Induction Healthcare

Annual Report & Financial Statements

for the period ended 31 March 2019

Our mission

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Every Healthcare professional, every day, using an Induction Healthcare product to streamline the delivery of care

The Group is a healthcare technology business focused on streamlining the delivery of care by Healthcare Professionals. It is intended that the Group's technology will help Healthcare Professionals save time and deliver care more efficiently, whilst giving Healthcare Institutions the analytics to allow them to identify bottlenecks and reallocate resources so that resources can be used in the most efficient way.

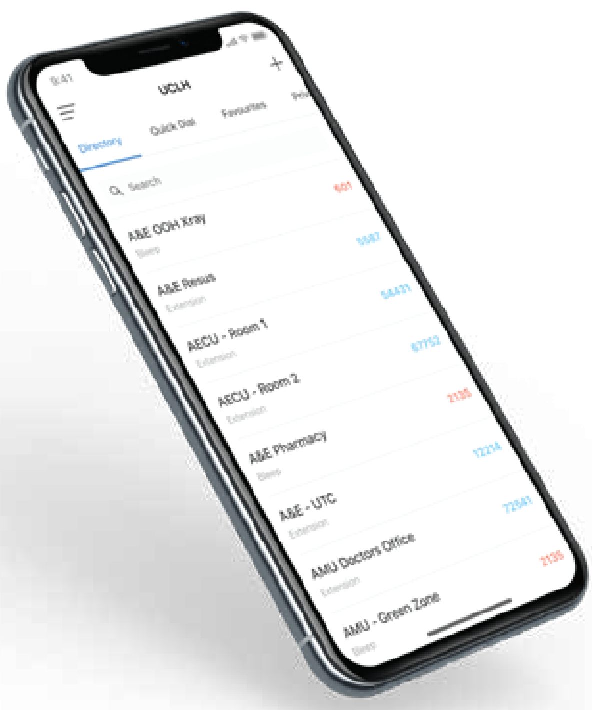
The Group's vision is to deliver the benefits of streamlined care through a suite of modules addressing a number of specific healthcare challenges, such as communication, staff management, clinical pathways, and training and regulatory compliance, supported by a full set of analytics and integrations with other major healthcare technology providers.

These modules would be accessed through a single app, thus eliminating the need for Healthcare Professionals to learn to use multiple systems and to have multiple log-ins. This would give Healthcare Institutions access to real time data on what is going on in their businesses and help them become more efficient.

Who are Induction Healthcare?

Helping healthcare professionals to streamline the delivery of care

Induction Healthcare Limited (“Company” or “Group”) is a healthcare technology company focused on helping healthcare professionals to streamline the delivery of care. The Group’s technology enables healthcare professionals to save time and deliver care more effectively and healthcare institutions to identify ways to allocate resources more efficiently. The Group is initially targeting to improve the way healthcare professionals communicate with each other, through its mobile application (‘‘App’’), Induction Switch. Induction Switch is an App that provides a telephone directory (allowing healthcare secure professionals to easily find extension numbers), messaging and an administration portal (to share and view hospital documents), all in a secure and regulatory compliant setting.



The Group's Key Performance Indicators
As at 31 March 2019

79,649

registered users, an increase of 38% over the last six months

40,765

average users in the month of March 2019

6.3m

users looked up 6.3m numbers in the directory, made 1.3m calls using Induction Switch and looked up 40,654 guidelines during the last 12 months

45%

of NHS hospital Doctors and 14% of all NHS healthcare professionals use Induction Switch[1]

584

UK healthcare institutions and 140 overseas healthcare institutions using Induction Switch

174

private workspaces set up with 1,423 "Level 1" users

1 NHS Workforce Statistics – March 2019

The Group at a glance

Successful IPO

In April 2019, the shareholders in the Company executed a share for share exchange whereby Induction Healthcare Group PLC acquired 100% of the share capital of the Company and in May 2019 Induction Healthcare Group PLC successfully completed its Initial Public Offering (the "IPO") on the Alternative Investment Market ("AIM") of the London Stock Exchange. This, together with a private placing completed just ahead of the IPO, raised gross proceeds of £16.6m. These funds will be used for working capital and to fund the cash consideration of acquisitions.

The IPO was achieved against a backdrop of challenging market conditions and continued uncertainty with regard to the United Kingdom's exit from the European Union ("Brexit") and the Company would like to thank its shareholders, employees and advisors for their support.

Current trading and outlook

Trading since the Period end has been positive. Registered users have increased from 79,649 to 94,020 as at 26 July 2019, growth of just over 18% since the Period end. Moreover, the number of private workspaces and "Level 1" users in those workspaces have increased by 21% and 42% respectively, to 210 and 2,022, with the Group continuing to focus on building an engaged user base.

Induction Switch messaging functionality was launched in March 2019 and is currently being trialled in a handful of workspaces. The initial user reaction has been positive, and the plan remains to roll it out to a broader user base during the current financial year.

The Group continues to make progress expanding Induction Switch functionality and whilst it has taken slightly longer than expected to resolve some of the technical teething issues, premium features are still planned to be launched during the current financial year. The freemium business model has been well received by healthcare professionals and the initial signs are encouraging, both in terms of the value proposition and the Group's ability to access funding pools as it seeks to upgrade users to "Level 2".

The Group has an active pipeline of acquisition targets, in line with its strategy to pursue acquisitions that add new and complementary products, users and geographies.

The Group's key strengths

- **Industry demand** - the Directors believe that the current delivery of care by healthcare professionals suffers from a flaw, which creates a market opportunity. On the one hand, healthcare professionals need to continually share information, for example by referring patients, submitting laboratory samples and swapping opinions on patients. On the other hand, communications are slow and cumbersome because the 'tools' used by healthcare professionals have not kept pace with the advance of technology and the speed of communication.

- **Strong foundations with established, engaged user base** – the Group has a strong market position with, 79,649 registered users, mainly in the UK, as at 31 March 2019. Based on the most recently published NHS data, 45% of NHS hospital doctors and 14% of all NHS healthcare professionals have registered to use Induction Switch[1]. The Directors believe that as the users are responsible for maintaining the telephone directory for their healthcare institution this engenders a sense of ownership and helps drive engagement.

- **Fragmented, large market** - the market for healthcare IT is large and fast growing. The estimated global spend on healthcare technology in 2015 was $125bn and this is forecast to grow to $297bn by 2022, a compound annual growth rate of 13.2%[2]. However, most of the healthcare technology market is still fragmented with lots of country specific point solutions, often with low user bases and only a modest number of customers. The Directors believe that in order to be successful in the healthcare technology market, companies will need to consolidate their offerings, not only to limit the number of systems that healthcare professionals need to access on a daily basis, but also to maximise the potential efficiency savings to healthcare institutions.

- **Scalable, pure play platform** - unlike more general messaging apps such as Facebook Messenger and WhatsApp, which enable instant messaging and phone calls between users, Induction Switch has been designed specifically for the healthcare market and benefits from a healthcare specific architecture that means it is better placed to comply with General Data Protection Regulations ("GDPR") and regulations on the handling of patient data, and is therefore better suited to the way that healthcare professionals work.

1 NHS Workforce Statistics – March 2019
2 Allied Market Research

The Group at a glance
(continued)

- **Freemium revenue model** - the Group's business model is based on the premise that getting healthcare professionals to use enabling technology is the greatest challenge therefore building a strong and engaged user base is the best way to be valuable to healthcare providers and thus build a sustainable business. As such, the Group has pursued a freemium model under which initial access to Induction Switch is free, and payment is required to access premium features. Once there are enough paying users in a healthcare institution, the Group's business model is to offer the healthcare institution a corporate subscription that offers a significant discount price per user and also more control over users, content, analytics and access rights.
- **Experienced management team** - the Group's senior management team and Board have extensive experience in the healthcare and technology sectors, both in creating and commercialising healthcare technology products. Moreover, the core executive team worked together at DrugDev Inc ("DrugDev"), a healthcare technology business that operated in the clinical trials sector and pursued a buy and build strategy similar to that proposed by the Group, taking the DrugDev business to a successful exit and creating significant value for shareholders.

The Group's vision

The Group is a healthcare technology business focused on helping healthcare professionals to streamline the delivery of care. It is intended that the Group's technology will help healthcare professionals save time and deliver care more efficiently, whilst giving healthcare institutions the analytics to allow them to identify bottlenecks and reallocate resources so that resources can be used in the most efficient way.

The Group's vision is to deliver the benefits of streamlined care through a suite of modules addressing a number of specific healthcare challenges such as communication, staff management, clinical pathways, training and regulatory compliance, supported by a full set of analytics and integrations with other major healthcare technology providers.

These modules would be accessed through a single app, thus eliminating the need for healthcare professionals to learn to use multiple systems and to have multiple log-ins and would give healthcare institutions access to real time data on what is going on in their organisations and help them become more efficient.

Introduction to the Group's strategy

The Group's strategy is to leverage its 79,649 (as at 31 March 2019) registered and fast growing user base of healthcare professionals as a way to bring technology to healthcare delivery at the grass roots level. The Directors' intention is to grow the Group's number of users, its breadth of technological functionality and its geographic reach through a buy and build strategy.

There are two key prongs to the Group's strategy to deliver its vision:

— **User focused approach** – the Directors believe that users are the scarce resource in healthcare technology solutions, with healthcare professionals often wary of new technology, especially if it is being pushed onto them 'from above' by healthcare institutions. As such the Group's strategy is initially to target the creation of a large and engaged user base of healthcare professionals and to build products that are intuitive to use and provide practical solutions to problems. The Directors believe that this will drive engagement and, together with a business model that gives users access to the basic package for free, will maximise user growth. Once a strong user base has been established it will be much easier to generate revenue from these users or from the healthcare institutions in which they work. The Directors' experience suggests that in most geographies a top down approach, whilst appearing initially more attractive (due to account size and guaranteed revenue generation from contracts), will take longer than expected to execute (due to complex and lengthy procurement processes) and is less likely to deliver success (due to end-user resistance).

— **Buy and build to accelerate growth** – aside from the Electronic Medical Records ("EMR") market, the healthcare technology market is still fragmented with lots of country specific point solutions, often with low user bases and only a modest number of customers. The Directors believe that, in order to be successful, companies in the healthcare technology market will need to consolidate their offerings, not only to limit the number of systems that healthcare professionals need to access on a daily basis, but also to maximise the potential efficiency savings to healthcare institutions. The Group's initial review of the market spread across multiple modules and geographies has identified over 150 potential acquisition targets, both in terms of companies and standalone healthcare apps. Specifically, the Directors see the opportunity to generate value from these acquisitions through cross selling acquired offerings to the Group's registered users and vice versa. This acquisition strategy will be coupled with a build strategy, both in terms of entering new geographies and building modules where the Directors do not consider that there are suitable acquisition targets.

The Group's revenue model

The Group's business model is based on the premise that healthcare professionals as users are the scarce resource in the healthcare technology market and that building a strong and engaged user base is the best way to generate sustainable revenue. As such the Group has pursued a model where access to the basic package of features is free to users in order to encourage as many users as possible to join and use the product. Users at this basic level are known as "Level 0" users and have access to all of the standard features, such as the telephone directory and dialler. ("Base Features").

Users in a private workspace are known as "Level 1" users and have access to all of the same Base Features as Level 0 users, but with the addition of having an administrator who controls membership of and content in the Level 1 workspace through the administrative portal. Level 1 access is also free to users.

The Group launched private workspaces in September 2018 and by 31 March 2019 174 private workspaces had been created. As at 31 March 2019 there were 1,423 users in the private workspaces, with 857 having joined in the last two months of this financial year as the Group has started to focus on increasing user numbers in Level 1 workspaces ahead of the full commercial launch of messaging.

Over the next year, the Group is planning to launch a number of premium features that will only be accessible when a monthly fee is paid. Users subscribing to these premium features are known as "Level 2" users, with three choices of access levels available (Silver, Gold and Platinum), depending on the chosen feature set.

Strategic Report
(continued)

The Directors anticipate that pricing will range from £2 per user per month for Silver access, £5 per user per month for Gold access and £7 per user per month for Platinum access. The pricing model is designed so the costs can easily be covered within a departmental budget, without the need for the healthcare professionals to involve senior management, procurement, or enter into a lengthy contract negotiation. The Directors anticipate that for a typical workspace of around 25 users the annual costs will be between £600 and £2,100 depending on which premium features users choose to adopt in respect of the workspace.

Once there is a sufficient number of paying workspaces in a particular healthcare institution, the Group intends to offer the healthcare institutions a corporate subscription that not only offers a significant discount to Level 2 pricing per user, but also gives the healthcare institutions more insight over users, content and access rights. Users in a healthcare institution that have a corporate subscription are known as "Level 3" users. Pricing for these subscriptions includes all the features included in the Level 2 Platinum price and the Directors anticipate that pricing will range from £30,000 to £150,000 per annum depending on the number of emailed confirmed users.

The Group's growth strategy

Looking beyond Induction Switch, the Group's strategy is to grow its offerings, not only by adding new modules, either through in-house development or through acquisitions, but also by expanding into new geographies.

New Modules

In terms of new modules, the Directors have identified five additional areas where they believe that access to the Group's user base will be able to drive benefits both for healthcare professionals and healthcare institutions as follows:

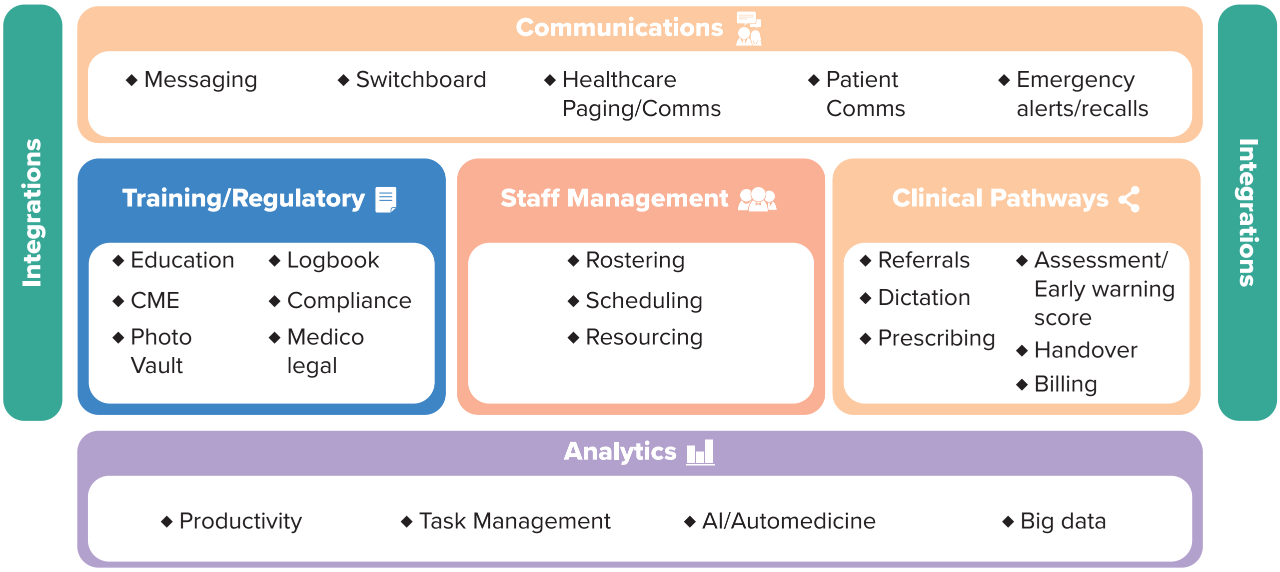
— **Training and regulatory** – this module would include products such as continuing medical education, medical photograph vaults for training and reference purposes, the maintenance of training logbooks for healthcare professionals' compulsory continuing professional development, compliance training and reference materials and medico-legal materials;

— **Staff Management** – this module would include rostering, scheduling, resourcing and agency applications, both in terms of healthcare professionals working on a temporary basis and healthcare institutions seeking to organise and understand their workforce;

— **Clinical Pathways** – this module would include areas such as referral pathways, assessment and early warning scoring systems, handover systems, dictation and billing and reimbursement systems;

— **Analytics** – this module would include products involving productivity, task management and the emerging field of the use of artificial intelligence in medicine. This module would be primarily aimed at healthcare institutions; and

— **Integrations** – this module would include creating integrations with third party systems in order to transfer data to and from the Group's modules.



The Group's vision is to use Induction Switch as the main user interface for healthcare professionals, with the other modules feeding data to and from Induction Switch. The Directors believe that this will keep the user experience as seamless as possible, avoid the need for multiple log-ins and make acquisition integration simpler by using Application Protocol Interfaces ("APIs") to communicate between Induction Switch and other modules.

The Group's preferred strategy is to acquire companies or applications rather than to develop new modules in-house, and the Group's initial review of the market, spread across multiple modules and geographies has identified over 150 potential acquisition targets (of which approximately 70 have been prioritised), both in terms of companies and standalone healthcare apps, suggesting that there is a plethora of potential targets. This strategy will be supported by the Group's experienced internal mergers and acquisitions team.

New Geographies

Induction Switch has been designed to work in multiple geographies and languages and whilst the Group currently has a commercial presence in the UK and Australia, the Directors expect the Group to expand into further countries during the year ending 31 March 2020. This expansion should create opportunities for the Company through access to more users, access to more customers and access to acquisitions (and hence functionality) that can then be marketed to existing customers in existing markets.

Initially, the Directors intend that the Group will focus on new geographies that they consider to have structural similarities to the UK and Australian markets. More specifically those with a national health insurance model of healthcare delivery; that are serviced by autonomously operated, mostly publicly owned enterprises (usually hospitals) that operate against a backdrop of a centralised purchaser with the ability to negotiate lower prices. These rely heavily on a transient medical labour force of junior doctors and doctors-in-training to deliver economical care; and that have centralised mechanisms for the accreditation of healthcare enterprises, practitioners and IT systems.

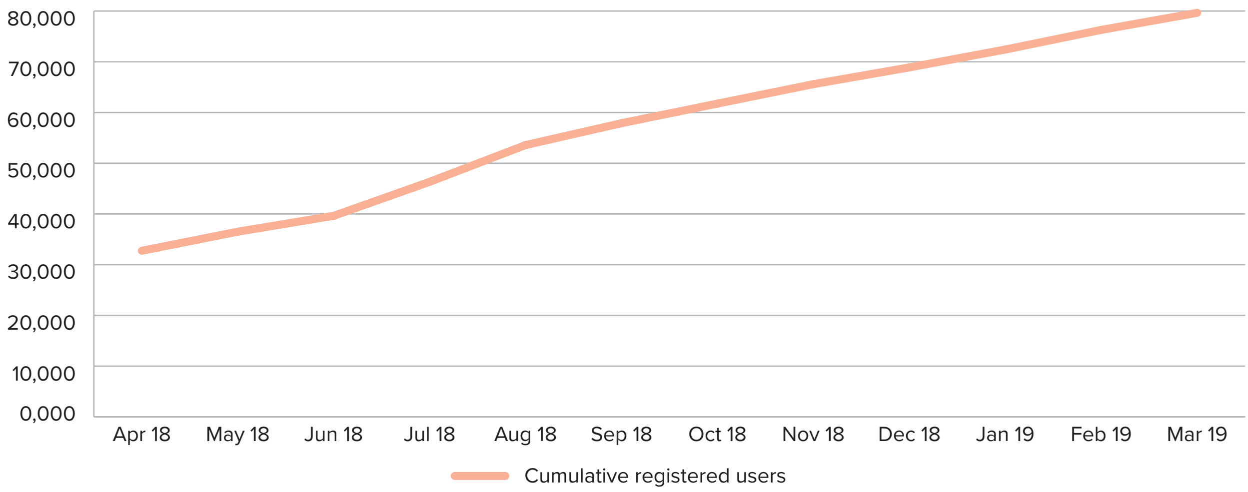
Countries that are considered to meet these criteria include France, Germany, the Netherlands, Belgium, Switzerland, Sweden, Austria, Canada and South Africa. The Group will initially avoid predominantly self-pay markets (such as the USA, Latin America and Asia) whose highly fragmented, consumer-driven delivery of care model creates significantly different barriers for disruption to enterprise IT buying behaviours.

Business review

The Period to March 2019 was a landmark, with the Company focusing on growing its user base, building out the Induction Switch functionality and securing the funds post-Period-end via an IPO to begin to deliver on the Group's strategy.

Growing the user base

As at 31 March 2019 Induction Switch had 79,649 registered users, primarily in the UK, including 52,338 doctors, General Practitioners and consultants, 15,611 nurses and 11,700 other healthcare professionals. The user base has been growing rapidly largely through word of mouth between healthcare professionals. The chart below shows the number of users added per month over the last 12 months up to the Period end.



From a geographic perspective, as at 31 March 2019, 74,733 (94%) of the Group's registered users were based in the UK, 1,723 (2%) in the US, 1,557 (2%) in South Africa, 832 (1%) in Malta, 677 (1%) in Australia and 127 (0.2%) elsewhere. Aside from Australia and the UK, where the Group has a commercial presence, the user base in all of the other geographies has grown through word of mouth, demonstrating the need for a product such as Induction Switch.

As at 31 March 2019, the Group's users were based in 724 healthcare institutions. Within this user base, there were 42 healthcare institutions with more than 500 Induction Switch users, demonstrating both the breadth and depth of current penetration.

One of the Group's strengths is that it has an engaged user base and it is focused on making sure that Induction Switch's value proposition remains highly current for all of its users. The Group does this by engaging with users on a regular basis and designing product "blueprints" that helps individual users and groups of users in Level 1 workspaces get the most from Induction Switch. This engagement is demonstrated both by the high average monthly user numbers and by what the Directors believe are industry leading retention rates, with an average of more than 60% of users retained for more than 6 months.

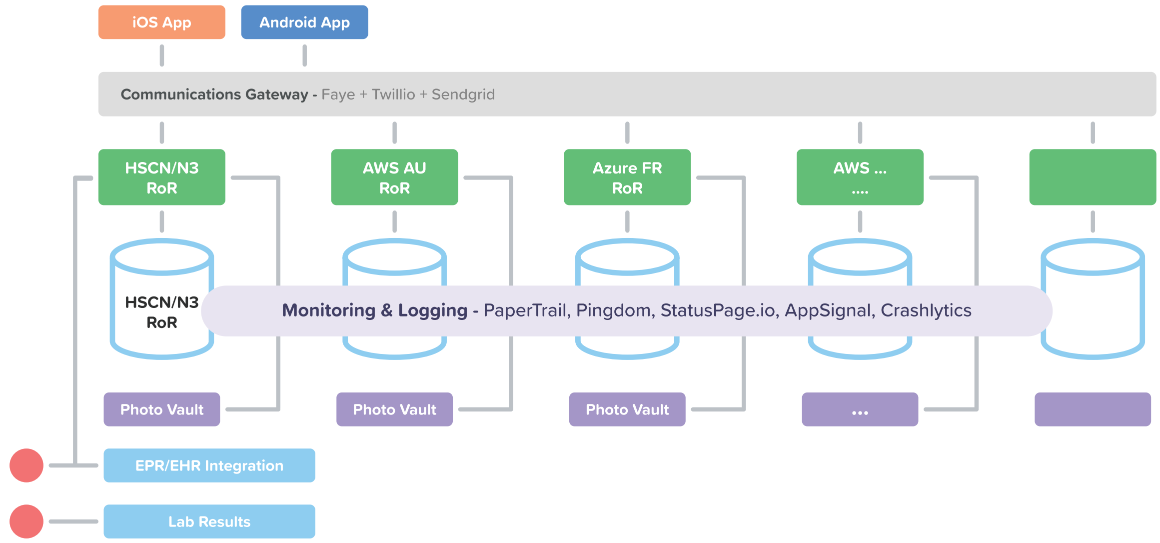
Building out Induction Switch's functionality

During the Period to 31 March 2019 the Group made a significant investment in its technology platform, acquiring the intellectual property rights to the MedX secure messaging app from Dr. Hugo Stephenson (MedX was the brand used for the original prototype application launched in Australia) and entering into an option to acquire Podmedics Limited the company which owned the original version of Induction Switch.

This allowed the Group to bring together the original MedX technology platform developed as part of the proof of concept in Australia with the well-established Induction Switch App in the UK, launching the first generation of the combined application in August 2018. The second generation App incorporating, amongst other features, instant messaging was launched in late March 2019.

The Group also invested in the Company's technology backbone, with a view to creating a scalable and reliable platform capable of servicing the healthcare market. The infrastructure, illustrated below, has been designed to cater for country specific regulations and data sovereignty. This is satisfied by creating a local instance, illustrated below for the current support for the UK and Australia. Taking this approach will mean that Induction can operate, for example in France and meet the demands of CNIL (Commission Nationale de l'Informatique et des Libertes) at the same time as operating in the UK, Australia and other geographies.

Business review
(continued)



The technology which underpins this infrastructure is called OpenShift. OpenShift is an open source container application platform developed by Red Hat and is based on top of Docker containers and the Kubernetes container cluster manager. The use of containers and container management technology like Docker and Kubernetes is widely seen in high-profile cloud-based providers, including Amazon Web Services and Microsoft Azure, as well as independent data centre providers, thus offering the Group the ability to use these options as appropriate in specific countries.

The Group has designed the platform based on micro-services, managed via the world's most popular open source micro-services gateway, Kong. This technology offers perimeter protection and orchestrates micro-services to distribute load and improve performance. This micro-service approach will be extended when the Group launches a set of open APIs. The APIs will come with documentation and support for developers, allowing external organisations to easily integrate with the Group's products and services.

In addition, the Group has undergone a positive independent audit by Lloyd's Register Quality Assurance for the purpose of certification in ISO9001:2015 and ISO27001:2013 to cover the required activities in the provision of software products in a secure manner. This initial audit took place in January 2019 and the Group's certification to both standards was approved in March 2019.

Financial Review

Trading review

The loss for the Period was £2.7m. This included £0.5m of non-recurring costs relating to establishing the Group, acquiring Podmedics and preparatory work for the IPO on AIM. The Group made significant investment in its technology platform during the Period, with £1.3m spent on product development (excluding £0.2m of capitalised development spend).

Net debt

As at 31 March 2019 the Group had £2.5m of loan notes outstanding. Subsequent to the Period end, £2.0m of these loan notes were converted into Ordinary Shares in Induction Healthcare Group PLC and the balance was repaid.

Intangibles assets

As at the Period end the total intangible assets were £0.2m. The majority of this related to capitalised development spend relating to Induction Switch.

Working capital

Current assets mainly comprise the Podmedics option, VAT, prepayments and other receivables. Current liabilities mainly comprise trade payables and accruals with accrued IPO fees accounting for a significant portion of the accruals.

Principal Risks and Uncertainties

The Board is responsible for ensuring that the Group is protected from unnecessary risk and regularly reviews the risks and opportunities of the business to ensure that appropriate mitigation strategies are adopted.

Risk Appetite: the Board assumes a risk aware approach to the management of risk within the business. Through detailed planning and continuous monitoring, all identified significant risks have appropriate mitigating actions that reduce the likelihood of a risk event and/or reduce their impact to an acceptable level.

Risk Management Process: overall responsibility for risk management resides with the Board; the Directors play the leading role in risk management, monitoring our overall risk profile and considering action required on a quarterly basis at Board meetings and on an interim basis as appropriate.

The Board is responsible for ongoing assessment of risk management across the business and the appropriateness of operational processes in sites, including the effectiveness of controls, reporting of risks and reliability of checks by management.

Risk Management Activities: risks are identified through a number of routes, including:

— Quarterly risk meetings to discuss risks facing the business such meetings are attended by Ibraheem Mahmood(Chief Executive Officer, "CEO"), Seb Jantet (Chief Financial Officer, "CFO"), Ed Wallitt (Chief Product Officer, "CPO") and Molly Gilmartin ("Chief Commercial Officer");

— Regular review and updates of the risk register for newly identified risks and actions implemented to mitigated existing risks.

Registering and reviewing risks: the Group assesses each risk based on the impact that the risk could have on the running of the business, and then addresses control and mitigation appropriately. Each risk is scaled, based on the likelihood of occurrence and severity of impact, and risks categorised as high, medium or low accordingly, with high risk areas receiving the most attention.

This Risk Register is updated and presented to the Board on a quarterly basis and the risk long list is formally reviewed and adopted annually.

Set out below are the principal risks and uncertainties that the Directors consider could impact the business. The Board recognises 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.

Risk and Impact	Mitigation
Competition and technological change	
The Group operates in a competitive market, with new competitors regularly entering the market. Some of these new entrants are already established in the healthcare market and have access to greater resources. These new entrants may make it hard for the Group to generate the anticipated revenues due to both increased competition and pricing pressure. In addition, there is the risk that new technologies emerge that may render the Group's existing products and services obsolete, unmarketable or competitively impaired and may exert downward pressures on the pricing of existing products and services.	Induction Switch is a well-established product in the UK and this, coupled with a user focussed strategy, creates a large barrier to new competitors. The Group also continues to invest in the development of the core Induction Switch platform to ensure it remains innovative, competitive and attractive to users as well as customers.
Key system failure or disruption	
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. Threats are both internal, such as releasing software that doesn't function as intended and external, such as a third party disrupting the platform or a failure of a key outsourced provider.	The Group uses an agile development methodology meaning that only small incremental changes are made to the platform and are subject to rigorous QA and product acceptance before they are released to users. In addition, the Group maintains backups allowing it to roll back to previous versions if a new release fails. In term of third-party disruptions, the Group carefully evaluates all third-party suppliers, ensuring that they have appropriate fall-back systems and disaster recovery processes. Lastly, the system is penetration tested by a third-party supplier twice a year.

Principal Risks and Uncertainties (continued)

Acquisitions

The Group has as a strategy of growing by acquisitions that bring four specific risks:

(i) the availability of acquisitions,

(ii) the ability to acquire these businesses at acceptable prices,

(iii) the ability to integrate these acquisitions, and

(iv) the ability to deliver the anticipated returns from these acquisitions.

The Group has put in place a dedicated mergers and acquisitions team and identified many potential acquisition targets that fit the Group's criteria. The Group intends to bridge any mismatch in valuation expectations by offering its listed shares as part consideration, thereby allowing prospective vendors the opportunity to share in the potential upside derived from the acquisition. Integration risk will be mitigated through the use of comprehensive commercial, financial and legal due diligence ahead of acquisitions coupled with a detailed 100 day integration plan that set out a clear path for integration and identifies any potential integration issues and addresses them upfront. Whilst it is impossible to completely mitigate against the risk that acquisitions do not deliver the anticipated returns the Board has extensive experience with acquisitions and this, together with timely and accurate management information that will rapidly identify any underperformance, helps significantly reduce the risk.

Regulatory Compliance

Regulatory compliance is a key risk for the Group, not only in terms of GDPR but also specific restrictions relating to potentially identifiable patient information. These regulatory requirements differ from geography to geography and can necessitate the need for different IT infrastructures. In addition, Brexit could make the regulatory backdrop even more complicated as the UK's regulations start to diverge from the European Union's. Failure to comply with regulations could have a material impact on the Group's reputation and financial results.

Regulatory compliance is a core focus of the Group and as part of obtaining the ISO27001 and ISO9001 certifications the Group has put in place a large number of data protections policies that are designed to make sure that it complies with GDPR and other regulatory requirements. These policies are reviewed twice a year and audited by a third party once a year. The Group also uses an external Data Protection Officer. In terms of potentially identifiable patient information the Group stores its data in the UK and the App has been designed to minimise the risk of potentially identifiable patient information being disclosed to unintended recipients. Furthermore, all data is encrypted at rest and in transit, further reducing the risk. Before the Group enters a new country, it carries out a detailed assessment of the data and privacy restrictions in place and its IT infrastructure has been designed in such as way so to allow it to cater to differing geographic requirements in terms of data storage, location etc. In terms of Brexit, the Group does not currently have a presence in any other members of the European Union aside the UK so there is no immediate impact.

Revenue Model

The Group's revenue model is untested and there is risk that it may not be able to generate the anticipated revenue and/or achieve the anticipated pricing.

The Group's uses a freemium model whereby initial access is free and users pay to access more advanced features. The Group has adopted this revenue model as it allows it to overcome one of the main reasons for technology not succeeding in healthcare which is lack of user adoption. With 45% of NHS hospital doctors already using Induction Switch this challenge to the revenue model is already largely de-risked. The second phase, which involves persuading department heads and clinical leads to start paying for premium features is, as yet, untested as these features are only to be launched in the second half of the 2020 financial year. However, the Group's conversations with users supports the view that there is both the desire to use these advanced features and the ability to pay for them. The third phase, which involves rolling out the App at healthcare institution wide level is also untested, but the initial signs are positive, both in terms of a shift in attitude toward the use of technology and a willingness to pay for it. In terms of pricing, the Group has set its pricing taking into account market pricing for similar offerings and pricing will be supported by Return On Investment ("ROI") models.

Exposure to the NHS

The NHS is a complex series of organisations and there is a risk that the Group may not be able to navigate these organisations and reach the correct decision makers. In particular the procurement process can be onerous and very lengthy, increasing the risk that revenues fall short of expectation. In addition, 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 and these can also delay or even negate the Group's ability to derive revenues from the NHS. Lastly the NHS operates against a backdrop of tight funding and this could have a negative impact on pricing.

The Board and management team have extensive experience of both working in and supplying to the NHS meaning that the Group is well placed to navigate the myriad of NHS organisations. Whilst untested, the Group's revenue model is designed to "fly under the radar" of formal procurement, accessing smaller pools of funding that do not need to go through the formal procurement process. In terms of political risk, whilst the Group cannot mitigate this entirely, there is cross party support for the use of technology in the NHS and this together with the ROI models that the Group intends to develop will help reduce both political and pricing risk. Lastly, the Group plans to expand into geographies outside of the UK, thus reducing specific exposure to the NHS.

Directors' Biographies

Christopher Spencer - Non-Executive Chairman (independent)
Chris was appointed to the Board as Independent Chairman on 1 April 2019. He has 40 years' experience in software, healthcare, and legal matters having initially worked as a nurse in psycho-geriatrics and terminal care while studying law at Leeds University. After qualifying as a Solicitor and becoming managing partner of the legal practice where he had been an articled clerk, he simultaneously co-founded a software house for the professional services sector. In 1999, after forming his own legal practice and later becoming general manager, legal counsel and head of IT with a patent and trademark practice, Chris joined EMIS Group plc. At EMIS Group senior roles included Chief Administrative Officer overseeing acquisitions, a management buyout, and, in 2010, an Initial Public Offering. He was appointed Chief Executive of EMIS Group in 2013 and after retiring from that position has served on several healthcare-related private company boards. Chris is a Solicitor (non-practising), formerly an Associate of the Chartered Institute of Patent Agents and member of the Law Society of England and Wales and Fellow of the Chartered Management Institute and remains a member of the Society for Computers and Law. He holds an LLB (Hons) and qualified as a solicitor (with distinction).

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

Ibraheem ("Ibs") Mahmood - Chief Executive Officer
Ibs was appointed to the Board on incorporation on 28 February 2019. He has a broad background in healthcare, technology and finance having read medicine at Oxford, worked as a Healthcare Strategy Consultant at Accenture, Healthcare Investment Banker at Nomura, Lifesciences Equity Research Analyst at Investec and Corporate Venture Capitalist at Shire Pharmaceuticals. Most recently Ibs was President and CEO of DrugDev –a leading clinical trial technology company. Between 2011 and 2018 he oversaw the growth of the company from just three people to approximately a thousand with the concomitant growth in the sales order book of sold business from zero to several hundred million dollars. He also led funding rounds of well over $50m and the sale of the business to IQVIA - the largest clinical research organisation in the world - where he worked until late 2018 running their Global Clinical Technology business. He also worked as an Entrepreneur-in-Residence for Oxford University's affiliated $1bn technology transfer fund.

Sebastien Jantet - Chief Financial Officer (resigned 16 August 2019)
Seb was appointed to the Board on incorporation on 28 February 2019. He has over 25 years of experience in finance, both in the public and private markets. Most recently he was chief financial officer of DrugDev Inc, which he joined in 2013 and was part of the team that executed a buy and build strategy in the clinical trials technology market, ultimately culminating in a successful exit to IQVIA in 2017. Prior to that Seb spent 22 years working in the City. During this period, he spent 11 years working at Investec where he was a top ranked healthcare analyst, headed up the healthcare equity research team and was co-head of research. Prior to that he worked for KPMG where he spent 4 years working in corporate finance. He is a qualified accountant, a member of the Institute of Chartered Accountants of England and Wales and has a BA in French and Politics from the University of East Anglia. He is also a non-executive Director of Elizabeth Finn Homes Limited.

Directors' Biographies
continued

Jane Elizabeth Silber - Non-Executive Director (Independent)
Jane joined the Board on 1 April 2019. Jane is an experienced IT senior executive and tech start-up advisor. She is Executive Chair of Diffblue Ltd and a non-executive board member of Pusher Ltd and Canonical Ltd. She also serves as an advisor for 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 chairs the Remuneration Committee and also serves on the Audit and Nomination Committees.

Dr Hugo Stephenson - Non-Executive Director
Hugo joined the Board on 1 April 2019. He is a medical doctor and technologist who has founded, grown and generated value for shareholders from businesses focussed on healthcare IT and drug development. Companies include MedSeed PTY Ltd, an early pioneer of computerized decision support for antibiotic prescribing and wound management in hospitals (sold to eHealthcare Asia in 2000) and Health Research Solutions, a contract research organization that used technology to enable multinational electronic data collection for medical product registries and phase IV clinical trials. Between 2002 and 2012, Hugo established and ran Quintiles' global late phase clinical trial business and, in that role, oversaw the development of MediGuard, a technology enabled community of over 2.4 million patients. Hugo has been an investor in, and advisor to, numerous healthcare and technology companies and in 2012 co-founded DrugDev, a leading provider of enterprise resource planning systems for multinational clinical trials (sold to IQVIA in 2017).

Hugo serves on the Nomination Committee.

Leslie-Ann Reed - Non-Executive Director (Independent)
Leslie-Ann joined the Board on 19 July 2019. Leslie-Ann Reed is a chartered accountant with a diverse background and extensive international experience. Leslie-Ann is currently Non-Executive Director and Chair of the Audit Committee for Learning Technologies Group plc and a Non-Executive Director at Bloomsbury Publishing PLC. From 2010 she was Chief Financial Officer of the global, online B2B auctioneer Go Industry plc and Between 2007 and 2010 Leslie-Ann was as an adviser to Marwyn Investment Management, private equity company, overseeing the acquisitions' strategy to acquire professional training, research, data and information businesses. Prior to this she served as Chief Financial Officer of global commodities' & economic research media group Metal Bulletin plc helping to lead its transition from printed products to an online data and news service. She played an important role in driving strong organic and acquisitive growth and in materially improving shareholder value, which ultimately lead to its acquisition by Euromoney Institutional Investor. After a career at Arthur Andersen, she held senior finance leadership roles at Universal Pictures, Polygram Music, EMI Music and Warner Communications Inc.

Leslie-Ann chairs the Audit Committee and also serves on the Remuneration and Nomination Committees.

Governance Report for Induction Healthcare Group PLC

Chairman's Statement

Christopher Spencer

We are only at the start of our journey

I have pleasure in introducing the Induction Healthcare Group PLC Corporate Governance Report[1], our first since our admission to trading on AIM on 22 May 2019. We are only at the start of our journey as an AIM listed company, and this annual report deals with the financial period preceding our listing. However, I would like to take the opportunity to set out our governance framework and describe the work we have done, in the short time since our AIM listing, to ensure good corporate governance. The Directors recognise the importance of sound corporate governance and, given the Enlarged Group's size and constitution of the Board, we have chosen to comply with the principles set out in the QCA Corporate Governance Code (The "QCA Code"). The QCA Code was devised by the Quoted Companies Alliance, in consultation with several significant institutional small company investors and is a widely recognised benchmark for the corporate governance of small and mid-sized quoted companies, particularly AIM companies.

More detail on how we comply with the QCA Code can we found below and in the investor section of our website https://investor.inductionhealthcare.com.

We will monitor our application of the QCA Code over the coming year and will revise our governance framework, as appropriate, as the business evolves. I look forward to reporting on our progress in our next annual report.

Christopher Spencer
29 July 2019

The Role of the Board

The Board is responsible for setting the strategic aims and objectives of the Enlarged Group and, as articulated at the time of our IPO, the Enlarged Group's vision is to deliver the benefits of streamlined care through a suite of modules addressing a number of specific healthcare challenges such as communication, staff management, clinical pathways, training and regulatory compliance, supported by a full set of analytics and integrations with other major healthcare technology providers. As the Board works to shape and implement this vision, we will take into account the expectations of our shareholders and wider stakeholders – particularly our employees and customers.

Certain matters are reserved for approval by the Board. These include:

- setting the Enlarged Group's overall strategy, aims and objectives;
- decisions related to the Enlarged Group's capital and structure;
- approval of the Enlarged Group's financial and statutory reporting;
- ensuring the maintenance of a sound system of internal control and risk management ;
- major capital and revenue commitments;
- corporate governance, policy approval, internal control and risk management.

The Board is supported by the executive team who have responsibility for day-to-day oversight of the Enlarged Group's activities and for ensuring that operations remain in-line with strategic objectives and the Board's long-term vision.

1 Induction Healthcare Group PLC became Induction Healthcare Limited's holding company on 1 April 2019, ahead of the Admission on AIM which took place on 22 May 2019. Whilst these financial statements relate to Induction Healthcare Limited, the Governance section relates to Induction Healthcare Group PLC and its subsidiaries ("Enlarged Group"), in accordance with the QCA Code.

Governance Report (continued)

Risk Management and Internal Control

The Board has ultimate responsibility for the Enlarged Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Enlarged Group. The principal elements of the Enlarged Group's internal control systems include:

— day to day management of the activities of the Enlarged Group by the Executive Directors;
— a detailed annual budget which is reviewed and approved by the Board;
— monthly reporting of performance against the budget;
— a schedule of delegated authority which defines levels of approval authority over such items as capital expenditure, commercial contracts, litigation and treasury;
— maintenance of a risk register which is reviewed regularly by the Board.

The Board will continue to review its system of internal controls to ensure compliance with best practice, whilst also having regard to its size and the resources available. Further details on the Enlarged Group's principal risks and uncertainties can be found on page 11 to 13 of this annual report.

The Composition of the Board

The Board of Induction Healthcare Group PLC currently comprises six Directors, being the Non-Executive Chairman, two Executive Directors (the Chief Executive Officer and the Chief Financial Officer) and three Non-Executive Directors. The Board considers the Chairman, Jane Silber and Leslie-Ann Reed to be independent. The Board will keep the balance of its composition under review, to ensure the Directors have a sufficiently wide range of skills and experience to enable the Enlarged Group to pursue its strategic goals and to address anticipated issues in the foreseeable future. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

Each Director is expected to dedicate sufficient time to the Board and Board activities. The Board is satisfied that its members are able to do this but will keep this under review.

Board Committees

The Board is supported in its work by three Board Committees namely, the Audit, Remuneration and Nomination Committees. Each was established with terms of reference which set out the parameters of the Committee's delegated responsibility and will be reviewed annually going forward. The terms of reference are available on the Group's website.

The Audit Committee comprises Leslie-Ann Reed, Chris Spencer and Jane Silber and is chaired by Leslie-Ann Reed. It is the Audit committee's duty, inter alia, to determine and examine matters relating to the financial affairs of the Enlarged Group including the terms of engagement of the Enlarged Group's auditors and, in consultation with the auditors, the scope of the annual audit. It receives and reviews reports from management and the Enlarged Group's auditors relating to the half yearly and annual accounts and the accounting and internal control systems in use throughout the Enlarged Group.

The Remuneration Committee comprises Jane Silber, Leslie-Ann Reed and Chris Spencer and is chaired by Jane Silber. The Remuneration Committee, inter alia, reviews and make recommendations in respect of the Executive Directors' remuneration and benefits packages, including share options and the terms of their appointment. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options to employees under the Share Option Plans.

The Nomination Committee comprises Chris Spencer, Jane Silber and Hugo Stephenson and is chaired by Chris Spencer. The Nomination Committee considers the selection and re-appointment of Directors. Since the Enlarged Group's IPO, the Nomination Committee has met to identify and nominate an additional Non-Executive Director and recommended the appointment of Leslie-Ann Reed to the Board. The Committee will regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.

Board and Committee Meetings

Since listing, the Board has held three full Board meetings, which all Directors on the Board at the time of the meeting attended. The Directors have also held two Remuneration Committee, two Nomination Committee meetings and one Audit Committee meeting. All the Directors on the Board at the time of the meetings attended the committee meetings where they were a member.

Governance Report
(continued)

Conflicts of Interest

At each meeting of the Board or its Committees, the Directors are required to declare any interests in the matters to be discussed and are aware of the duty to notify any actual or potential conflicts of interest.

External Advisers

The Board seeks advice and guidance from its Nomad (Numis) and its lawyers (Pinsents Masons LLP). The Board also uses the services of an external company secretarial provider, Prism CoSec, which assists the Chair in preparing for and running effective Board meetings, including the timely dissemination of appropriate information and the taking of accurate minutes.

Board Evaluation

The Board intends to carry out an evaluation exercise in 2020 and will report on this in its 2021 annual report.

Annual General Meeting

Induction Healthcare Group PLC's first Annual General Meeting ("AGM") will be held at 11.00am on 19 September 2019 at Numis Securities Ltd, 10 Paternoster Square, London EC4M 7LT. Shareholders will have the opportunity to raise questions with the Board at the AGM and to meet informally with the Directors following the meeting.

Directors' report

The Directors are pleased to present their first report to shareholders and the audited financial statements for the Period ended 31 March 2019.

Principal activity and business model

The principal activity and business model are set out in the Business Model and Strategy section on page 7.

Results and dividends

The results for the Period to 31 March 2019 are set out in the financial statements on pages 25 to 30.

The Directors do not propose payment of a dividend for 2019.

Review of the Period

A comprehensive analysis of the Group's progress and development is set out in the Business Model and Strategy and Business Review section on pages 5-7 and 8-9. This analysis includes comments on the position of the Group at the end of the financial Period.

Significant events after the Period end

— The shareholders in Induction Healthcare Limited executed a share for share exchange whereby Induction Healthcare Group PLC acquired 100% of the share capital of Induction Healthcare Limited

— Induction Healthcare Group PLC completed successful Initial Public Offering (IPO) on the AIM market of the London Stock Exchange in May 2019, raising £16.6m, before expenses;

— Net proceeds from the IPO were used to part pay down the loan note between Hugo Stephenson to Induction Healthcare Group PLC, cover IPO-related transaction costs and provide working capital and funds for future acquisitions; and

— Note 21 of the accounts provides more detail on the events after the balance sheet date, including the IPO and part repayment of the loan note between Hugo Stephenson to Induction Healthcare Group PLC.

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 Group's share capital is divided into 65,591 ordinary shares of £1.00 each with voting rights. Note 21 explains the changes to the capital structure after the balance sheet date.

Related party transactions

Details of all related party transactions are set out in Note 20 to the Financial Statements.

Corporate governance

The Directors' statement on Corporate Governance is set out on pages 17 to 18 and forms part of this report.

Going concern assessment

The consolidated financial statements have been prepared on the going concern basis on the assumption that the Group continues in existence for the foreseeable future. The Directors of Induction Healthcare Limited have assessed the current financial position of the Group, along with future cash flow requirements, to determine if the Group has the financial resources to continue as a going concern for a period of at least 12 months from the approval of the accounts.

Future outlook

The strategy of the business is set out in the Business review on page 8 to 9.

Annual General Meeting

The Enlarged Group's Annual General Meeting is scheduled to take place on 19 September 2019.

Research and development

The Group expended £1.3m on development, £0.2m of which was capitalised within intangible assets.

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 17 of the accounts.

Directors' report
(continued)

Directors

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

- Dimitrie Spiru Hugo Stephenson, appointed 5 March 2018
- Sebastien Guillaume Bernard Jantet, appointed 7 September 2018. Resigned 16 August 2019.

Political contributions

Neither the Group nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the Period.

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

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Seb Jantet
Director

12 Hammersmith Grove
London W6 7AP

29 July 2019

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 that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 their 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, reliable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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.

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 auditor's report to the members of Induction Healthcare Limited

We have audited the financial statements of Induction Healthcare Limited ("the company") for the period 5 March 2018 (date of incorporation) to 31 March 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity, Company Cash Flow Statement and related notes, including the accounting policies in Notes 1 and 23.

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 2019 and of the group's loss for the period then ended;
— the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
— the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Independent auditor's report to the members of Induction Healthcare Limited (continued)

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

— we have not identified material misstatements in the strategic report and the Directors' report;
— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Induction Healthcare Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 21, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Karen Tasker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Altius House
One North Fourth Street
Central Milton Keynes
MK9 1NE
United Kingdom
29 July 2019

Consolidated Income Statement

for period 5 March 2018 (date of incorporation) to 31 March 2019

	Note	2019 £000
Revenue	1,2	–
Cost of sales	1	**(66)**
Gross loss		**(66)**
Distribution expenses		**(264)**
Development expenses		**(1,300)**
Administrative expenses		**(1,066)**
Other operating expenses		**(11)**
Operating loss	3	**(2,707)**
Financial income	5	–
Loss before tax		**(2,707)**
Taxation	6	–
Loss for the Period		**(2,707)**
Attributable to:		
Equity holders of the parent		**(2,707)**
		(2,707)

The notes on pages 30 to 45 form an integral part of these Financial Statements

Consolidated Statement of Comprehensive Income

for period 5 March 2018 (date of incorporation) to 31 March 2019

	Note	2019 £000
Loss for the Period		**(2,707)**
Other comprehensive income		
Items that will be reclassified to profit or loss		
Foreign currency translation differences – foreign operations		**(1)**
Other comprehensive loss for the Period		**(1)**
Total comprehensive loss for the Period		**(2,708)**
Attributable to:		
Equity holders of the parent		**(2,708)**
		(2,708)

	Note	Pence
Earnings per share:		
Basic loss per share	7	**(6,128.79)**
Diluted loss per share	7	**(6,128.79)**

The notes on pages 30 to 45 form an integral part of these Financial Statements

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ADDITIONAL INFORMATION

Consolidated Balance Sheet
at 31 March 2019

	Note	2019 £000
Non-current assets		
Intangible assets	8	**222**
		222
Current assets		
Other financial assets	10	**100**
Other receivables	11	**128**
Cash and cash equivalents	12	**169**
		397
Total assets		**619**
Current liabilities		
Trade and other payables	14	**761**
Loans and borrowings	13	**2,500**
		3,261
Total liabilities		**3,261**
Net liabilities		**(2,642)**
Equity attributable to equity holders of the parent		
Share capital	16	**66**
Translation reserve	16	**(1)**
Accumulated deficit		**(2,707)**
Total equity		**(2,642)**

The notes on pages 30 to 45 form an integral part of these Financial Statements

These financial statements were approved by the board of Directors on 29 July 2019 and were signed on its behalf by:

Sebastien Jantet

Director

Company registered number: 11232772

Consolidated Statement of Changes in Equity

for period 5 March 2018 (date of incorporation) to 31 March 2019

	Note	Share capital £000	Translation reserve £000	Accumulated deficit £000	Total equity £000
Balance at 5 March 2018 (date of incorporation)		–	–	–	–
Total comprehensive loss for the Period					
Loss for the Period		–	–	(2,707)	(2,707)
Other comprehensive loss for the Period		–	(1)	-	(1)
Total comprehensive loss for the Period		–	(1)	(2,707)	(2,708)
Transactions with owners, recorded directly in equity					
Issue of shares	16	66	–	–	66
Total contributions by and distributions to owners		66	–	–	66
Balance at 31 March 2019		**66**	**(1)**	**(2,707)**	**(2,642)**

The notes on pages 30 to 45 form an integral part of these Financial Statements

Consolidated Cash Flow Statement

for period 5 March 2018 (date of incorporation) to 31 March 2019

	Note	2019 £000
Cash flows from operating activities		
Loss for the Period		**(2,707)**
Adjustments for:		
Depreciation, amortisation and impairment		**11**
Financial income		**–**
		11
Increase in trade and other receivables		**(228)**
Increase in trade and other payables		**761**
Net cash used in operating activities		**(2,163)**
Cash flows from investing activities		
Expenditure on internally generated intangibles	8	**(197)**
Net cash from investing activities		**(197)**
Cash flows from financing activities		
Proceeds from the issue of share capital	16	**30**
Proceeds from new loan	13	**2,500**
Net cash from financing activities		**2,530**
Net increase in cash and cash equivalents		**170**
Cash and cash equivalents at 5 March 2018 (date of incorporation)		**–**
Effect of exchange rate fluctuations on cash held		**(1)**
Cash and cash equivalents at 31 March 2019	12	**169**

The notes on pages 30 to 45 form an integral part of these Financial Statements

Notes to the Consolidated Financial Statements

1. Accounting policies

Induction Healthcare Limited is a private company incorporated, domiciled and registered in England in the UK. Its principal activity is the provision of software to healthcare professionals. The registered number is 11232772 and the registered address is Wework c/o Induction Healthcare, 12 Hammersmith Grove, London, United Kingdom, W6 7AP.

These financial statements include the consolidated financial information of Induction Healthcare Limited (the "Company") and its subsidiaries (together referred to as the "Group"). Details of Induction Healthcare Limited's subsidiaries are included in Note 9. The Group has only one reportable segment.

Both the financial statements of the Group and the financial statements of the company have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). Under s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. This is the first period for which financial statements have been prepared.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 22.

1.1 Measurement convention

These financial statements are prepared on the historical cost basis except that other financial assets and liabilities are stated at fair value.

1.2 Going concern

For the Period ended 31 March 2019, the Group made a loss of £2,748,563 and had net current liabilities of £2,684,006. The following matters have been considered by the Directors in determining the appropriateness of the going concern basis of preparation in these financial statements:

(a) On 1 April 2019, the shareholders in Induction Healthcare Limited executed a share for share exchange whereby Induction Healthcare Group PLC acquired 100% of the share capital of Induction Healthcare Limited

(b) On 30 April 2019 and 1 May 2019, Mr Peter Davies and the Induction Healthcare Group PLC entered into a subscription letter and confirmation letter pursuant to which Peter Davies agreed to subscribe for 1,739,130 Ordinary Shares in the capital of the Induction Healthcare Group PLC at a price of £1.15 per share raising £2,000,000;

(c) On 22 May 2019, Numis Securities Placed 12,681,915 shares in Induction Healthcare Group PLC at a price of £1.15 per share with a range of investors raising £14,584,202. These funds were paid into an Induction Healthcare Limited bank account increasing the intercompany balance between Induction Healthcare Limited and Induction Healthcare Group PLC. The intercompany balance is repayable on demand with an interest rate of 0%.

Induction Healthcare Group PLC has provided a letter of support to Induction Healthcare Limited expressing its intentions to continue to provide financial and other support, including not seeking repayment of amounts currently made available through intercompany loans, for at least twelve months from the date of signing these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Further, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in these financial statements as at 31 March 2019. Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial information of subsidiaries is included in these financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Notes to the Consolidated Financial Statements (continued)

<u>Change in subsidiary ownership and loss of control</u>
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of 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.

<u>Transactions eliminated on consolidation</u>
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.4 Foreign currency
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The functional currency of the Company is Sterling. The assets and liabilities of foreign operations with functional currencies other than Sterling, including fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the consolidated balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

1.5 Fair value measurement
Financial instruments measured at fair value are classified into a fair value hierarchy based on the valuation technique used to determine fair value as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

(a) 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

(b) where the instrument will or may be settled in Induction Healthcare Limited's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of Induction Healthcare Limited'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.

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 Limited'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.

1.7 Financial instruments

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.

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. 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.

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.

Derivative financial instruments and other financial assets

Other financial assets comprise call options. Options are initially classified as FVTPL and recognised at fair value based on the consideration paid for the option. Subsequently, the options are measured at fair value and the gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

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.

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 or cancelled, or expire.

1.8 Business combinations
All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

— the fair value of the consideration transferred; plus
— the recognised amount of any non-controlling interests in the acquiree; plus
— the fair value of the existing equity interest in the acquiree; less
— the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

1.9 Company investment in subsidiaries
Investments in subsidiaries are included in the Company balance sheet at cost less any provision for impairment.

1.10 Intangible assets
Research and development
Expenditure on research activities is recognised in the consolidated income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the consolidated income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets
Expenditure on internally generated goodwill and brands is recognised in the consolidated income statement as an expense as incurred. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

1.11 Amortisation
Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

— patents and trademarks up to 5 years
— capitalised development costs up to 5 years
— other intellectual property up to 5 years

1.12 Impairment

Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on 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.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period end.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

1.13 Employee benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised if the Group has a present legal or constructive obligation to pay an amount as a result of past employee service and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market and non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Group receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

1.14 Provisions
A provision is recognised in the consolidated balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.15 Revenue
Revenue comprises the fair value of consideration received or receivable for access to Induction Switch, the Group's proprietary application which facilitates communication between healthcare professionals, in the ordinary course of the Group's activities. Revenue is shown net of value added tax and trade discounts and is reported as follows:

— On a per-user basis whereby users are charged a monthly fee to access Induction Switch, with the pricing depending on the features selected by users. Invoices are issued monthly and settled via a credit or debit card. Revenue is recognised on a monthly basis reflecting the period during which they have access to Induction Switch.
— On a healthcare institution basis whereby healthcare institutions are charged a subscription for making Induction Switch available to users. This revenue is recognised rateably over the period of the subscription.

1.16 Expenses
Cost of sales
Cost of sales consists of the direct costs associated with Induction Switch, the Group's proprietary application, including costs incurred for server hosting and data population.

Operating lease payments
Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense.

Financial income
Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financial income comprises interest receivable on loans issued by the Group and is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.17 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 balance sheet 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 balance sheet 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.

1.18 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

— IFRS 16 Leases (effective date 1 January 2019) – the Group has no leases which would fall within the scope of IFRS 16.
— IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective date to be confirmed).
— IFRIC 23 Uncertainty over Income Tax Treatments (effective date to be confirmed).
— Annual Improvements to IFRS Standards 2014-2016 Cycle (effective date to be confirmed).
— Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective date to be confirmed).

2. Revenue

	Period to 31 March 2019 £000
Rendering of services	–
Total revenues	**–**

3. Expenses and auditors' remuneration

Included in net loss for the Period are the following:

	Period to 31 March 2019 £000
Depreciation, amortisation and impairment	**10**
Audit of these financial statements	**50**
Research and development expensed as incurred	**1,300**

4. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the Period, analysed by category, was as follows:

	Period to 31 March 2019 No. of employees
Development	**5**
Sales and Marketing	**1**
General and Administrative	**1**
	7

The aggregate payroll costs of these persons were as follows:

	Period to 31 March 2019 £000
Wages and salaries	**610**
Social security costs	**70**
Contributions to defined contribution plans	**26**
	706

The aggregate remuneration of the Directors and the remuneration of the highest paid Director was £129,031.

5. Financial income

	Period to 31 March 2019 £000
Interest income on unimpaired financial assets	–
Total finance income	**–**

Financial income includes £43 of interest income received on two loans made to a Director of the group and a senior employee of the group. The terms of the loans are disclosed in Note 20.

6. Taxation

Recognised in the income statement and equity

	Period to 31 March 2019 £000
Current tax expense	
Current year	–
Current tax expense	–
Deferred tax expense	
Origination and reversal of temporary differences	–
Deferred tax expense	–
Current tax recognised directly in equity	–
Deferred tax recognised directly in equity	–
Total tax recognised directly in equity	–
Tax expense in income statement, total tax expense and tax recognised in equity	–

Reconciliation of effective tax rate

	Period to 31 March 2019 £000
Loss for the Period	**(2,707)**
Tax using the UK corporation tax rate of 19%	**514**
Non-deductible expenses	**(127)**
Current Period losses for which no deferred tax asset was recognised	**(387)**
Total tax expense	**–**

A deferred tax asset of £387k arises from unused tax losses of £2,580k, however given the early stage nature of the business the deferred tax asset has not been recognised.

Notes to the Consolidated Financial Statements (continued)

7. Earnings per share

The calculation of basic and fully diluted earnings per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Loss attributable to ordinary shares (basic and diluted)	Period to 31 March 2019 £000
Loss attributable to ordinary shares (basic and diluted)	**(2,707)**
	(2,707)

Weighted average number of ordinary shares (basic and diluted)	Period to 31 March 2019 £000
Issued ordinary shares as at 5 March 2018	**20,000**
Shares issued on 4 September 2018	**9,828**
Shares issued on 5 September 2018	**35,763**
Issued ordinary shares as at 31 March 2019	**65,591**
Weighted-average number of ordinary shares (basic and diluted)	**44,162**

Basic loss per share	**(6,128.79)**
Diluted loss per share	**(6,128.79)**

8. Intangible assets

	Acquired intangibles £000	Development costs £000	Total £000
Cost			
Balance at 5 March 2018	–	–	–
Acquisitions	36	–	36
Internally developed	–	197	197
Balance at 31 March 2019	36	197	233
Amortisation and impairment			
Balance at 5 March 2018	–	–	–
Amortisation for the Period	11	–	11
Balance at 31 March 2019	11	–	11
Net book value			
At 5 March 2018	–	–	–
At 31 March 2019	**25**	**197**	**222**

The acquired intangible asset recognised in the books consists of the intellectual property acquired from Hugo Stephenson to Induction Healthcare Limited on 5 of September 2018.

The capitalised development costs consist of the cost incurred on developing the messaging capacity within Induction Switch from 1 January 2019 onwards, the date at which the project passed the technological feasibility milestone.

Amortisation and impairment charge

Amortisation of the acquired intangible asset is recognised over two years in other operating expenses in the consolidated income statement.

No amortisation was recognised with respect to the development costs as the asset has yet to be put into service at the Period end.

Notes to the Consolidated Financial Statements (continued)

9. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Company	Registered office address	Registered number	Class of shares held	Balance sheet value	Ownership 2019
Induction Healthcare (UK) Limited	Wework C/O Induction Healthcare, 12 Hammersmith Grove, London, United Kingdom W6 7AP	11237890	Ordinary	£1	100%
Induction Healthcare Pty Ltd	23 Regent Street, Prahran, Victoria 3181, Australia	625119397	Ordinary	£1	100%

10. Other financial assets

	2019 £000
Other financial assets designated as fair value through profit or loss	**100**
	100

Other financial assets comprise an option to acquire either the shares or the assets of Podmedics Limited, a company providing a healthcare application used by a substantial number of healthcare professionals in the UK, in exchange for consideration of £400,000 satisfied in either shares or cash. The option agreement was entered into on 5 September 2018 and the Directors consider that there has been no material change to fair value as at the consolidated balance sheet date of 31 March 2019 and, as such, the carrying amount is representative of fair value.

11. Other receivables

	2019 £000
Loans to Director and employees	**10**
Other receivables	**102**
Prepayments	**16**
	128

Included within trade and other receivables is £nil expected to be recovered in more than 12 months.

12. Cash and cash equivalents

	2019 £000
Cash and cash equivalents per consolidated balance sheet	**169**
Cash and cash equivalents per consolidated cash flow statement	**169**

13. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. The loan has not been discounted as the effective interest over the period of the loan would not be material and the loan was subsequently settled on 4 June 2019. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 17.

	2019 £000
Current liabilities	
Loan from Director	**2,500**
	2,500

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2019 £000	Carrying amount 2019 £000
Loan from Director	**£**	**0%**	**2019**	**2,500**	**2,500**
				2,500	**2,500**

The Director loan is repayable in the event of an initial public offering or a financing which raises not less than £20m in equity or a sale of a controlling interest or substantially the whole of the assets to a third party purchaser. See subsequent event Note 21 for more details.

Changes in loans and borrowings from financing activities

	Total £000
Balance at 5 March 2018	**–**
Changes from financing cash flows	
Proceeds from loans and borrowings	**2,500**
Total changes from financing cash flows	**2,500**
Other changes	
Interest expense	**–**
Interest paid	**–**
Total other changes	**–**
Balance at 31 March 2019	**2,500**

14. Trade and other payables

	2019 £000
Trade payables	**107**
Non-trade payables and accrued expenses	**654**
	761

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

15. Employee benefits

The Group operates a defined contribution pension plan which was put in place in October 2018. The total expense relating to this plan in the current year was £24,066.

16. Capital and reserves

Share capital

Ordinary shares in thousands of shares	2019 No. of shares (000)
On issue at 5 March 2018 (date of incorporation)	–
Issued for cash	**30**
Issued in exchange for intangible asset (see Note 8)	**36**
On issue at 31 March 2019 – fully paid	**66**

	2019 £000
Allotted, called up and fully paid	
Ordinary shares of £1 each	**66**
	66
Shares classified as liabilities	–
Shares classified in equity	**66**
	66

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 Limited.

During the Period Induction Healthcare Limited issued 65,591 £1 ordinary shares for a consideration of £65,591, of which £29,828 was settled in cash and £35,763 was settled by way of an assignment of intellectual property (see Note 20).

Translation 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.

Dividends
No dividends were recognised during the Period.

17. Financial instruments

The following table shows the carrying amounts and fair values of financial instruments as at 31 March 2019. For financial assets and liabilities not measured at fair value, the carrying amount is considered to be a reasonable approximation of fair value.

Financial assets

	2019 £000
Financial assets measured at FVTPL	
Other financial assets	**100**
	100
Financial assets measured at amortised cost	
Loans to Director and employees	**10**
Other receivables	**102**
Cash and cash equivalents	**169**
	281

The business does not hold any other form of financial assets. No assets require impairment.

Financial liabilities

	2019 £000
Financial liabilities measured at amortised cost	
Trade and other payables	**107**
Loans and borrowings	**2,500**
	2,607

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

All financial instruments measured at fair value are considered to be Level 3 financial instruments in the fair value hierarchy. Other financial assets comprise the cost of an option to acquire either the shares or the assets of Podmedics Limited in exchange for consideration of £400,000 satisfied in either shares or cash. Whilst no formal valuation process was undertaken, the option was recognised initially at cost, which represented the market value at the time that the option was acquired. Given as at 31 March 2019 no formal decision has been made with regard to whether to exercise the option and that there has been no material change in the trading of Podmedics between the time of the acquisition of the option and the Period end, the Directors have concluded that there has been no material change in the fair value of the option. There are no significant unobservable inputs used in the valuation of the option.

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

(i) Liquidity risk;

(ii) Credit risk; and

(iii) Financial risk.

Liquidity risk

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. At 31 March 2019, the contractual maturity of all financial liabilities other than loans and borrowings was less than 2 months. The Director loan is repayable in the event of an Initial Public Offering or a financing which raises not less than £20m in equity or a sale of a controlling interest or substantially the whole of the assets to a third party purchaser. See Subsequent Events Note 21 for more details. Contractual cash flows are equal to the carrying amounts of financial liabilities.

Credit risk

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. The Group's principal financial assets are cash and cash equivalents, 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.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Interest rate risk is not considered to be material to the Group.

The Groups main exposure is to the United States dollar and the Australian dollar. However, the Group's exposure is limited as the sums involved are relatively small. 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 other financial assets and liabilities 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.

31 March 2019

	Sterling £000	U.S. dollar £000	Australian dollar £000	Total £000
Cash and cash equivalents	167	–	2	169
Other receivables	128	–	–	128
Loans and borrowings	(2,500)	–	–	(2,500)
Trade and other payables	(760)	(–)	(1)	(761)
Balance sheet exposure	(2,965)	(–)	1	(2,964)

Capital management

The Group's policy is to maintain capital sufficient to sustain the future development of the business.

18. Commitments

As at 31 March 2019 the Group had no capital commitments.

19. Contingencies

As at 31 March 2019 the Group had no contingencies.

20. Related parties

Identity of related parties with which the Group has transacted

The related parties with which the Group has transacted are Hugo Stephenson, a Director of the Group, Sebastien Jantet, a Director of the Group, Dale Jessop, a member of key management personnel, Ed Wallitt, a member of key management personnel, and Blue Muse Investments Pty Ltd as trustee of The Blue Muse Trust, the ultimate parent entity and a company/trust controlled by immediate relatives of Hugo Stephenson.

Transactions with key management personnel

Directors of Induction Healthcare Limited and their immediate relatives control 64.51 per cent of the voting shares of Induction Healthcare Limited.

The compensation of key management personnel (including the Directors) is as follows:

	2019 £000
Key management remuneration including social security costs	**376**
	376

Key management remuneration comprises short-term employee benefits only.

Other related party transactions

During the Period ended 31 March 2019, Induction Healthcare Limited entered into a loan agreement with Hugo Stephenson, a Director of Induction Healthcare Limited, under which he agreed to lend the company up to £4,000,000. The loan may be drawn down at any time up to 31 December 2019. The loan is repayable in the event of an Initial Public Offering or a financing which raises not less than £20m in equity or a sale of a controlling interest or substantially the whole of the assets to a third party purchaser. The loan is unsecured and is interest free. As at 31 March 2019, the amount drawn down was £2,499,975.

During the Period ended 31 March 2019, the Group issued 35,736 £1 ordinary shares at par to Blue Muse Investments Pty Ltd as trustee of The Blue Muse Trust, a company/trust controlled by immediate relatives of Hugo Stephenson, in exchange for the assignment of intellectual property by Hugo Stephenson to the Group.

During the Period ended 31 March 2019, the Group entered into an option to acquire the shares or assets of Podmedics Limited, a company owned by Edward Wallitt, a member of the key management personnel. The consideration for the option was £100,000.

During the Period ended 31 March 2019, Induction Healthcare Limited entered into a loan agreement with Sebastien Jantet, a Director of the Group, under which is agreed to lend him £6,552 to fund the purchase of 6,552 £1 ordinary shares in Induction Healthcare Limited. The loan is repayable by 31 December 2019. The loan is unsecured, and interest is due on the outstanding amount at an interest rate equal to the base rate of the Bank of England. As at 31 March 2019, the amount outstanding was £6,581. The loan has not been discounted as the effective interest over the period of the loan would not be material and the loan was subsequently settled on 30 May 2019.

During the Period ended 31 March 2019, Induction Healthcare Limited entered into a loan agreement with Dale Jessop, a member of key management personnel, under which is agreed to lend him £3,276 to fund the purchase of 3,276 £1 ordinary shares in Induction Healthcare Limited. The loan is repayable by 31 December 2019. The loan is unsecured, and interest is due on the outstanding amount at an interest rate equal to the base rate of the Bank of England. As at 31 March 2019, the amount outstanding was £3,290. The loan has not been discounted as the effective interest over the period of the loan would not be material and the loan was subsequently settled on 23 May 2019.

21. Subsequent events

On 1 April 2019, the Group went through a reorganisation where the following happened:

- The shareholders in Induction Healthcare Limited executed a share for share exchange whereby Induction Healthcare Group PLC acquired 100% of the share capital of Induction Healthcare Limited in consideration for the issues share in Induction Healthcare Group PLC to the shareholders of Induction Healthcare Limited on the basis of one ordinary share in Induction Healthcare Group PLC for each ordinary share in Induction Healthcare Limited.
- Induction Healthcare Limited issued a loan note to Hugo Stephenson replacing the outstanding £2.5m Directors loan facility as at 1 April 2019. Shortly thereafter Induction Healthcare Group PLC agreed to acquire this loan note from Hugo Stephenson in exchange for the issue by Induction Healthcare Group PLC of a loan note in the same amount (the "Company Loan Note").

On the 30 April 2019 and 1 May 2019, Mr Peter Davies and the Induction Healthcare Group PLC entered into a subscription letter and confirmation letter pursuant to which Peter Davies agreed to subscribe for 1,739,130 Ordinary Shares in the capital of the Induction Healthcare Group PLC at a price of £1.15 per share, raising £2,000,000.

On 7 May 2019, the Induction Healthcare Group PLC carried out a share split such that that each of the existing issued ordinary shares of £1 each in the capital of the Company was sub-divided into 200 ordinary shares of 0.5 pence.

On 7 May 2019 the Induction Healthcare Group PLC and Hugo Stephenson agreed to amend the Company Loan Note Instrument to permit the Induction Healthcare Group PLC and Hugo Stephenson to agree to the conversion of all or part of the loan notes into Ordinary Shares and to provide that the loan notes (to the extent not converted) are repayable by the Induction Healthcare Group PLC within 5 business days of a financing pursuant to which the Group raises not less than £10 million of equity financing. On the same day Hugo Stephenson and the Induction Healthcare Group PLC entered into a subscription letter pursuant to which Hugo Stephenson agreed to subscribe for 1,739,130 Ordinary Shares in the capital of the Induction Healthcare Group PLC at a price of £1.15 per share (the aggregate subscription price therefore being £2,000,000), such subscription price to be satisfied by the conversion of £2,000,000 of the loan notes.

On 7 May 2019, Dr Edward Wallitt, Induction Healthcare Limited and the Podmedics Limited entered into a share purchase agreement pursuant to which Induction Healthcare Limited acquired the entire issued share capital of Podmedics Limited (06840040) from Dr Edward Wallitt. The consideration payable under the share purchase agreement was £400,000 which was satisfied following Admission by the issue by the Company to Dr Edward Wallitt of 347,826 Ordinary Shares in the capital of the Induction Healthcare Group PLC. Pursuant to the share purchase agreement, Dr Edward Wallitt granted customary warranties and a tax deed to Induction Healthcare Limited. The primary reason for the acquisition was to bring under the Group's control all of the assets and intellectual property relating to Induction Switch. The intangibles fair value relating to the acquisition of Podmedics Limited had not been completed at the date that these accounts were approved therefore the remaining disclosures required under IFRS3 Business Combinations has not been presented in these financial statements.

On 22 May 2019, Numis Securities Placed 12,681,915 shares in Induction Healthcare Group PLC at a price of £1.15 per share with a range of investors raising £14,584,202. These funds were paid into an Induction Healthcare Limited bank account increasing the intercompany balance between Induction Healthcare Limited and Induction Healthcare Group PLC. The intercompany balance is repayable on demand.

22. Accounting estimates and judgements

The preparation of financial information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Significant items subject to such assumption and estimate include the useful economic life of assets and the measurement and recognition of provisions. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

The most critical accounting policies in determining the financial condition and results of the Group are

those requiring the greatest degree of subjective or complex judgement. These relate to valuation of acquired intangible assets and other assets which are the areas of judgment that have the most significant effect on the amounts recognised in the financial statements.

Intangible assets
Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on the higher of market value or value-in-use calculations prepared on the basis of management's assumptions and estimates.

Under the terms of a deed of assignment between Induction Healthcare Limited, Hugo Stephenson and JuicyMed Pty Ltd, a company controlled by Hugo Stephenson, Induction Healthcare Limited agreed to issue 35,773 £1 ordinary shares at par to the assignor or a nominee of the assignor (in this case Blue Muse Investments Pty Ltd as trustee of The Blue Muse Trust). No formal valuation was done of the intellectual property at the time of the transaction transferred to the Group. The intangible asset was recognised initially at cost and the Directors expect future economic benefits to flow to Induction Healthcare Limited as a result of the assignment. The Directors have carried out an impairment review and concluded no indicators of impairment exist.

Other assets
Induction Healthcare Limited paid £100,000 for an option to acquire either the shares or the assets of Podmedics Limited in exchange for consideration of £400,000 satisfied in either shares or cash. No formal valuation was done of the option at the time of acquisition. The option was recognised initially at cost and, given as at 31 March 2019 no formal decision has been made with regard to whether to exercise the option and that there has been no material change in Podmedics between the time of the acquisition of the option and the Period end, the Directors have concluded that there has been no material change in the fair value of the option.

Company Balance Sheet
at 31 March 2019

	Note	2019 £000
Non-current assets		
Investment in subsidiaries	9	–
Intangible assets	24	**25**
		25
Current assets		
Other financial assets	25	**100**
Other receivables	26	**2,263**
Cash and cash equivalents	27	**167**
		2,530
Total assets		**2,555**
Current liabilities		
Loans and borrowings	28	**2,500**
		2,500
Total liabilities		**2,500**
Net Assets		**55**
Equity attributable to equity holders of the parent		
Share capital	30	**66**
Accumulated deficit		**(11)**
Total equity		**55**

The notes on pages 49 to 55 form an integral part of these Financial Statements

These financial statements were approved by the board of Directors on 29 July 2019 and were signed on its behalf by:

Sebastien Jantet
Director

Company registered number: 11232772

Company Statement of Changes in Equity

for period from 5 March 2018 (date of incorporation) to 31 March 2019

	Note	Share capital £000	Accumulated deficit £000	Total equity £000
Balance at 5 March 2018 (date of incorporation)		–	–	–
Total comprehensive loss for the Period				
Loss for the Period		–	(11)	(11)
Other comprehensive loss for the Period		–	–	–
Total comprehensive loss for the Period		–	(11)	(11)
Transactions with owners, recorded directly in equity				
Issue of shares	30	66	–	66
Total contributions by and distributions to owners		66	–	66
Balance at 31 March 2019		66	(11)	55

The notes on pages 49 to 55 form an integral part of these Financial Statements

Company Cash Flow Statement

for period from 5 March 2018 (date of incorporation) to 31 March 2019

	Note	2019 £000
Cash flows from operating activities		
Loss for the Period		**(11)**
Adjustments for:		
Depreciation, amortisation and impairment		**11**
Financial income		**–**
		11
Increase in other receivables		**(2,363)**
Increase in trade and other payables		**–**
Net cash used in operating activities		**(2,363)**
Cash flows from financing activities		
Proceeds from the issue of share capital	30	**30**
Proceeds from new loan	28	**2,500**
Net cash from financing activities		**2,530**
Net increase in cash and cash equivalents		**167**
Cash and cash equivalents at 5 March 2018 (date of incorporation)		**–**
Cash and cash equivalents at 31 March 2019	27	**167**

The notes on pages 49 to 55 form an integral part of these Financial Statements

23. Dividends

No dividends were declared during the Period.

24. Intangible assets

	Acquired intangibles £000
Cost	
Balance at 5 March 2018	–
Acquisitions	36
Balance at 31 March 2019	36
Amortisation and impairment	
Balance at 5 March 2018	–
Amortisation for the year	11
Balance at 31 March 2019	11
Net book value	
At 5 March 2018	–
At 31 March 2019	25

The acquired intangible asset recognised in the books consists of the intellectual property acquired from Hugo Stephenson by Induction Healthcare Limited on 5 of September 2018.

Amortisation and impairment charge

Amortisation of the acquired intangible asset is recognised over two years in other operating expenses in the consolidated income statement.

25. Other financial assets

	2019 £000
Other financial assets designated as fair value through profit or loss	**100**
	100

Other financial assets comprise an option to acquire either the shares or the assets of Podmedics Limited, a company providing a healthcare application used by a substantial number of healthcare professionals in the UK, in exchange for consideration of £400,000 satisfied in either shares or cash. The option agreement was entered into on 5 September 2018 and the Directors consider that there has been no material change to fair value as at the consolidated balance sheet date of 31 March 2019 and, as such, the carrying amount is representative of fair value.

26. Other receivables

	2019 £000
Loans to Director and employees	**10**
Other receivables	**2,253**
Prepayments	**–**
	2,263

Other receivables consist of amounts due from other group companies.

Notes to the Company Financial Statements (continued)

27. Cash and cash equivalents

	2019 £000
Cash and cash equivalents per balance sheet	**167**
Cash and cash equivalents per cash flow statement	**167**

28. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. The loan has not been discounted as the effective interest over the period of the loan would not be material and the loan was subsequently settled on 4 June 2019. For more information about the Company's exposure to interest rate and foreign currency risk, see Note 34.

	2019 £000
Current liabilities	
Loan from Director	**2,500**
	2,500

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2019 £000	Carrying amount 2019 £000
Loan from Director	£	0%	**2019**	**2,500**	**2,500**
				2,500	**2,500**

The Director loan is repayable in the event of an initial public offering or a financing which raises not less than £20m in equity or a sale of a controlling interest or substantially the whole of the assets to a third party purchaser.

29. Changes in loans and borrowings from financing activities

	Total £000
Balance at 5 March 2018	–
Changes from financing cash flows	
Proceeds from loans and borrowings	2,500
Total changes from financing cash flows	2,500
Other changes	
Interest expense	–
Interest paid	–
Total other changes	–
Balance at 31 March 2019	2,500

30. Capital and reserves

Share capital

Ordinary shares in thousands of shares	2019 No. of shares (000)
On issue at 5 March 2018 (date of incorporation)	–
Issued for cash	**30**
Issued in exchange for intangible asset (see Note 26)	**36**
On issue at 31 March 2019 – fully paid	**66**

	2019 £000
Allotted, called up and fully paid	
Ordinary shares of £1 each	**66**
	66
Shares classified as liabilities	–
Shares classified in equity	**66**
	66

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 Limited.

During the year Induction Healthcare Limited issued 65,591 £1 ordinary shares for a consideration of £65,591, of which £29,828 was settled in cash and £35,763 was settled by way of an assignment of intellectual property (see Note 34).

31. Financial instruments

The following table shows the carrying amounts and fair values of financial instruments as at 31 March 2019. For financial assets and liabilities not measured at fair value, the carrying amount is considered to be a reasonable approximation of fair value.

Financial assets

	2019 £000
Financial assets measured at FVTPL	
Other financial assets	**100**
	100
Financial assets measured at amortised cost	
Loans to Director and employees	**10**
Other receivables	**2,253**
Cash and cash equivalents	**167**
	2,430

The business does not hold any other form of financial assets. No assets require impairment.

Financial liabilities

	2019 £000
Financial liabilities measured at amortised cost	
Loans and borrowings	**2,500**
	2,500

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

All financial instruments measured at fair value are considered to be Level 2 financial instruments in the fair value hierarchy. Other financial assets comprise the cost of an option to acquire either the shares or the assets of Podmedics Limited in exchange for consideration of £400,000 satisfied in either shares or cash. Whilst no formal valuation process was undertaken, the option was recognised initially at cost, which represented the market value at the time that the option was acquired. Given as at 31 March 2019 no formal decision has been made with regard to whether to exercise the option and that there has been no material change in the trading of Podmedics between the time of the acquisition of the option and the Period end, the Directors have concluded that there has been no material change in the fair value of the option. There are no significant unobservable inputs used in the valuation of the option.

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

(i) Liquidity risk;

(ii) Credit risk; and

(iii) Financial risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company's business model and rolling cash flow forecasts, updated on at least a monthly basis, are reviewed to manage these requirements. At 31 March 2019, the contractual maturity of all financial liabilities other than loans and borrowings was less than 2 months. The Director loan is repayable in the event of an Initial Public Offering or a financing which raises not less than £20m in equity or a sale of a controlling interest or substantially the whole of the assets to a third party purchaser. See Subsequent Events Note 35. Contractual cash flows are equal to the carrying amounts of financial liabilities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities. The Company's principal financial assets are cash and cash equivalents, other financial assets, and other receivables, the carrying values of which represent the Company's maximum exposure to credit risk in relation to financial assets, as shown in this note. The Company'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.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Interest rate risk is not considered to be material to the Company.

The Company's main exposure is to Sterling

Capital management

The Company's policy is to maintain capital sufficient to sustain the future development of the business.

32. Commitments

As at 31 March 2019 the Company had no capital commitments.

33. Contingencies

As at 31 March 2019 the Company had no contingencies.

34. Related parties

Identity of related parties with which the Company has transacted
The related parties with which the Company has transacted are Hugo Stephenson, a Director of the Company, Sebastien Jantet, a Director of the Company, Dale Jessop, a member of key management personnel, Ed Wallitt, a member of key management personnel, and Blue Muse Investments Pty Ltd as trustee of The Blue Muse Trust, the ultimate parent entity and a company/trust controlled by immediate relatives of Hugo Stephenson.

Transactions with key management personnel
Directors of Induction Healthcare Limited and their immediate relatives control 64.51 per cent of the voting shares of Induction Healthcare Limited.

The compensation of key management personnel (including the Directors) was £nil

Other related party transactions
During the Period ended 31 March 2019, Induction Healthcare Limited entered into a loan agreement with Hugo Stephenson, a Director of Induction Healthcare Limited, under which he agreed to lend the company up to £4,000,000. The loan may be drawn down at any time up to 31 December 2019. The loan is repayable in the event of an Initial Public Offering or a financing which raises not less than £20m in equity or a sale of a controlling interest or substantially the whole of the assets to a third party purchaser. The loan is unsecured and is interest free. As at 31 March 2019, the amount drawn down was £2,499,975.

During the Period ended 31 March 2019, the Company issued 35,736 £1 ordinary shares at par to Blue Muse Investments Pty Ltd as trustee of The Blue Muse Trust, a company/trust controlled by immediate relatives of Hugo Stephenson, in exchange for the assignment of intellectual property by Hugo Stephenson to the Company.

During the Period ended 31 March 2019, the Company entered into an option to acquire the shares or assets of Podmedics Limited, a company owned by Edward Wallitt, a member of the key management personnel. The consideration for the option was £100,000.

During the Period ended 31 March 2019, Induction Healthcare Limited entered into a loan agreement with Sebastien Jantet, a Director of the Company, under which is agreed to lend him £6,552 to fund the purchase of 6,552 £1 ordinary shares in Induction Healthcare Limited. The loan is repayable by 31 December 2019. The loan is unsecured, and interest is due on the outstanding amount at an interest rate equal to the base rate of the Bank of England. As at 31 March 2019, the amount outstanding was £6,581. The loan has not been discounted as the effective interest over the period of the loan would not be material and the loan was subsequently settled on 30 May 2019.

During the Period ended 31 March 2019, Induction Healthcare Limited entered into a loan agreement with Dale Jessop, a member of key management personnel, under which is agreed to lend him £3,276 to fund the purchase of 3,276 £1 ordinary shares in Induction Healthcare Limited. The loan is repayable by 31 December 2019. The loan is unsecured, and interest is due on the outstanding amount at an interest rate equal to the base rate of the Bank of England. As at 31 March 2019, the amount outstanding was £3,290. The loan has not been discounted as the effective interest over the period of the loan would not be material and the loan was subsequently settled on 23 May 2019.

35. Subsequent events

On 1 April 2019, the Company went through a reorganisation where the following happened:

- The shareholders in Induction Healthcare Limited executed a share for share exchange whereby Induction Healthcare Group PLC acquired 100% of the share capital of Induction Healthcare Limited in consideration for the issues share in Induction Healthcare Group PLC to the shareholders of Induction Healthcare Limited on the basis of one ordinary share in Induction Healthcare Group PLC for each ordinary share in Induction Healthcare Limited.
- Induction Healthcare Limited issued a loan note to Hugo Stephenson replacing the outstanding loan facility as at 1 April 2019. Shortly thereafter Induction Healthcare Group PLC agreed to acquire this loan note from Hugo Stephenson in exchange for the issue by Induction Healthcare Group PLC of a loan note in the same amount (the “Company Loan Note”).

On the 30 April 2019 and 1 May 2019, Mr Peter Davies and the Induction Healthcare Group PLC entered into a subscription letter and confirmation letter pursuant to which Peter Davies agreed to subscribe for 1,739,130 Ordinary Shares in the capital of the Induction Healthcare Group PLC at a price of £1.15 per share, raising £2,000,000.

On 7 May 2019, the Induction Healthcare Group PLC carried out a share split such that that each of the existing issued ordinary shares of £1 each in the capital of the Company was sub-divided into 200 ordinary shares of 0.5 pence.

On 7 May 2019 the Induction Healthcare Group PLC and Hugo Stephenson agreed to amend the Company Loan Note Instrument to permit the Induction Healthcare Group PLC and Hugo Stephenson to agree to the conversion of all or part of the loan notes into Ordinary Shares and to provide that the loan notes (to the extent not converted) are repayable by the Induction Healthcare Group PLC within 5 business days of a financing pursuant to which the Group raises not less than £10 million of equity financing. On the same day Hugo Stephenson and the Induction Healthcare Group PLC entered into a subscription letter pursuant to which Hugo Stephenson agreed to subscribe for 1,739,130 Ordinary Shares in the capital of the Induction Healthcare Group PLC at a price of £1.15 per share (the aggregate subscription price therefore being £2,000,000), such subscription price to be satisfied by the conversion of £2,000,000 of the loan notes.

On 7 May 2019, Dr Edward Wallitt, Induction Healthcare Limited and the Podmedics Limited entered into a share purchase agreement pursuant to which Induction Healthcare Limited acquired the entire issued share capital of Podmedics Limited (06840040) from Dr Edward Wallitt. The consideration payable under the share purchase agreement was £400,000 which was satisfied following Admission by the issue by the Company to Dr Edward Wallitt of 347,826 Ordinary Shares in the capital of the Induction Healthcare Group PLC. Pursuant to the share purchase agreement, Dr Edward Wallitt granted customary warranties and a tax deed to Induction Healthcare Limited. The primary reason for the acquisition was to bring under the Group's control all of the assets and intellectual property relating to Induction Switch. The intangibles fair value relating to the acquisition of Podmedics Limited had not been completed at the date that these accounts were approved therefore the remaining disclosures required under IFRS3 Business Combinations has not been presented in these financial statements.

On 22 May 2019, Numis Securities Placed 12,681,915 shares in Induction Healthcare Group PLC at a price of £1.15 per share with a range of investors raising £14,584,202. The funds were paid into an Induction Healthcare Limited bank account increasing the intercompany balance between Induction Healthcare Limited and Induction Healthcare Group PLC. The intercompany balance is repayable on demand.

36. Accounting estimates and judgements

The preparation of financial information in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Significant items subject to such assumption and estimate include the useful economic life of assets and the measurement and recognition of provisions. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information becomes available.

The most critical accounting policies in determining the financial condition and results of the Company are those requiring the greatest degree of subjective or complex judgement. These relate to valuation of acquired intangible assets and other assets which are the areas of judgment that have the most significant effect on the amounts recognised in the financial statements.

Intangible assets
Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of an asset or a cash-generating unit is determined based on the higher of market value or value-in-use calculations prepared on the basis of management's assumptions and estimates.

Under the terms of a deed of assignment between Induction Healthcare Limited, Hugo Stephenson and JuicyMed Pty Ltd, a company controlled by Hugo Stephenson, Induction Healthcare Limited agreed to issue 35,773 £1 ordinary shares at par to the assignor or a nominee of the assignor (in this case Blue Muse Investments Pty Ltd as trustee of The Blue Muse Trust). No formal valuation was done of the intellectual property at the time of the transaction transferred to the Company. The intangible asset was recognised initially at cost and the Directors expect future economic benefits to flow to Induction Healthcare Limited as a result of the assignment. The Directors have carried out an impairment review and concluded no indicators of impairment exist.

Other assets
Induction Healthcare Limited paid £100,000 for an option to acquire either the shares or the assets of Podmedics Limited in exchange for consideration of £400,000 satisfied in either shares or cash. No formal valuation was done of the option at the time of acquisition. The option was recognised initially at cost and, given as at 31 March 2019 no formal decision has been made with regard to whether to exercise the option and that there has been no material change in Podmedics between the time of the acquisition of the option and the Period end, the Directors have concluded that there has been no material change in the fair value of the option.

Notes to the Company Financial Statements (continued)

37. Ultimate parent company and parent company of larger group

The ultimate controlling party is Induction Healthcare Limited. The largest group in which the results of the Company are consolidated is that headed by Induction Healthcare Limited, Wework c/o Induction Healthcare, 12 Hammersmith Grove, London, United Kingdom, W6 7AP. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Wework c/o Induction Healthcare, 12 Hammersmith Grove, London, United Kingdom, W6 7AP

Company Information

Directors

Chris Spencer	Non-Executive Chairman
Hugo Stephenson	Non-Executive Director
Ibs Mahmood	Chief Executive Officer
Seb Jantet	Chief Financial Officer (Resigned 16 August 2019)
Jane Silber	Non-Executive Director
Leslie-Ann Reed	Non-Executive Director

Secretary

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Registered Number

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