.

I am pleased to say that we are making strong progress on all four of these goals.

Through greater cost management, we are on track towards our objective of self-sustaining growth and cash flow breakeven in 2024. In addition to completing the cost containment measures started in Q4 FY23, an important driver has been better management of our cloud infrastructure. Our cloud costs are down c.50% compared to this time last year. In July 2023 we completed a major overhaul of our database infrastructure and are currently completing a significant change to our call screen which will generate further savings as well as improve user experience. There are additional projects we're evaluating to drive further savings in our cloud infrastructure.

In terms of sales growth, we have capitalised on the funding provided by the NHS to support Trusts to adopt or enhance their patient portal. We've been successful in securing £1.9m in new contracts which will fund key items on our integrated product roadmap, such as:

- Digitizing maternity records for expectant mothers, as well as making diagnostic appointment details available from within the patient portal.
- Enabling a patient to launch a video consultation from within the patient portal – integrating Attend Anywhere and Zesty.
- Enhancing our appointment management functionality so that it can be used to support Patient Initiated Follow Up / and Clinician Initiated Follow Up initiatives.
- Using our Form Builder module to support waitlist validation.
- Deepening our integration with EMR partners such as Oracle Cerner, as well as other third-party systems.

Whilst the large majority of these new contracts are one time revenue, the enhanced platform will result in new features and case studies to support future sales.

We have made tangible progress in integrating our product, notably being able to launch a video consultation from within the patient portal. We expect this work to be completed in early Q4 FY24 and already have 3 customers contracted to adopt this functionality. We're also near completion of work to enable a clinician or staff member to launch a video consultation within their EMR.

We also continue to work closely with the NHS Wayfinder team in integrating new features into the NHS App. We are one of only two patient portal providers to launch new functionality into the NHS App related to notifications, messages, and forms. This functionality is vital to supporting waitlist validation. We've also completed roll out of NHS App integration with 6 new customers; 2.5 million patients can now access Zesty via the NHS App, up from 1 million patients at the beginning of April.

Consistent with our previously announced focus on our key strategic assets, we sold the Switch platform for a material consideration. We continue to look for a strategic buyer for the Guidance platform.

## Financial Overview

We ended the first half of this year with £6.1m in recognised revenue, down from £7.1m over the same period last year. This decrease primarily reflects some Attend Anywhere contracts churning in England as well as lower than expected utilisation in Wales. This is offset by a 20% increase in Zesty revenue over the previous corresponding period. As we look to the full year, we note that most of the new NHS contracts will be recognised in the second half of the fiscal year, meaning a higher overall contribution from Zesty to revenue.

Gross margin in H1 improved to 75% compared to 66.1% in the same period last year. This demonstrates the improved management of direct cost base including cloud infrastructure.

Our operating loss was reduced in H1 to -£2.4m, an improvement from -£4.5m compared with the same period last year. This reflects that the ongoing cost containment programme continues to yield results. On an adjusted EBITDA position, we ended H1 at £0.01m compared to a loss of £1m over the same period last year.

From a cash perspective, we ended H1 with £3.1m, down from £4.3m at the end of FY23. The timing difference of the impact of post year end termination costs and delay in receipt of invoiced revenue accounts for this drop at the half year.

## Outlook

With reports that over 8m patients will be on a waiting list by next year, we have a vital role to play in helping NHS Trusts manage their backlog and give patients more choice in how they access care. We're well positioned to do this because of the work we've completed on integrating our platforms and enhancing the features available through the NHS App. The NHS continues to prioritize further developments within the NHS App, enabling Induction to become more embedded in the health ecosystem. We're already seeing early evidence of the effectiveness of Induction's digital tools in supporting waitlist validation which positions us well for future growth.

We continue to see headwinds with Attend Anywhere renewals due to downward pressure on pricing, Trusts returning to more in-person appointments, and a post-Covid decline in the perceived advantages of video appointments.

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 increasingly confident about Induction's future as a leading player in the interface between the patient and their secondary care clinical teams.

**Paul Tambeau**

**CEO**

**7 November 2023**

**Condensed Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the six months ended 30 September 2023**

		<b>30 September 2023</b>	<b>30 September 2022</b>
		<b>Unaudited</b>	<b>Unaudited</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue from contracts with customers</b>	2	6,057	7,118
Cost of sales		(1,514)	(2,414)
<b>Gross Profit</b>		<b>4,543</b>	<b>4,704</b>
Sales and marketing expenses	3	(578)	(821)
Development expenses	3	(4,652)	(4,159)
Administrative expenses	3	(1,731)	(4,237)
<b>Operating loss</b>		<b>(2,418)</b>	<b>(4,513)</b>
Finance Costs		(2)	(4)
Finance Income		2	-
<b>Loss before tax</b>		<b>(2,418)</b>	<b>(4,517)</b>
Taxation		-	(311)
<b>Loss for the period from continuing operations</b>		<b>(2,418)</b>	<b>(4,828)</b>
Profit / (Loss) from discontinued operations, net of tax	5	755	-
<b>Loss for the period</b>		<b>(1,663)</b>	<b>(4,828)</b>
<b>Attributable to:</b>			
Equity holders of the parent		(1,663)	(4,828)
		<b>(1,663)</b>	<b>(4,828)</b>
<b>Loss per share from operations</b>			
- Basic	4	(0.03)	(0.06)
- Diluted	4	(0.03)	(0.06)

**Condensed Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the six months ended 30 September 2023**

		30 September 2023	30 September 2022
		Unaudited £'000	Unaudited £'000
	Note		
<b>Loss for the period</b>		<b>(1,663)</b>	<b>(4,828)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences		(394)	457
Reclassified to profit and loss during the period		162	(801)
<b>Other comprehensive income for the financial period</b>		<b>(233)</b>	<b>(344)</b>
<b>Total comprehensive loss for the financial period</b>		<b>(1,896)</b>	<b>(5,172)</b>
<b>Attributable to:</b>			
Equity holders of the parent		(1,896)	(5,172)
		<b>(1,896)</b>	<b>(5,172)</b>
<b>Loss per share:</b>			
Basic loss per share (£)	4	(0.03)	(0.06)
Diluted loss per share (£)	4	(0.03)	(0.06)

**Condensed Consolidated Statement of Financial Position**  
**As at 30 September 2023**

		30 September 2023	31 March 2023
	Note	Unaudited £'000	Audited £'000
<b>Non-current assets</b>			
Goodwill		10,685	10,685
Intangible Assets		13,005	15,251
Property, Plant and Equipment		7	9
Deferred tax assets		552	556
<b>Total non-current assets</b>		<b>24,249</b>	<b>26,501</b>
<b>Current assets</b>			
Trade and other receivables	6	2,165	2,672
Contract Assets		1,589	1,228
Current tax receivable		810	1,175
Cash and cash equivalents		3,055	4,287
Assets held for sale		2,474	2,474
<b>Total current assets</b>		<b>10,093</b>	<b>11,836</b>
<b>Total assets</b>		<b>34,342</b>	<b>38,337</b>
<b>Non-current liabilities</b>			
Contract liabilities		-	(3,588)
Deferred tax liabilities		(3,789)	(3,870)
Other financial liabilities		-	(56)
<b>Total non-current liabilities</b>		<b>(3,789)</b>	<b>(1,235)</b>
<b>Current liabilities</b>			
Trade and other payables	7	(1,922)	(2,713)
Provisions		(25)	(528)
Contract liabilities		(4,846)	(2,198)
Liabilities associated with assets held for sale		(1,016)	(1,016)
Other financial liabilities		(91)	(72)
<b>Total current liabilities</b>		<b>(7,900)</b>	<b>(6,527)</b>
<b>Total liabilities</b>		<b>(11,689)</b>	<b>(14,041)</b>
<b>Net assets/(liabilities)</b>		<b>22,653</b>	<b>24,296</b>
<b>Equity attributable to equity holders of the parent</b>			
Share capital		462	462
Share premium		41,665	41,665
Merger reserve		20,205	20,205
Translation reserve		(405)	(162)
Other reserves		1,776	1,578
Accumulated deficit		(41,050)	(39,452)
<b>Total equity</b>		<b>22,653</b>	<b>24,296</b>

**Condensed Consolidated Statement of Changes in Equity**  
**For the six months ended 30 September 2023**

	Share Capital £'000	Share Premium £'000	Translation reserve £'000	Other reserve £'000	Merger reserve £'000	Accumulated deficit £'000	Total equity £'000
Balance at 1 April 2023	462	41,665	(162)	1,578	20,205	(39,452)	24,296
<b>Total comprehensive loss for the period</b>							
Loss for the period	-	-	-	-	-	(1,663)	(1,663)
Other comprehensive loss for the period	-	-	(243)	-	-	-	(243)
<b>Total comprehensive loss for the period</b>	-	-	<b>(243)</b>	-	-	<b>(1,663)</b>	<b>(1,906)</b>
<b>Transactions with owners, in their capacity as owners</b>							
Equity-settled share-based payments	-	-	-	199	-	-	199
<b>Total contributions by and distributions to owners</b>	-	-	-	<b>199</b>	-	-	<b>199</b>
<b>Balance at 30 September 2023</b>	<b>462</b>	<b>41,665</b>	<b>(405)</b>	<b>1,776</b>	<b>20,205</b>	<b>(41,050)</b>	<b>22,653</b>



**Condensed Consolidated Statement of Cash Flows**  
**For the six months ended 30 September 2021**

	For the period ended	For the period ended
Note	30 September 2023 £'000	30 September 2022 £'000
<b>Cash flows from operating activities</b>		
Loss for the financial period	(1,663)	(4,828)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	1	39
Amortisation and impairment of intangible assets	2,150	2,363
Finance costs	2	4
Finance income	(2)	-
Share-based payment expense	199	246
Taxation		311
Gain on sale of discontinued operations, net of tax	(750)	-
	<b>1,600</b>	<b>(2,963)</b>
Decrease / (Increase) in trade and other receivables and contract assets	146	(1,500)
(Decrease) / Increase in trade and other payables and contract liabilities	(1,731)	7,303
(Decrease) / Increase in provisions	(503)	-
Interest received	2	-
Interest paid	(2)	(4)
Income taxes paid	-	(288)
Income taxes received	365	44
<b>Net cash generated from / (used in) operating activities</b>	<b>(1,786)</b>	<b>(3,690)</b>
<b>Cash flows from investing activities</b>		
Payment of software development costs	-	(1,615)
Acquisitions of property, plant and equipment	-	(5)
Disposal of discontinued operations, net of cash	750	-
<b>Net cash from investing activities</b>	<b>750</b>	<b>(1,620)</b>
<b>Cash flow from financial activities</b>		
Share issue proceeds	-	(194)
Payment of lease liabilities	(33)	-
<b>Net cash from financing activities</b>	<b>(33)</b>	<b>(194)</b>
<b>Net increase in cash equivalents</b>	<b>(1,069)</b>	<b>1,876</b>
Cash and cash equivalents at the beginning of the financial period	4,287	7,495
Effects of exchange rate changes on cash and cash equivalents	(163)	(393)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>3,055</b>	<b>8,978</b>

## Notes to the Condensed Consolidated Interim Financial Statements

### 1. Accounting Policies

#### **1.1. Reporting entity**

Induction Healthcare Group PLC (“Induction”, the “Group” or the “Company”) is publicly listed on the AIM market of the London Stock Exchange (“LSE”), and incorporated, domiciled and registered in the United Kingdom. The registered number is 11852026 and the registered address is 30 Crown Place, London, EC2A 4ES.

#### **1.2. Basis of preparation**

These interim financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (“Adopted IFRSs”). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the most recent annual consolidated financial information included in the annual report and accounts as of and for the year ended 31 March 2023.

The accounting policies applied are consistent with those applied in the most recent consolidated annual report and accounts for the year ended 31 March 2023, which are available on the Company’s website at [www.inductionhealthcare.com](http://www.inductionhealthcare.com) under “Investors – Financial reports & publications”

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control and continue to be consolidated until the date when such control ceases. The financial information of the subsidiaries is prepared for the same reporting period as the Group, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

These interim condensed consolidated financial statements are unaudited and were approved by the Board of Directors and authorised for issue on 6 November 2023 and are available on the Company’s website at [www.inductionhealthcare.com](http://www.inductionhealthcare.com) under “Investors – Financial reports & publications”.

## 2. Revenue

### 2.1 Revenue by performance obligations

	Period to 30 September 2023 £'000	Period to 30 September 2022 £'000
Provision of software	5,221	6,294
Post-contract support and maintenance	165	103
Set-up services	169	30
Professional services	225	492
Text message revenue	277	199
<b>Total revenue from contracts with customers</b>	<b>6,057</b>	<b>7,118</b>

## 3. Expenses by nature

	Period to 31 September 2023 £'000	Period to 30 September 2022 £'000
Employee benefit expense	3,686	4,809
Contractors	814	1,858
Amortisation of intangible assets	2,150	2,363
Depreciation of property, plant and equipment	1	39
Professional and legal fees	48	251
Research and development expense capitalised	-	(1,615)

## 4. Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

## Loss attributable to ordinary shares (basic and diluted)

	30 September 2023 £'000	30 September 2022 £'000
Loss attributable to ordinary shares used in calculating basic loss per share and diluted loss per share		
From continuing operations	(2,418)	(4,828)
From discontinued operations	755	-
	<b>(1,663)</b>	<b>(4,828)</b>

## Weighted average number of ordinary shares (basic and diluted)

	Period to 30 September 2023	Period to 30 September 2022
<b>Shares in issue on 1 April</b>	<b>92,380,300</b>	<b>92,050,727</b>
Issue of ordinary shares on exercise of equity settled share-based payments	-	329,573
Issued ordinary shares as at the end of the period	<b>92,380,300</b>	<b>92,380,300</b>
<b>Weighted-average number of ordinary shares (basic and diluted)</b>	<b>92,380,300</b>	<b>92,206,033</b>

Basic loss per share from continuing operations	<b>(0.03)</b>	<b>(0.06)</b>
Total basic loss per share	<b>(0.03)</b>	<b>(0.06)</b>
Diluted loss per share from continuing operations	<b>(0.03)</b>	<b>(0.06)</b>
Total diluted loss per share	<b>(0.03)</b>	<b>(0.06)</b>

## 5. Discontinued operations

During June 2023, the Group completed the sale of the Induction Switch disposal Group for an undisclosed sum. This disposal Group was classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" at 31 March 2023. The sale was completed in line with the Group's strategy to focus on sustainable growth.

## 6. Trade and other receivables

	<b>30 September</b>	<b>31 March</b>
	<b>2023</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Receivables from third-party customers	1,568	2,069
Other receivables	320	351
Prepayments	230	125
Social security and other taxes receivable	47	127
<b>Total trade and other receivables</b>	<b>2,165</b>	<b>2,672</b>

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.

## 7. Trade and other payables

	<b>30 September</b>	<b>31 March</b>
	<b>2023</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	509	849
Accruals	886	1,096
Social security and other taxes	469	703
Other payables	58	65
<b>Total trade and other payables</b>	<b>1,922</b>	<b>2,713</b>

Included within trade and other payables is £nil expected to be settled in more than 12 months

All trade and other payables are non-interest bearing and are normally settled on 30-day terms.