Annual Report & Accounts 2022

induction healthcare

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About us

We are a leading digital health company committed to improving the infrastructure of care delivery globally. We are on a buy and build journey to create an end-to end suite of products that support every hospital outpatient pathway. Our products facilitate efficient patient and care team engagement, combining digital with in-person care delivery – we call this 'flexible care'.

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

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

Business highlights

£13.5m

Annually Recurring Revenue[1] ("ARR") as at 1 April 2022 (2021: £2m) (+ 575% growth)

£7.9m

Revenue from customer contracts post IFRS 3 fair value adjustment[2] of £4.2m (2021: £1.4m (restated)[3] post-IFRS 3 fair value adjustment[2] of £0.2m) (+464% growth)

£9.6m

Loss before tax (2021: £8.1m)

£(4.2)m

Adjusted EBITDA[4] post IFRS 3 fair value adjustment[2] of £4.2m (2021: £(4.1)m (restated)[5] post-IFRS 3 fair value adjustment[2] of £0.2m)

£7.5m

Cash on hand as at 31 March 2022 (2021: £2.5m)

£25.0m

Fundraise (2021: £Nil)

- Successful acquisition of Attend Anywhere
- Induction Attend Anywhere NHS England contract renewals for FY23: £6.6m ARR (86% of FY22 value), with the majority of contracts renewed for 2 or 3 year terms
- 100% YoY ARR growth for Induction Zesty with strong sales pipeline growth into FY23
- Induction Attend Anywhere national contract renewals with NHS Scotland and NHS Wales
- Induction Zesty contract win with South-West London Integrated Care System ("ICS")
- Value Added Reseller ("VAR") agreement signed with System C (post-period end)

1 Annual Recurring Revenue ("ARR") is defined as annualised contracted Software-as-a-Service ("SaaS") fee. ARR is calculated as the annually recurring licence fees from contracts existing at 31 March 2022 that expire on 1 April 2022 or later. It represents the annualised value of the recurring revenue base that is expected to be carried into future periods, and its growth is a forward-looking indicator of reported recurring revenue growth. ARR differs from recognised revenue due to the timing of revenue recognition, which includes amounts for partial years based on contract start dates, whereas ARR is an annualised amount. Recognised revenue also includes non-recurring non-SaaS fees.

2 Revenue from customer contracts is stated after the application of IFRS3 being a fair value adjustment relating to the deferred revenue acquired as part of the Attend Anywhere Pty Limited acquisition in June 2021 and the acquisitions of Zesty Limited (June 2020) and Horizon Strategic Partners Limited (November 2019). Had this adjustment not been applied, pro-forma recognised revenue from customer contracts for the year would have been £12.1m (2021: £1.5m). Refer to the financial review on page 8 for further details.

3 Restated for the impact of the application of IFRS 3 in the prior period. Refer to Note 6 in the Consolidated Financial Statements for further information.

4 Adjusted EBITDA is EBITDA adjusted for exceptional items, share based payment adjustments and other non-cash items. Before the application of IFRS 3 relating to fair value adjustments made to deferred revenue, acquired as part of the Attend Anywhere PTY Limited acquisition in June 2021 and the acquisitions of Zesty Limited (June 2020) and Horizon Strategic Partners Limited (November 2019), and adding back the fair value movement in contingent consideration, Pro-Forma Adjusted EBITDA for the year was £Nil (2021:£(4.1)m). Refer to the financial review on page 8 for further details.

5 Adjusted EBITDA for the year ended 31 March 2021 has been restated to take into account the effects of share based payments and the impact of the application of IFRS 3 in the prior period. Refer to the Financial Review on page 8 for further details, and Note 6 in the Consolidated Financial Statements for further details on the prior period adjustment.

Chair's statement

I am delighted to have recently joined the Induction leadership team following a successful year for the Group. The global COVID-19 pandemic has significantly accelerated the shift, that was already underway, towards digitising care delivery. Throughout the world, providers and patients expect greater flexibility in all aspects of their life, including in the way they deliver and receive care. Induction is at the heart of this transformation.

Induction delivered a record year for trading in FY22, driven mainly by the acquisition of Attend Anywhere, leading to substantial increases in both revenue and contracted ARR (Annually Recurring Revenue). Equally, excluding the effect of the Attend Anywhere acquisition, the group delivered organic ARR growth of 100% year on year (£4m (2021: £2m)). The Group made a loss before tax of £(9.6)m (2021: £(8.1)m restated).

The increased losses incurred reflect the Groups continued investment to allow it to scale and grow ARR and revenue in future years. In addition, following the placing to raise £25m in June 2021, net cash as at 31 March 2022 improved substantially from £2.5m to £7.5m. Following strong renewals of NHS England contracts for Induction Attend Anywhere in March 2022, and some of these contracts renewing and paying more than 1 year in advance, the Group's cash position has further improved post-period end.

The Attend Anywhere acquisition provided the business with national scale and a strong market position in an area of prominent growth and investment. In February 2022, NHS England issued a delivery plan[6] to tackle the backlog of elective care and our leading products, Induction Zesty and Induction Attend Anywhere, are well placed to support this initiative with their strong market positions in the UK. However, the backlog of waiting times in elective care following the COVID-19 pandemic is not confined to the NHS and represents an opportunity for Induction globally. We are well positioned to help ease these global stresses by integrating Induction products into existing healthcare systems – the precise strategic approach represents an immediate focus for the Board.

It is a particularly exciting, albeit challenging, time for Induction and for the executive team and Board – the demand for our products, both in the UK and globally has never been stronger and the company, the management team and the Board have to evolve to meet this challenge. Induction is a small, relatively fast growth business with many of the growing pains associated with scale up.

As we grow we will need to ensure that we have the products, systems and internal processes that meet our customers' and management's needs. Above all, we will need to attract and retain high quality and experienced people at every level in order to ensure that we hit our commitments to our shareholders. In a tight labour market, particularly in our field of digital expertise, this is challenging.

I look forward to working with James and the whole Board as we deliver on our promises and build Induction into the digital healthcare platform of choice. I also look forward to working closely with you, our stakeholders, as we seek to build on the value of your investment – I anticipate speaking with many of you over the coming months.

Christopher Samler
Non-Executive Chairman
28 November 2022

[6] https://www.england.nhs.uk/coronavirus/wp-content/uploads/sites/52/2022/02/C1466-delivery-plan-for-tackling-the-covid-19-backlog-of-elective-care.pdf

CEO statement

A transformational year

31 March 2022 saw the end of a positive year for the Induction Group. We delivered on all our key financial metrics, ending the period in line with market expectations.

This performance was mainly driven by the acquisition of Attend Anywhere Pty Ltd ("Induction Attend Anywhere"), completed in June 2021, adding £11m of ARR and £1.1m of profit before tax[7].

Revenue increased to £7.9m (2021: £1.4m (restated)), and although the Group recorded a loss before tax of £9.6m (2021: £8.1m (restated)), this is as a result of our deliberate continued investment in key areas of the business, as well as integrating Attend Anywhere.

A significant proportion of Induction Attend Anywhere revenues are generated from our contracts with NHS England. Immediately post-acquisition, Induction Attend Anywhere held contracts with 172 English NHS trusts – all of which expired in March 2022. This presented obvious risk to the group, so we were delighted to renew contracts with 94% of existing English NHS customers post period end, which secured 86% of group recurring revenues by value.

The majority of FY23 NHS England contracts for Induction Attend Anywhere were renewed on either a two or three year term, de-risking group recurring revenues moving forwards.

In November 2021 we won a contract to supply the Department of Work and Pensions (DWP) through our partner Involve Visual Collaboration Limited ("Involve") to support the virtualisation of the UK benefits system using Induction Attend Anywhere. Whilst we are exploring the future potential for the Induction Attend Anywhere platform in other non-health public sector settings, we are mindful that our focus is in healthcare.

FY22 was a challenging year for our Induction Zesty patient engagement platform. Existing customers relied heavily on Induction Zesty during the pandemic, however new business wins fell short of pre-pandemic forecasts as NHS hospitals were understandably pre-occupied with treating COVID-19 cases.

I am pleased to report, however, a positive shift in market sentiment as health systems around the world are now focused on post-COVID recovery. Induction Zesty is increasingly playing a critical role in reducing elective waiting lists, a key economic and political focus. Contracted ARR more than doubled year on year to £1.5m, with much of this growth occurring in the last quarter of FY22. There has been significant investment during the year in Induction Zesty capabilities and further development planned and we are confident Induction Zesty will deliver continued growth in FY23, despite a challenging economic and political environment

Our market focus

We remain focused on ambulatory patients in hospitals – outpatients. We continue to see consolidation and growth opportunities in secondary acute, specialist tertiary, community and mental health care settings.

Overall, we see attainable recurring annual revenues of between £30m and £35m over the next 3 years across the British Isles for our current suite of products.

We are, at heart, a healthcare company. We remain open to partnerships that deliver our products, out of the box, into other public sector organisations, but our core focus will remain within healthcare and we will avoid product customisations for non-healthcare customers that take us away from our core health product vision.

Annually recuring revenue

We remain committed to building our recurring revenue streams, via multi-year licensing of our software products, operating a Software as a Service ("SaaS") business model. Whilst we do generate non-recurring set-up revenue via our implementation teams, we are resistant to building a large professional services function, preferring to work with specialist partners.

Another key aspect of our strategy is to focus on the supply of software products to existing healthcare providers, as opposed to directly employing care teams and delivering care ourselves. In doing this, we are looking to preserve the high margins and recurring revenue streams associated with a SaaS business.

[7] Profit before tax contributed by Induction Attend Anywhere is taken after IFRS 3 adjustments related to deferred revenue of £4.1m related to the acquisition. Refer to the Financial Review on page 8 for further information on these adjustments.

CEO statement (continued)

Video consultations – Induction Attend Anywhere

Whilst the COVID-19 pandemic created overnight demand for remote consultations, we remain focused on ensuring Induction Attend Anywhere's value proposition is both clearly communicated and successfully enhanced over the coming months.

A key area of development during FY23 will be our customer success function and we will continue to invest in the best talent available to drive this important function forwards. With a large and disparate user base across NHS England, it's vital we engage with customers to understand changing usage requirements and close the loop efficiently between customers, product development and delivery.

Microsoft Teams still remains our clear competitor within secondary care and we will continue to invest in product development, prioritising new features that widen the gap further between specialist consulting platforms (Induction Attend Anywhere) and mainstream business conferencing applications (Teams, Zoom). Integration into underlying EMR systems, via our HealthStream platform, is a good example of this.

Digital patient engagement – Induction Zesty

As Patient Engagement Platforms gain increasing national strategic relevance to the NHS, we are engaged in several key projects, both regionally and nationally. We are seeing tangible evidence that read and write integrations into hospital EMR systems (Cerner, System C) are a key selling point and direct value driver – this 'integrated' strategy will continue to be a focus for Induction Zesty and our other product lines.

One of the current digital initiatives at many NHS hospitals is patient initiated follow up booking ("PIFU"). It's estimated that as many as 50% of hospital follow up appointments allocated to patients are unnecessary. PIFU workstreams are aiming to allow patients to book only if they need an appointment, supported by ongoing remote monitoring to effectively manage clinical risk. Induction Zesty has a complex rules engine that supports this emerging workflow, creating a unique selling point for the platform. Working alongside Cerner and Palantir, we expect to launch a fully automated PIFU platform during FY23. Our strategy is to lead the market on a fully automated offering, differentiating our product from other request based manual offerings.

There is clear potential synergy between Induction Attend Anywhere and Induction Zesty. We are moving forwards with our cross-sell and upsell strategies and will continue to focus our development effort on tighter integration between these two products.

Our clinical apps business

Our clinical apps, Induction Guidance and Induction Switch, continue to enjoy user growth and increasing engagement, ending the year on 288k and 289k users respectively. ARR grew by 8% for Induction Guidance, supported by a high contract renewal rate amongst our 122 NHS hospital customers. UK market growth, however, has proved more challenging for Induction Guidance.

Given the relatively minor contribution our clinical apps make to overall group revenues and the solid traction we are seeing with our patient facing products, we are carefully considering the role of clinical apps within the group moving forwards.

An enterprise 'flexible care' platform, fit for global scale

There is an emerging health IT product category that aims to put the patient in the centre of their care delivery. Currently this category contains several product types including Telemedicine, Patient Portals and Virtual Wards. The core capabilities of each of these overlap to a large degree. Our product vision is based on the view that, as demand for digital services rises, these product types will converge into enterprise platforms that deliver value end to end over the care pathway.

We continue to execute our buy, build and partner strategy with this product vision in mind.

International growth

The global digital health market is predicted to grow by US $2.8bn in 2021 to US $7.8bn in 2025[8], as the need for more flexible healthcare options become a necessity due to user behavior changes and organisational efficiency requirements.

We see growth potential in new geographical markets and have set this as a major strategic focus for FY23. Given our scale within the UK NHS, now is a good time to market our products in new territories. Most developed (and many developing) health economies have the same post-pandemic challenges as the UK, especially those around rapidly increasing hospital waiting lists.

Our strategic pillars for growth

- **Consolidate our domestic position** – we will continue to invest in and refine our sales, commercial, delivery and customer success capabilities – ensuring we stay ahead of competitors and deliver strong organic ARR growth.
- **Grow our domestic and international channels to market** – Partners are playing an increasingly important role in our growth story. Our partnership with Cerner, for example, will deliver more than 50% of Induction Zesty's growth during FY23. As we scale, we attract more partners, creating positive momentum that further

[8] Source: "Global Virtual Healthcare Market, Cumulative Impact of COVID-19", p31

widens our market reach and enhances our product capabilities. The recently announced (post-period end) VAR agreement with System C further supports our strategy.

- **Invest in and deliver our integrated product strategy** – As a product company, a core tenant of our strategy is a single, enterprise product that leads the growing digital patient engagement segment.
- **Acquisitions and partnerships to drive international expansion** – As a rapidly growing but still early-stage sector, our market is fragmented, with many small and medium sized companies in each of the major world markets. We see acquisitions and partnerships with VARs and other similar providers as a highly valid method to enter new markets with scale and pace.

People

We continue to invest in talent and are more focused than ever on building our company culture. As companies 'exit lockdown', we are working hard to define a rewarding and inclusive hybrid working environment. During the year we began the process of rolling out a group wide performance management and incentive scheme, ensuring everyone at Induction is aligned to the future success of the Group.

Under the leadership of Dave Williams, our Group Chief Product and Technical Officer (previously at Just Eat), we completed a global re-organisation of our four product and technology teams around the world, who account for over 80% of the Group total headcount. Key managers now have global, multi-product responsibility, removing any sense of silos by product and we are now better placed to grow our business internationally and integrate future acquisitions.

More recently we've attracted a highly experienced Chief Growth Officer, Paul Tambeau, who is leading our sales, marketing, customer success and international development teams.

Post-year end we also saw Chris Spencer step down from his position as Chair. I would like to thank Chris for the great support he has provided to bring the Group to the strong position it is in today. We welcome Christopher Samler into the role and I look forward to working alongside him and learning from him and his valuable expertise as we drive the business forward.

Outlook

It's been a transformational year for Induction and we remain energised about the future prospects for the Group. Our market segment is maturing rapidly, driven by an acute need for digital transformation in hospitals around the world.

Our steadfast focus on working alongside existing health providers as opposed to directly competing with them in a more disruptive manner is delivering results. A high margin and scalable SaaS operation remains our core driver as a business.

As the world recovers from the pandemic, the pace of change is creating significant opportunities for companies in our sector – Induction is well positioned to capture global market share in the coming years.

James Balmain
Chief Executive Officer
28 November 2022

Our Products

Induction Attend Anywhere

Acquired in June 2021, Induction Attend Anywhere is the UK market leader in secondary care video consultations. It helps hospitals, regional health systems and other customers deliver video consultations to patients and service users as a normal part of day-to-day operations. In the healthcare setting, Induction Attend Anywhere is fully configurable to the hospital environment, our one-click-to-clinic solution is designed to mirror existing clinical workflows with rigorous adherence to patient confidentiality and data requirements.

Induction Attend Anywhere offers several critical benefits over mainstream business video conferencing platforms, benefits which continue to be proven at scale. Patient and citizen onboarding is friction free, with no plugins, downloads or user accounts needed. Communication is end-to-end encrypted and operates on a peer-to-peer basis, avoiding data storage on intermediary servers. Fully configurable waiting areas allow one joining link to be sent to multiple patients – this mirrors traditional in-person workflows and is in stark contrast to mainstream conferencing platforms that require each attendee to have their own, separate, link.

In October 2021, Edge Health issued a report for NHS England and NHS Improvement on outpatient video consultations. The report[9] reviewed 3 million video consultations on the Attend Anywhere platform between 1 April 2020 and 31 March 2021 and concluded that the platform delivered a range of benefits to patients and the NHS. The report highlighted the dramatic increase in video consultations across 171 NHS hospital trusts in England, increasing from 5,000 a month in March 2020 to 340,000 a month a year later.

The report highlighted the following benefits of video consultations:

- **Savings of 4.64 million hours** (530 years) in patient travel and in-hospital waiting times in total over the year
- **Savings of £40 million** in patient travel costs and parking charges
- **3 million lost work hours were avoided** saving the overall economy £108m in lost productivity
- **14,200 tonnes of greenhouse gas emissions avoided** due to fewer hospital journeys
- **11 million fewer "single-use" PPE items,** such as face masks, were consumed, saving the NHS over £1.1 million
- **1,730 hospital-acquired infections were avoided** (not including COVID-19 infections) due to fewer visits to hospital sites

Attend Anywhere has been recognised for both its patient safety – recently winning the HSJ Patient Safety award with Moorfields Eye Hospital – and environmental benefits.

Induction Zesty

A digital patient engagement platform, Induction Zesty removes the friction between hospital care teams and patients. When combined with other Induction products, care teams save significant time and patients are treated more efficiently and are more engaged in their care. Systems integration is a key unique selling point ("USP") for the platform – Induction Zesty directly integrates with most major hospital Electronic Medical Record ("EMR") platforms. This integration is key to the platform's growth as it allows care teams to maintain their existing workflows. Our integrated solution optimises value for Trusts and ensures a fully automated process for patients to manage their hospital appointments, view their letters and clinical records, as well as provide data remotely via digital questionnaires.

Zesty is known for its accessible, easy-to-use functionality and has registration rates hitting 70% in some Trusts. It recently reached 500k unique users, representing a 137% YOY growth and demonstrating its power to drive digital adoption as more Trusts onboard.

Zesty is on an upward trajectory and recently signed four Trusts within South-West London. The advanced integration capabilities and strategic partnerships with Cerner and SystemC place Induction in a strong position to support the government-led drive for patient portals in all UK hospitals.

Metric	As at 31 March 2021	As at 31 March 2022	As at 31 August 2022
185% growth in registered patients since end of FY 21 (cumulative)	211,947	502,552	604,884
296% growth in digital letters delivered since end of FY 21 (cumulative)	406,714	5,033,036	5,570,848

Driving the digital transformation of hospitals at a critical time for global health recovery

Induction Guidance

Induction Guidance provides medical organisations with the ability to collaboratively create, edit and publish their own local medical guidelines in a secure and locally administrated environment.

Guidance has become a trusted standard for clinical content distribution since its launch in 2012, widely adopted across the NHS in close to 75% of Acute Trusts. It continues to grow usage hitting 14 million page views in FY22, a 30% YOY increase.

Metric	As at 31 March 2021	As at 31 March 2022	As at 31 August 2022
34% growth in registered users in FY22 (cumulative)	214,798	288,052	327,543
37% growth in Guidelines page views (in year views)	10,259,298	14,109,202	7,110,892

Induction Switch

Induction Switch is the leading NHS hospital staff directory app in the UK, utilised by around 290k clinicians across the NHS, Ireland, Australia and South Africa. The crowdsourced directory enables users to easily source, communicate and share information with other healthcare professionals, allowing them to bypass legacy hospital switchboards.

Used almost 20 million times in the last twelve months, the app saves hospital staff significant time, improving the overall efficiency of care delivery.

Induction recently introduced a Trust specific subscription model which offers Trusts controlled access though NHS authentication.

Metric	As at 31 March 2021	As at 31 March 2022	As at 31 August 2022
33% growth in registered users in FY22 (cumulative)	216,635	289,163	327,576
23% growth in directory views (in year views)	15,459,000	19,015,978	6,631,304
40% growth in directory calls (in year calls)	3,349,000	4,693,969	2,231,668

Induction HealthStream

Induction HealthStream is a proprietary data integration engine which enables two-way communication between Induction products and the underlying EMR systems used in most hospitals today. Increasing the number of supported EMR platforms remains a key focus for the company, as each new integration increases our market reach, our competitive advantage and opens the door to future reseller agreements.

Currently, Induction HealthStream exclusively supports other Induction products. However, we see value in providing 'integration as a service' to other complimentary third-party platforms, especially when they enhance our core product offering.

Our ability to integrate into a growing number of EMR platforms is key to our growth as a business. Alongside adding value to the significant investment in IT hospitals have already made, integration allows care teams to carry on using familiar and embedded workflows. This preservation of workflow is a critical element in scaling digital technologies in healthcare and a powerful USP for Induction.

[9] Edge Health report September 2021: https://www.edgehealth.co.uk/outpatient-video

Financial review

Solid topline growth and successful acquisition integration. Excellent base for further expansion

Revenue

For the year ended 31 March 2022, revenue from customer contracts, post IFRS 3 fair value adjustments, was £7.9m (2021: £1.4m, restated[10]).

Under IFRS, deferred revenue is required to be fair valued. This is a non-cash movement of deferred revenue to goodwill on the group balance sheet and does not affect future years. The impact of this in the year was £4.2m (2021: £0.1m). Had the IFRS 3 adjustment not been applied Group revenues would have been £12.1m on a pro-forma basis for the year (2021: £1.5m).

Reported revenue from customer contracts for Induction Zesty grew to £1.5m (2021: £0.8m (restated)[10]). The principal driver for this growth has been the drive to digitise healthcare and booking portals in NHS England.

Revenues for Induction Attend Anywhere, for the 10 months post acquisition, were £ 5.7m post the IFRS 3 deferred revenue fair value adjustment and £9.8m on a pro-forma basis.

Reported revenue from customer contracts for Induction Guidance has remained steady at £0.6m (2021: £0.6m). Growth has been slower in FY22 than expected.

Contracts acquired as part of the Induction Attend Anywhere acquisition for NHS England and NHS Scotland were one-year contracts which were due for renewal at 31 March 2022. NHS Scotland renewed for 1 year and 94% of trusts in NHS England renewed, many renewing for periods of 2 or 3 years. To secure the multi-year deals small discounts were agreed resulting in revenue renewals by value of 86%.

To further illustrate the in-year effect of IFRS fair value adjustments, at the start of FY23, contracted revenue for Induction Attend Anywhere, post the NHS Scotland and NHS England renewals was £11.6m, despite renewals for NHS England contracts at 86% of the prior year value.

In November 2021 a contract was agreed with the Department of Work and Pensions (DWP), this was a contract for two years with two subsequent 12-month extensions built in (a 2+1+1 deal) for up to £1.3m of annual revenues.

Induction Switch user numbers have increased in year although there has been limited sales traction within the year. The carrying value of Switch is currently £nil and the Board determined that the value of goodwill and intangible assets should remain at this value (see note 18).

Revenue from customer contracts, post IFRS 3 adjustments in respect of fair value, is as follows:

	2022 £'000	2021 £'000 (restated[11])
United Kingdom	**7,785**	1,190
Europe	**13**	13
United States	**18**	23
Rest of World	**92**	135
	7,908	**1,361**

Pro-Forma revenue from customer contracts (pre the IFRS 3 adjustments above):

	2022 £'000	2021 £'000
United Kingdom	**11,994**	1,342
Europe	**13**	13
United States	**18**	23
Rest of World	**92**	135
	12,117	**1,513**

The following table reconciles recognised revenue and pro-forma revenue:

	31 March 2022 £000	31 March 2021 £'000 (restated[10])
Revenue	**7,908**	1,361
Fair value adjustments on contract liabilities	**4,209**	152
Pro-Forma revenue	**12,117**	1,513

[10] Reported revenue for Zesty for the year ended 31 March 2021 has been restated to take into the account the application of IFRS 3 deferred revenue fair value adjustments. Please refer to Note 6 for further information.

[11] Revenue for the year ended 31 March 2021 has been restated to take into the account the application of IFRS 3 deferred revenue fair value adjustments. Please refer to Note 6 for further information.

Both Induction Guidance and Induction Switch form our clinical apps business and whilst user growth on both platforms has been strong, the board are considering the role these apps play in generating significant group revenues moving forwards, given the strong traction we are seeing from our patient facing platforms Induction Attend Anywhere and Induction Zesty.

Operating Costs

Development expenses increased to £5.9m (2021: £1.9m). This relates to the increase in headcount and operating costs following the acquisition of Induction Attend Anywhere, a full year of trading post-acquisition of Induction Zesty, and continued investment in the development team particularly for Induction Zesty. Development costs are presented net of capitalised software development costs. The Group capitalises software development costs which depreciate over three to five years, resulting in capitalisation of £3.1m (2021: £1.7m).

Administrative expenses increased to £7.3m (2021: £4.9m), (restated)[12]). Again, this relates to the acquisition of Induction Attend Anywhere and full year trading of Induction Zesty. It also reflects the expansion of the senior management and leadership functions of the group, fundraise and acquisition-related transaction costs of £0.5m (2021: £0.4m), and share-based payment charge of £0.6m (2021: £0.7m).

Sales and marketing expenses increased to £1.2m (2021: £0.6m). This reflects the investment in the group-wide commercial functions of the Group to acquire further market share.

Excluding the results of Induction Attend Anywhere, development costs for the Group were £4.2m (2021: £1.9m), again reflecting the investment in the development team for Induction Zesty. Administration costs were £6.1m (2021: £4.9m (restated[12])), reflecting the expansion of the senior management and leadership functions of the Group. Sales and marketing costs were £1.2m (2021: £0.6m) and relates purely to investment in group-wide commercial functions.

Reported loss before tax for the year was £9.6m (2021: £8.1m restated).

Core performance measures

Core performance measures are alternative performance measures (APM) which are adjusted and non-IFRS measures. These measures cannot be derived directly from our consolidated financial statements. We believe that the following non-IFRS performance measures, when provided in combination with reported performance, will provide investors, analysts and other stakeholders with helpful complementary information to better understand our financial performance and our financial position from period to period. The measures are not substitutable for IFRS results and should not be considered superior to results presented in accordance with IFRS.

We considered the adjusting items, including explanations of why they were either not related to the underlying performance of the business or impacted the comparability of the Group's results year-on-year.

We also reviewed the FRC's guidance, and considered adjusting items used by the Group's peers and have concluded that the appropriate disclosure of those items has been included.

The Group incurred several exceptional items during the year as per the table below which shows adjusted operating profit /(loss) before depreciation, amortisation, impairment, share based payments and exceptional costs of £(4.2)m (2021: £(4.3)m (restated[12]).

	31/03/2022 £'000	31/03/2021 £'000 (restated[12])
Loss before tax	(9,574)	(8,117)
Add / (Less): Net finance expense / (income)	28	2
Add: Impairment losses	–	1,366
Add: Depreciation and amortisation	3,785	1,356
Operating loss before depreciation, amortisation and impairment	**(5,761)**	**(5,393)**
Adjusted for exceptional and non-cash costs:		
– Acquisition and fundraise related transaction costs[1]	531	375
– Other exceptional items[3]	404	–
– Share based payments (non-cash)[4]	613	6,984
Adjusted Operating profit/(loss) before, depreciation, amortisation, impairment and exceptional costs ("Adjusted EBITDA")	**(4,213)**	**(4,320)**
Pro-forma IFRS 3 adjustment:		
– Fair value adjustments on contract liabilities[2] and contingent consideration	**4,209**	**243**
Pro-Forma Adjusted EBITDA	**(4)**	**(4,077)**

1 These costs are directly attributable to business combinations and are excluded from underlying performance as they would not have been incurred had the business combination not occurred. They do not relate to the underlying trading of the Group and are added back to aid comparability of the Group's profitability year-on-year.

2 As a result of applying IFRS 3 in accounting for acquisitions, the Group is required to determine the fair value of all acquired assets and Liabilities at the date of acquisition. This includes determining the fair value of the contract liabilities ("deferred income") of the acquiree. The fair value of the contract liabilities (and therefore revenue subsequently recognised) was less than the amounts recognised by Attend Anywhere, Zesty and Horizon Strategic Partners on a standalone basis, resulting in a fair value adjustment of £4.2m related to Attend Anywhere and Zesty (2021: £0.2m fair value adjustment related to Zesty and Horizon Strategic Partners). This is excluded from pro-forma adjusted EBITDA on the basis that it is non-cash and is not representative of the trading performance of the business in the period and this exclusion ensures comparability. Pro-Forma adjusted EBITDA is also adjusted to add back £Nil (2021: £0.9m) fair value movement in contingent consideration.

3 Includes items related to one-time non-recurring executive and senior management team restructuring costs (£366k) and other one-off items (£38k). Senior management team restructuring costs are added back to Adjusted EBITDA due to the fact that these are non-recurring and not representative of the underlying performance of the Group.

4 Comparative restated to include share-based payments. Share-based payments are excluded from Adjusted EBITDA due to the fact that these are non-cash and therefore not representative of the underlying trading of the group.

12 This has been restated to take into the account the application of IFRS 3 deferred revenue fair value adjustments and exclusion of share based payments as a non-cash item. Please refer to Note 6 for further information.

Financial review (continued)

Adjusted EBITDA for the year was £4.3m (2021: £(4.3)m (restated[13])). Before allowing for the application of IFRS 3 pro-forma Adjusted EBITDA) for the year was £0.0m (2021: £(4.1)m (restated)). It is important to recognise the difference this adjustment makes to the trading results of the Group as it is a non-cash accounting adjustment only.

Cash

The Group's cash position as at 31 March 2022 was £7.5m (2021: £2.5m). The operating cash outflow was focused on growing commercial teams particularly around sales and marketing headcount and also marketing campaigns, events and supporting materials. These costs are investments in acquiring future market share and are incurred ahead of future revenues as the benefit will be seen in future years. In addition, while we capitalise a large portion of our development costs, shown in investing activities, there is a portion that is not capitalised and is also included in operating cash outflows above as a revenue expense. Again, the benefit of this investment will be realised in future years as we deliver our expanded product functionality to more customers. Investment outlay of £16.8m (2021: £3.7m) includes £13.5m for the acquisition payment (net of cash acquired) for Induction Attend Anywhere and £3.1m for capitalised development costs (2021: £1.7m).

The Directors regularly monitor cash usage and forecast cashflows to ensure that the projected business needs are supported, and future acquisitions can be delivered as part of the overall strategy to grow the business. The liquidity of the Group is sufficient to meet the cash needs of the business as they become due, and management have performed a going concern analysis with no material uncertainties noted (refer to note 1.2 in the consolidated financial statements for further information).

	31/03/2022 £'000	31/03/2021 £'000
Operating cash flows	(2,061)	(4,012)
Cash balance	7,496	2,472

Assets and Liabilities

Goodwill as at 31 March 2022 of £19.8m (2021: £9.4m) and Intangibles of £20.9m (2021: £5.9m) are derived from three acquisitions, Attend Anywhere Pty Ltd during FY22 and Zesty Limited and Horizon Strategic Partners Limited in the prior years.

The carrying value of Induction Switch goodwill and intangible assets has been fully impaired by £1.4m in the prior year.

All acquisitions have been valued for IFRS 3 purposes by external consultants resulting in the investment being recognised among the fair value of net assets acquired, including deferred revenue as per notes 18 and 19.

	31/03/2022 £'000	31/03/2021 £'000
Goodwill	**19,758**	**9,373**
Intangible assets	20,962	5,884

Trade and other receivables have increased significantly in the year due and is reflective the overall increased trading during the year. The balance consists of Induction Attend Anywhere invoices for services performed unpaid at 31 March 2022.

There is an increase in Trade and other payables in the year due to increased operating costs and accruals following the acquisition of Induction Attend Anywhere. Costs relate to hosting, partner commissions, marketing programs and professional fees.

Deferred tax liabilities have increased significantly during the year. This is driven by a £3.7m Liability recognised in relation to fair value adjustments of intangible assets acquired in business combinations.

Current tax receivable has increased to £1.2m (2021: £0.4m) and relates to R&D tax credits due for current and prior years. These amounts are expected to be received within the next 9 months once all tax claims are submitted to HMRC. Tax payable relates to taxes due by Induction Attend Anywhere in Australia.

Guy Mitchell
Chief Financial Officer
28 November 2022

[13] This has been restated to take into the account the application of IFRS 3 deferred revenue fair value adjustments and exclusion of share based payments as a non-cash item. Please refer to Note 6 for further information.

Strategic Report

Please refer to page 6-7 for an overview of our products and key non-financial metrics for each of these.

Our market

The urgency of the pandemic fuelled adoption and helped to dissipate previous cautiousness to digital technologies within healthcare. The world-renowned Moorfields Eye Hospital, for example, rolled out our Induction Attend Anywhere platform across A&E in just three days at the start of lockdown in March 2020. Two years on the hospital has conducted over 45,000 consultations, with 95% positive ratings in patient surveys, and remote is now integral to a 'business-as-usual' hybrid consulting model.

Business model

We provide a high margin, SaaS based platform (vs one that requires a clinical workforce) which supports and digitally transforms the infrastructure of care delivery, with commercial benefits that mean we complement and do not compete with existing healthcare providers. We can operate our platforms at scale without compromising on functionality, efficiency or pricing, putting us in a leading position in the market. Revenue is primarily generated from licensed subscription services, but we also collect fees for initial implementation. Work continues to onboard implementation partners, reducing our reliance on a professional services type model.

We have an accretive M&A strategy, with four acquisitions completed since Induction's Initial Public Offering ("IPO") in 2019. Through this buy-and-build strategy we aim to create an end-to-end patient engagement platform to support the entire hospital care delivery pathway, managing patient data and appointments and enabling virtual consultations and self-care guidance. This is complemented by our clinical apps business which facilitates information sharing between clinical teams.

Our products are designed for integration with existing hospital IT systems, a key sales advantage for healthcare providers looking to leverage legacy investments and avoid workflow disruption. The ability to integrate is the reason we have been able to work with so many NHS trusts and the acquisition of Attend Anywhere in 2021 is providing the national scale for our sales team to drive upsell opportunities.

Using this advanced integration capability, we have developed valuable partnerships with large incumbent health IT suppliers (see Key Partnerships) to facilitate and enhance our routes to market. There is significant value in EMR integrations, both financially and for efficiency. As part of the value-added reseller agreements with our partners, such as Cerner Corporation (NASDAQ: CERN), clients can access our products without an extensive procurement process. Last year these integrations resulted in over 100% YOY increase in ARR from our Zesty patient portal and going forward give us a strategic advantage responding to the government-led drive for national portal coverage.

Key partnerships

Partnerships help accelerate an efficient route to market and are integral to both our growth and customer retention strategy.

Within healthcare we are developing commercial partnerships with a number of EMR providers, in some cases, giving clients access to our products without a protracted procurement process.

In October 2020, we signed our first Value-Added Reseller agreement with the Cerner Corporation (now Oracle Cerner), a global healthcare technology company, offering Trusts an advanced integration solution between Induction Zesty and their EMR Cerner Millennium. Induction is already either live or recently contracted in around 30% of Cerner's current sites and is projected to deliver over 50% of Induction Zesty's growth in FY23.

We also recently expanded our partnership with SystemC into a long-term reseller agreement with potential to integrate Zesty into EMRs at their 27 NHS Trust sites.

Our third key reseller agreement is with Involve Visual Collaboration Limited, an established UK IT provider which specialises in virtual communication solutions for public sector organisations.

We are also creating a broad ecosystem of product partners, collaborating with market leaders such as Microsoft, Amazon Web Services ("AWS") and ATOS. We target partners to fulfil specialist product needs, create new integrated offers to further embed with existing clients, as well as tap new business opportunities via co-marketing initiatives. Collaborating with often globally recognised corporations, and their existing networks, further underpins our credibility as we enter new territories.

Our ESG journey

We are committed to building diverse team at Induction Group. The Group is working hard to create a culture of inclusion and diversity where all employees are treated and valued equally. Our focus is on:

- recruiting and retaining high calibre employees;
- developing our team to create a culture which offers opportunities to broaden skill levels and capabilities;
- building a diverse culture;
- providing a safe and stable working environment;
- recognising performance; and
- leveraging our capabilities at every opportunity.

Induction is all about our people, and we aim to ensure they have the tools and development to succeed in their role. The Group is committed to providing our staff with career progression and training to the requirements of roles. A key aspect of developing the success of the Group

Strategic Report (continued)

is to support an open culture and encourage the mix of cultures and business practices across the Group.

We create an ethical working environment for our workforce, promoting honesty, transparency and duty of care across the entire workforce. The Company provides a working environment which meets all legislative requirements and provide all the necessary training and support for employees to operate safely within it.

Our workforce follows our Anti-bribery and Corruption policy, and Whistleblowing Policy as part of the staff induction and ongoing training.

We provide appropriate remuneration for responsibilities and equal opportunities for development and career advancements. The Company ensures opportunities are available to staff to build their breadth and depth of experience.

It is also important to note how our already embedded attitude to flexible working allowed the Group to continue to provide an effective work from home environment to our employees. We continue to be a predominantly work-from-home business and to provide our employees the flexibility to strike a good work-life balance.

The Group has a commitment towards preventing slavery and human trafficking throughout our supply agreements: the Group complies with the Modern Slavery Act 2015 (MSA) and adopts a zero-tolerance approach towards slavery and human trafficking and expects all those in our supply chain (and contractors) to comply with the MSA.

Consumption and the Environment

The Directors endeavour to promote the consumption of resources in a manner that fosters the long-term sustainability of the business and the environment in which it operates and are conscious of the requirement to monitor these activities.

Although the Group has a small number of personnel and associated office space, it recognises that it contributes directly to carbon emissions through its consumption of energy, waste and water, through staff travel and, indirectly, through its consumption of supplies and equipment including office hardware.

During the year employees worked primarily remotely which significantly reduced carbon emissions from employees commuting to the office and the Group remains committed to continuing to operate a flexible remote working structure which will continue to have a beneficial effect on carbon emissions. In addition, when employees are working in the office the Group pro-actively works towards reducing its carbon footprint through the following initiatives:

- Motion-activated lights in the main office space and hallways;
- Recycling of plastics, cardboard, coffee capsules, paper and tins in the office space;
- As a general principle, Induction Board and Committee meetings are held remotely when possible
- Elimination of paper for Board and Committee meetings by using electronic board books.

Next steps in our ESG journey

Our short-term goal is to understand the sustainability risk factors of our day-day activities and translate them into a meaningful company-wide ESG strategy that can be woven into our main strategic goals.

In 2023 we aim to:

- Deliver ESG training for the Board
- Develop a formal ESG policy
- Set formal short, medium and longer term non-financial goals on material ESG topics that are relevant to our business

Introduce a first round of formal initiatives to reduce ESG impacts and manage ESG risk.

S172 Statement

The following disclosure describes how the Directors have had regard to the matters set out in Section 172 (1) (a) to (f) and forms the Directors' statement required under Section 414CZA of the Companies Act 2016.

The Directors are required by the Companies Act 2006 to act in the way they consider, in good faith would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so are required to have regard for the following:

- The likely long-term consequences of any decision;
- The interests of the Company employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

In 2019, the Company adopted the Corporate Governance Code for AIM listed Companies from The Quoted Companies Alliance (the "QCA Code"). The QCA Code is an appropriate code of conduct for the Company's size and stage of development. In the Corporate Governance Report, on pages 34 to 36 are comments regarding the application of the ten principles of the QCA Code.

The Directors discharge their duties by monitoring and assessing stakeholder interests in two primary ways:

- Regular information flow from the Executive Directors.

The Executive Directors are directly involved in day-to-day business operations. The Non-Executive Board members receive regular written and verbal business updates from the Executive Directors via monthly reports, face-to-face at regular Board meetings or between Board meetings as required.

- Direct engagement of Board members.

Directors are expected, where appropriate, to engage directly with, or on behalf of, stakeholders. The Directors consider the interests of each of our key stakeholder groups when considering their duties under S172 and take into account the information gathered through engagement with these stakeholders when determining the Group's strategies and key decisions.

A summary of our stakeholder engagement activities, together with the issues and factors the Directors have considered in respect of our stakeholders in complying with Section 172 (1) (a) to (f) is set out below.

Workforce/Colleagues/Our People

Our people are our most valuable asset. We rely on their skills, experience, knowledge and diversity to deliver our vision to provide technology to the healthcare community.

Our employees are key to the Group's success and we rely on a committed workforce to help us achieve our short-term and long-term objectives. It is right that our employees share in the success of Induction. Accordingly, incentive arrangements operate across the Group to reward colleagues for the contribution they are making to grow the business.

The Board recognises that the interaction between the Board, senior management, and staff, is crucial to maintaining the welfare of our people and ultimately our future success. The pandemic presented unique challenges so the executive initiated weekly and monthly meetings to provide guidance and support.

The CEO continues to hold regular meetings with the senior management, and each senior executive is encouraged to engage fully with their staff. Regular CEO town halls are run where James Balmain updates the staff on group initiatives and allows for questions from the workforce. This forum also provides an opportunity to share knowledge across the group and drive collaboration. During the year we have worked on updating the employee handbook which will be re-launched to all staff across the Human Resource system.

We value all staff including contractors and ensure our communications are to everyone to ensure there is transparency across the business.

While our staff and contractors are happy at Induction, there is always room for improvement. Key topics for further improvement are opportunities for career progression, development and succession planning, and working practices.

The global pandemic has reinforced our belief that a diverse and inclusive workforce are not just a social good, but a commercial advantage. Fair practices in hiring and talent development, as well as maintaining safe and supportive company cultures, are key to the Group's success and the encouragement of diverse voices within it.

Shareholders

It is important that our shareholders understand our strategic priorities and ambition, their views inform our decision-making.

The Board recognises the critical importance of open dialogue and fair consideration of the Group's members. We communicate with our shareholders through our annual report and accounts, full-year and half-year results announcements, trading updates, AGMs, face-to-face meetings and investor roadshows.

S172 Statement (continued)

Customers and users

Our users, whether patients, doctors or NHS trusts, are the heart of our business model. So, understanding them and their challenges is fundamental to our success. Should we fail to deliver an excellent user experience, we will not achieve our long-term financial and strategic objectives.

We obtain regular feedback from our users and clients to ensure that we are consistently delivering to high performance standards. Monitoring and influencing the quality of our customers' experience is key. It is important that we do not rely on anecdotal feedback but conduct customer surveys and arrange panels on user experience.

We work hard to ensure issues are resolved quickly through our customer service team and, if required, we follow a process that is fair, appropriate and one that will stand up to scrutiny and challenge.

We always look at ways to improve our services to customers and so seek feedback on all areas of the customer journey including product design, implementation, and user experience. Our aim is to capture these learnings, and once understood and tested, we seek to embed any changes into our policies and procedures, training and organisation structure.

Community and the Environment

Our vision is to build a Group that provides technology to deliver healthcare more efficiently, and drives our passion to support the community and environment. Operating with an ethical purpose to develop apps for the healthcare community is integral to everything that we do.

We continue to increase the focus on our impact on the environment. We aim to be resilient and responsive to change and we are committed to working with our employees, clients, supply chain and stakeholders to ensure that we are sustainable for the future.

Like many other businesses, as COVID-19 took hold our entire workforce started working remotely and we ended our office leases. Post pandemic, with people expected to work from home more often, and conscious of the carbon emissions (including electricity, water usage and travel) that arise from office space, we will be taking a much smaller space to support the further reduction of our environmental footprint.

Our Customers, Suppliers and Partners

Our business relies on good relationships with clients, suppliers and other stakeholders.

The Board is regularly briefed on key developments across the Group, including on new and existing client relationships. Client due diligence is a key part of our acquisition process when evaluating potential acquisition targets and results are made available to the Board. By their nature our businesses work in collaboration with their clients: we work collaboratively with client organisations, use agile processes, and build software and businesses to better serve client needs based on what they tell us.

The Group's focus is to leverage and consolidate the Group's suppliers. To obtain better terms, we aim to build on our customer relationships from the acquisitions during the last 24 months. Our effort is to be always professional and establish a reputation as being a reliable customer with whom suppliers and partners want to do business.

When taking on a new supplier, we conduct a detailed review to ensure that we understand not only the quality of their product or services but also their policies, procedures and working practices, making sure they are consistent with our values and compliance requirements. We keep our suppliers informed of our business performance through public disclosures and communication where appropriate.

The Group ensures that the quality of the services being supplied meets the standards expected, through our engagement and monitoring payment terms. If there is a reduction in the standard, we will communicate with the supplier and if needed we will look to replace with a comparable alternative.

The Group has a zero-tolerance approach to practices which are at odds with our values and culture, for example corruption, bribery and modern slavery. We are committed to acting ethically and with integrity in all business dealings and relationships and to implementing and enforcing effective systems and controls to ensure such practices are not taking place anywhere in our businesses or supply chain.

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 Management

The Board, assisted by the Audit Committee, is ultimately responsible for oversight of risk management. The Directors play the leading role, monitoring the overall risk profile within the business and taking into account internal controls. Through detailed planning and continuous monitoring, all identified significant risks are evaluated, and appropriate mitigating actions that reduce the likelihood of a risk event and/or reduce their impact to an acceptable level are designed and executed.

The Group's process for the identification, assessment and management of risks in the business, is driven and monitored by the Senior Management Team with the support of the Company Secretary.

The Audit Committee reviews the systems of internal control for the Group alongside the Group's process for risk management and reports its findings to the Board. Each year the Audit Committee consider the need for an internal audit function. Given the current size of the group, the Audit Committee do not judge it appropriate to maintain a dedicated internal audit function.

Internal systems of control

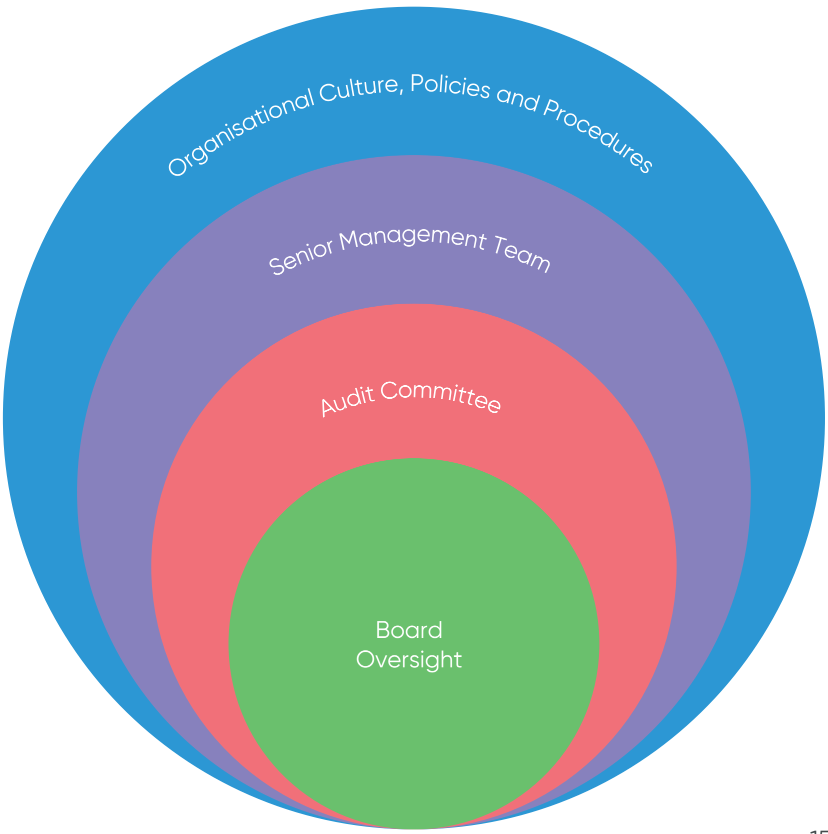
The Group maintains systems of internal control appropriate to a business of this size and complexity and which take into account the applicable regulatory and legal requirements as a UK AIM listed plc. The internal controls are designed with the objective of implementing an action to mitigate the existing risk, and if impossible to fully mitigate the risk, managing the risk to an acceptable level.

Registering and reviewing risks

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

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

Set out 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.



Principal risks and uncertainties
(continued)

The risk has increased

The risk has decreased

The risk has not changed materially since last year

Strategic Risks

Risk	Description and impact	Key mitigating activities	Trend
Competition and technological change	Induction operates in a competitive market, with new competitors regularly entering the market. These new entrants may make it hard for Induction to generate the anticipated revenues due to both increased competition for market share and pricing pressure. **Potential impact:** • New technologies emerge that may render existing products and services obsolete, unmarketable or competitively impaired, and may exert downward pressures on the pricing of existing products and services.	• Induction Switch, Induction Guidance, Induction Attend Anywhere and Induction Zesty apps are well-established products in the UK and this, coupled with a user-focused strategy, creates a barrier to new competitors. • Continuous investment in the development of the platforms to ensure they remain relevant, competitive and attractive to users as well as customers. • Hiring and developing the right talented people in product development. • Continuous commitment to product differentiation through innovation. • Analytics used to predict the environment, market and user engagement. • Maintaining market knowledge and monitoring competitor developments and technologies.	
Identification, valuation and pursuit of acquisitions and investments	The Group's growth strategy has centred around investing in talent and the acquisition of businesses which broaden and enhance existing operations. One of the inherent risks of acquisitions is that the Group enters unfamiliar markets/regions and works with new personnel, who may not be sufficiently aligned with Group strategy. The target acquisitions may either not be readily available or may not generate the financial or commercial benefit it was intended to. **Potential impacts:** • Investment returns not achieved and shareholder value eroded.	• The Board is very careful when selecting potential acquisition partners and we spend a significant amount of time upfront to make sure the individuals are a good fit for the Group. • Investment is made in M&A capabilities, experience and relationships in the market. • Potential targets identified and prioritised to ensure efficient time is spent on diligence. • Rigorous due diligence process conducted using internal and external experts to ensure Induction fully evaluates the costs and benefits expected before any business purchase. • Business case for acquisition is articulated clearly and key assumptions (financial, technical and operational) identified for Board approval. • External communication maintained with advisors and owners/management of to ensure Induction has visibility of potential transactions across the market.	

Operational Risks

Risk	Description and impact	Key mitigating activities	Trend
Key system failure or disruption	Induction 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. **Potential impacts:** • Internal impact due to releasing software that doesn't function as intended; and • External as third parties can disrupt the platform or cause failure by a key outsourced provider.	• Use an agile development methodology which allows small incremental changes to be made to the platforms. • Changes are subject to rigorous QA and product acceptance before they are released to users. • Maintenance of backups allowing roll back to previous versions if a new release fails. • Evaluation of all third-party suppliers, ensuring that they have appropriate fall-back systems and disaster recovery processes. • System penetration tests a performed annually by a third party.	
Business growth is constrained by not having appropriate people, resources and processes	Induction has a "buy and build" strategy, therefore operations and processes need to be robust, efficient and scalable for the Group to manage growth. There is a risk that, in a highly competitive technology talent landscape, Induction cannot attract and retain sufficient highly skilled and dedicated staff. **Potential impacts:** • Adverse effect on ability to grow and scale the business within UK and internationally.	• Our approach to recruitment is to hire and retain best-in-class talent and remunerate them accordingly. • Recruiting employees to attract talent fit for a dynamic and fast-growth MedTech company. • Open employee communication including employee performance reviews to monitor and identify gaps in leadership and skills levels. • Development program for employees to continually up-skill, which is supplemented with key external hires. • Detailed and continuous review of resource and succession planning for key roles. • Focus on developing a strong and consistent culture across the organisation.	
Inadequate integration or leverage of acquired businesses	The risk of misjudging key elements of an acquisition and failing to integrate in an efficient, timely and successful manner. **Potential impact:** • Integration of new acquisitions can be challenging and time consuming. There is a risk that the integration distracts the acquiring business, or capacity issues limits the enhancement of synergies resulting in the growth identified during due diligence remaining unrealised.	• Detailed integration plan and dedicated integration teams put in place. • Regular communication on progress highlighting variations and remedial action taken. • Senior Management with significant experience to lead the assessment, planning and integration process.	

Principal risks and uncertainties
(continued)

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

Compliance Risks

Risk	Description and impact	Key mitigating activities	Trend
Data protection and privacy	Regulatory compliance is a key risk for the Group, not only in terms of the General Data Protection Regulations (GDPR) but also specific restrictions relating potentially to medical devices, clinical governance including patient safety and information governance including confidentiality and security. Brexit has made the regulatory backdrop even more complicated as the UK's regulations diverge from the European Union's. **Potential Impacts:** • Failure to comply with regulations could have a material impact on the Group's reputation, fines or late filings penalties, and financial results.	• Compliance with legislation and code of best practice. • Ongoing training on key regulation such as anti-bribery and corruption and data protection. • Recruitment of appropriate expertise and experience in clinical and information governance to improve the regulatory compliance in data protection, clinical governance including patient safety, confidentiality and data ethics has taken place and will be further enhanced as necessary. • Internal Finance, Legal and Medical departments monitor changes to law and regulations and oversee actions to ensure compliance. • Independent third-party and internal adviser audits and reviews are conducted regularly during the year to ensure compliance. • In terms of Brexit, the Group has very little presence in any other members of the European Union outside of the UK and there has been no initial impact.	

Risk	Description and Impact	Key mitigating activities	Trend
Compliance with laws and regulations	The risk of insufficient evaluation and non-compliance with legislation and regulation in the markets and countries in which Induction operates. **Potential Impacts:** • Failure to comply with regulations could have a material impact on the Group's reputation, fines or late filings penalties, and financial results.	• The Group maintains an in-house legal function and uses external legal and tax counsel to advise on local legal, tax and regulatory requirements.	
System access and security	The Group notes the ongoing threat of third parties attempting to exploit weaknesses in the technological infrastructure and SaaS services of different companies. **Potential Impacts:** Inadequate security controls to protect against these threats could lead to business disruption, reputational damage and loss of assets.	• The ongoing development and maturation of our Information Security Management System (ISMS), including the continued investment in endpoint security, has greatly increased our ability to monitor and respond to cyber-related threats. • Our people are also required to undertake ongoing training to maintain their awareness and understanding of information security. • The Group plans to initiate an independent third-party review of the existing ISMS.	

Financial Risks

Risk	Description and Impact	Key mitigating activities	Trend
Foreign currency risk	The risk of significant unfavourable foreign exchange movements. The Group has historically had limited exposure against the US Dollar, Euro and Australian Dollar due to low levels of trading with our overseas entity and the majority of international clients pay in GBP sterling. However, with the acquisition of Attend Anywhere Pty Ltd, the impact on the Group's reported profits and asset values have become increasingly impacted by any fluctuation of Sterling relative to other currencies, particularly the AUS Dollar. **Potential impact:** • Currency volatility uncertain in current post-COVID-19 climate	• Clear communications on Treasury strategy to ensure groups currency exposures and policies are understood. • Continue international customer contracts in GBP. • The global and local short-term cash flow forecasts are used to monitor future large foreign currency payments, and natural currency hedging is used where possible across the Group. • Surplus cash balances are swept to the UK to minimise any exposure to particular currencies or locations.	

Principal risks and uncertainties
(continued)

Risk	Description and Impact	Key mitigating activities	Trend
Pandemics (COVID-19)	COVID-19 has created an unprecedented global emergency, the effects of which will have a lasting impact on both people and economies alike. In particular, it has been a difficult year for the healthcare sector with many of our customers being overwhelmed by COVID-19. On one hand COVID-19 has strongly demonstrated the need for our leading technology but it has also made it very difficult to engage customers who were understandably focused on initially treating acute patients and subsequently implementing the national vaccine programme. However, as a technology-centred business, we have been able to respond quickly to protect our employees, customers and the business. **Potential impact:** The main risks of such events relate to: • Bringing staff together in a physical environment. • The Group has been impacted by some customers capacity to take on new transformation in the health and social care marketplace due to workload issues. • Sickness and absence impacts of personal isolation.	• The Group has sound virtual working practices internally and externally with customers. • The product suite offered by the Group is particularly well positioned to help more efficient and safe health and social care practices through its digital offerings. • Home working is well supported technically and with regular contact visually and verbally. • The Group will continue to monitor the situation and is ready to take further action if needed.	
Liquidity risk	The risk of the Group not being able to meet its financial obligations as they fall due.	• Clear Treasury policies that are designed to ensure that sufficient cash is available to support current and future business requirements. • Cash management through rolling cash flow forecasts, updated at least on a monthly basis.	

By order of the Board
Guy Mitchell
Chief Financial Officer
28 November 2022

Directors' Biographies

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

Appointed to the Chair of Induction Healthcare in June 2022, Christopher has experience as Chief Executive Officer (CEO) and Chair of quoted companies, (both Main Market and AIM), and private businesses in the education, healthcare, services and technology sectors. He has significant experience supporting growth for businesses across the U.S., Europe, Asia, Latin America and the Middle East.

Christopher started his career in the British Army before joining The Boston Consulting Group as an analyst, leading to a variety of senior management positions at Baxter International, the US-based healthcare multinational. Christopher was CEO of several fast-growing venture capital backed healthcare businesses including Imutran Ltd, and Weston Medical plc, which he took through three venture capital funding rounds to an IPO on the Main Market of the London Stock Exchange in 2000.

In 2004, Christopher co-founded Iceni Capital LLP, a private equity / venture capital firm focused on providing capital and operational support to fast growing UK companies in the services sector. He has Chaired a number of high growth technology, healthcare and service companies including TQ Education & Training which was sold to Pearson plc, AirPortr, Sphonic Solutions (recently sold to Signicat AS), Bubble and Tristel plc.

Christopher holds an MA (hons) from the University of Oxford and an MBA from the Harvard Business School.

James Balmain – Chief Executive Officer

An accomplished technology entrepreneur and former corporate executive at the Very Group (Littlewoods, Shop Direct) and EE (Orange and T-Mobile), James now drives growth and sets the overall direction across all facets of Induction's operations.

Prior to joining the INHC Board in June 2020, James co-founded and led Zesty as CEO for 8 years through multiple investment rounds from leading European & US Venture Capital funds into an award-winning UK Digital Health company.

James has 25+ years of experience building technology companies balanced with a 10 year track record of commercial success selling to NHS hospitals, regional integrated care systems and international healthcare companies.

Christopher Spencer – Non-Executive Chair (resigned June 2022)

Chris was appointed to the Board as Independent Chair 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 was Chair of the Nomination Committee and also served on the Remuneration and Audit Committees.

Guy Mitchell – Chief Financial Officer

Appointed as Chief Financial Officer in Nov 2021, Guy has over 20 years experience in senior financial leadership roles and has spent the last 11 years in Global high growth tech roles, typically SaaS model, in PE and VC environments. Previously Guy served as Interim CFO at AIM listed, FreeAgent PLC, a SaaS based accounting software company and as Interim CFO at Oxehealth Limited, a Venture Capital and Private Equity backed global SaaS model medical software supplying mental health trusts and care homes with a niche solution. Guy was also Finance Director of GFIMax Limited through a significant growth period of £5m to £75m annual recurring revenue in just over three years.

Guy is a Qualified Accountant and Chartered Tax Adviser and holds a Mathematical Sciences degree from Edinburgh Napier University.

Directors' Biographies (continued)

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 focused on healthcare IT and drug development. Companies include MedSeed PTY Ltd, an early pioneer of computerised decision support for antibiotic prescribing and wound management in hospitals (sold to eHealthcare Asia in 2000) and Health Research Solutions, a contract research organisation 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).

Jane Silber – Non-Executive Director

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

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

Leslie-Ann Reed – Non-Executive Director

Leslie-Ann joined the Board on 19 July 2019. She is a chartered accountant with a diverse background and extensive international experience. Leslie-Ann is currently Non-Executive Director and Audit Committee Chair for Learning Technologies Group plc, Bloomsbury Publishing PLC and Centaur Media plc. From 2010 she was Chief Financial Officer of the global, online B2B auctioneer Go Industry plc. Between 2007 and 2010 Leslie-Ann was an adviser to Marwyn Investment Management, a 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 and economic research media group Metal Bulletin plc helping to lead its transition from printed products to an online data and news service. 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 is Chair of the Audit Committee and also serves on the Remuneration and Nomination Committees.

Andy Williams – Non-Executive Director

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

Corporate Governance Report for Induction Healthcare Group PLC

Chair's Introduction

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

We have had a number of Board changes during the year and since our year-end. During the year under review and until 7 June 2022, the Board was led by Chris Spencer as the independent Non-Executive Chair. I assumed this role on 7 June 2022. Throughout the year we had three independent Non-Executive Directors Leslie-Ann Reed, Jane Silber and Andy Williams. On 3 May 2022 Hugo Stephenson ceased to be an Executive Director and became a Non-Executive Director.

Our Executive Directors during the year were James Balmain and Guy Mitchell. Guy was appointed as CFO and Executive Director on 15 November 2021.

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

Christopher Samler
Non-Executive Chair

28 November 2022

Statement of Compliance with the QCA Corporate Governance Code

Strategy and Business Model

Principle 1 of the Code requires that companies establish a strategy and business model which promote long-term value for shareholders. The Group is a healthcare technology business focused on streamlining the delivery of care by healthcare professionals, and our strategy is articulated in the Strategic Report on pages 2 to 20. Our Section 172 statement, which is set out on page 14 shows how the Directors have fulfilled their duties and obligations to ensure the long-term success of the business. The Executive Directors and senior leadership team meet throughout the year to discuss strategy and the Group's long-term growth. The Board, in turn, debates strategy at every Board meeting and monitors progress against the strategic plan. The active challenge provided by the Non-Executive Directors to the Executive helps shape our strategy. The CFO maintains a strategic risk register and regularly reports to the Board on the how the Group mitigates major perceived risk and protects the company from unnecessary potential risk.

Shareholder Relations

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

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

Our Stakeholders

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

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

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

Corporate Governance Report
for Induction Healthcare Group PLC (continued)

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

Risk Management

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

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

The significant risks and related mitigation and control are disclosed in the Strategic Review on pages 15 to 20.

The Board

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

Our current board consists of the Chair, two Executive Directors, and four Non-Executive Directors. The Chair and three Non-Executive Directors are all considered to be independent, one Non-Executive Hugo Stephenson is non-independent The current Board has two female and five male Directors. The balance, skills and experience of the Board are currently under evaluation.

The Board holds eight scheduled meetings a year and attendance at these meeting is set out below on page 25. There are also numerous ad hoc meetings where matters of importance have arisen between scheduled meetings.

There are three Board Committees: the Audit Committee, the Remuneration Committee, and the Nomination Committee, which are chaired by Leslie-Ann Reed, Jane Silber, and Andy Williams respectively. Attendance at those meetings is set out on page 25.

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

Directors' Skills and Capabilities

Principle 6 of the Code requires that the Directors ensure that between them, they have the necessary up-to-date experience, skills, and capabilities. The balance, skills and experience of the Board were evaluated during the year ended 31 March 2022.

The biographies of Board members are set out on pages 21 to 22.

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

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

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

Board Performance and Evaluations

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

The Chair ensures that the Board reflects on its own performance at the beginning and end of each Board meeting. This "temperature check" ensures that all board members have an opportunity to consider whether the Board has worked effectively or if there are issues that need more discussion. The Board conducted a formal Board evaluation during the year under review with actions identified and implemented. A further formal Board evaluation will be carried out on 2022/2023 and the Board evaluation process itself will continue to be refined.

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

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

Corporate Culture

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

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

Governance Structure

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

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

Shareholder and Stakeholder Communications

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

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

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

Board Committees

The Board has delegated and empowered a Remuneration Committee, Nomination Committee and an Audit Committee, each of which is accountable to the Board on all matters within its remit. Each Committee has written terms of reference which are available on the Company's website. A summary of the responsibilities of each Committee and their work during the year follows.

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

	Board	Audit Committee	Remuneration Committee	Nomination Committee
		No. of meetings		
Christopher Spencer	10 of 10	3 of 3	6 of 6	3 of 3
Hugo Stephenson	10 of 10	N/a	N/a	N/a
Andy Williams***	10 of 10	2 of 3	1 of 6	3 of 3
Leslie-Ann Reed	10 of 10	3 of 3	5 of 6	3 of 3
Jane Silber	10 of 10	3 of 3	6 of 6	3 of 3
James Balmain	10 of 10	N/a	N/a	N/a
Oliver Drake *	6 of 10	N/a	N/a	N/a
Guy Mitchell **	4 of 10	N/a	N/a	N/a

* Oliver Drake was not a director but attended the Board as interim CFO, he had attended the Board since 2 February 2021. He left the Group on 15 November 2021.

** Guy Michell was appointed to the Board on 15 November 2021.

*** Andy Williams was appointed to the Remuneration Committee on 21 July 2021 and therefore did not attend all meetings held during the year.

Remuneration Committee Report

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee report for the year ended 31 March 2022. In this report, we provide you with an overview of the Committee's priorities and performance during the year, in addition to details regarding the Director's Remuneration Report.

Committee Members

Jane Silber (Chair)
Leslie-Ann Reed (resigned 29 September 2022)
Christopher Spencer (resigned 7 June 2022)
Andy Williams (appointed to Remuneration committee on 21 July 2021)
Christopher Samler (appointed to Remuneration committee on 7 June 2022)

Committee Responsibilities

The Committee is primarily responsible for:

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

The Work of the Committee

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

The Remuneration committee held seven formal meetings during the year as set out on page 25 and held a number of informal meetings and telephone calls between scheduled meetings. The Remuneration committee considered the following items during the year:

Bonus Plan	Review of the FY22 Bonus Plan
LTIP	Review of the Scheme Rules
LTIP	Review of awards to staff
Remuneration	Review of proposed staff pay awards
Terms of Reference	The Committee postponed the review of its own terms of reference until FY23 given the acquisition of Attend Anywhere
Remuneration Policy	Review of the Remuneration Policy

Directors Remuneration Report

The objective of the Company's remuneration policy was reviewed and remains unchanged. It is the intention of the Committee to review the remuneration policy in the year ending 31 March 2023.

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

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

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

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

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

A salary increase was awarded to James Balmain at the time of his appointment as sole CEO. Andy Williams was awarded an increase at the time of his appointment as Chair of the Nominations Committee. No other salary increases were awarded to any other Executive Director or Non-Executive Directors for FY22.

Directors service contracts

All Executive Directors are employed under service contracts. The services of all Executive Directors may be terminated by the Company or individual with 6 months' notice.

Remuneration received by Directors for the year ended 31 March 2022 (audited)

The following represents remuneration received by directors during the year.

	Salary and Fees		Pension		Bonus		Other		Total Remuneration	
	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22
Executive										
Hugo Stephenson	214,153	184,683	20,697	18,244	–	–	–	–	234,850	202,927
Ibs Mahmood	18,889	–	1,889	–	–	–	4,722	–	25,500	–
Shelley Fraser	150,580	–	18,560	–	–	–	84,858	–	253,998	–
James Balmain	176,723	238,769	17,672	22,158	30,000	227,050	34,726	3,086	259,121	491,063
Guy Mitchell	–	67,500	–	3,375	–	20,250	–	–	–	91,125
Non-Executive										
Christopher Spencer	55,000	55,000	2,475	2,475	–	–	–	–	57,475	57,475
Leslie-Ann Reed	40,000	40,000	–	–	–	–	–	–	40,000	40,000
Andy Williams	28,504	35,000	–	–	–	–	–	–	28,504	35,000
Jane Silber	40,000	40,000	1,800	1,800	–	–	–	–	41,800	41,800
	723,849	**660,952**	**63,093**	**48,052**	**30,000**	**247,300**	**124,306**	**3,086**	**941,248**	**959,389**

Four directors received retirement benefits in the form of defined contribution pension scheme contributions, accruing in respect of qualifying services. Contributions paid to a pension scheme in respect of directors' qualifying services for the highest paid director were £0.02m (2021: £0.02m).

James Balmain received additional share-based remuneration during the year. The following represents share-based remuneration received by directors during the current and prior year.

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

Governance

Remuneration Committee Report (continued)

Directors' shareholding and share interests

Share ownership plays a key role in the alignment of our executives with the interests of shareholders. The table below sets out the number of shares held or potentially held by executive and non-executive directors (including their connected persons where relevant) as at 31 March 2022 and 31 March 2021.

Name	Beneficially owned shares at 31 March 2021	Beneficially owned shares at 31 March 2022	Award description	Granted (Audited)	Number of unvested options at 31 March 2021 (Audited)	Number of vested options at 31 March 2021 (Audited)	Number of unvested options at 31 March 2022 (Audited)	Number of vested options at 31 March 2022 (Audited)
Hugo Stephenson	8,891,730	8,891,730	–	–	–	–	–	–
James Balmain	699,391	699,391	Share Options 2021	745,559	745,559	–	310,649	434,910
			Share Options 2022	5,803	–	–	5,803	–
Christopher Spencer	8,696	8,696	–	–	–	–	–	–
Jane Silber	8,696	8,696	–	–	–	–	–	–
Andy Williams	419,495	419,495	–	–	–	–	–	–

Jane Silber
Remuneration Committee Chair

28 November 2022

Audit Committee Report

On behalf of the Audit Committee, I am pleased to present the Audit Committee report for the year ended 31 March 2022. In this report, we provide you with an overview of the Committee's priorities and performance during the year, in addition to details regarding the audit and risk management policies approved by the Committee for implementation throughout the Group

Committee Members

Leslie-Ann Reed (Chair)
Jane Silber
Christopher Spencer (resigned 7 June 2022)
Christopher Samler (appointed on 7 June 2022)

Committee Responsibilities

The Committee is primarily responsible for:

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

The Work of the Committee

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

The Audit Committee held three formal meetings during the year as set out on page 25 and considered the following items during the year:

Whistleblowing	Review of arrangements in place
Bribery	Review of arrangements in place
Interim Results	The Committee reviewed and approved the interim results, taking into account a limited-scope agreed upon procedures provided by KPMG.
Full Year Results	The Committee also reviewed and approved the full year results through review of the annual report with a focus on revenue recognition, valuation and impairment of goodwill/intangibles.
Going Concern	The Committee undertook reviews of the Company's going concern status at the half and full year period ends.
Internal Audit	The Committee reviewed the need for an internal auditor and agreed that the Company was of not yet of sufficient size or complexity to merit a separate internal audit function.
External Audit	The Committee reviewed the independence and objectivity of the external auditor, KPMG; their plan for the full year audit, advisory fees and the effectiveness of the audit process.
Terms of Reference	The Committee postponed the review of its own terms of reference to FY23.

External Auditor

The Audit Committee monitors the relationship with the external auditor, KPMG LLP, to ensure that auditor independence and objectivity are maintained. KPMG have been the Group's auditor since IPO in 2019 and the Committee will keep under review the need for external tender. A summary of remuneration paid to the external auditor is provided in note 7 of the financial statements. The value of the non-audit services provided by the Auditor is £8k. Having reviewed the auditor's independence and performance, the Audit Committee has concluded that these are effective. The Group expects to undertake a tender process for external audit services and expects this process to be completed by December 2022.

Leslie-Ann Reed
Audit Committee Chair

28 November 2022

Nomination Committee Report

On behalf of the Board, I am pleased to present the Nomination Committee report of the Company for the year ended 31 March 2022.

Committee Members

Andy Williams (Chair) (appointed 1 December 2021)
Christopher Spencer (resigned 7 June 2022)
Leslie-Ann Reed
Jane Silber
Christopher Samler (appointed 07 June 2022)

Committee Responsibilities

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

The Work of the Committee

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

Appointment of Directors	The Board asked the Committee to consider the suitability of Guy Mitchell and Christopher Samler for, respectively, Executive and Non-Executive and Chair positions on the Board. The Committee recommended their appointments and Guy Mitchell joined the Board on 15 November 2021 with Christopher Samler joining on 7 June 2022.
Succession Planning	During the year, the Committee considered the positions of the Executive Directors and short term and long term succession planning for the Executive Directors and the Chairs of the various Committees. Their discussions took into account the needs of the business and the preferences of the individuals under discussion. The recommendations of the Committee were communicated to the full Board and resulted in the appointment of James Balmain as sole CEO with Hugo Stephenson moving to be Group Executive Business Director. Hugo Stephenson then subsequently moved to a non-executive director role. Andy Williams joined the Nomination Committee and was appointed as Chair of that Committee
Change of Company Secretary	The Committee reviewed the provision of Company Secretarial Services considering the needs of the business. The recommendations of the Committee were communicated to the full Board and resulted in the services being brought in-house with the appointment of Alison Talbot as Company Secretary and the resignation of Prism Company Secretarial Services. Alison Talbot subsequently left the role of Company Secretary in August 2022 and Guy Mitchell was appointed as Company Secretary in her place. An in-house legal team supports Guy in this role.

Induction of new directors

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

Andy Williams
Nomination Committee Chair

28 November 2022

Directors' report

The Directors are pleased to present the Directors' report to shareholders and the audited financial statements for the year ended 31 March 2022.

Principal activity and business model

The principal activity and business model are set out in the Strategic Report on pages 2 to 20.

Results and dividends

The results for the year to 31 March 2022 are set out in the financial statements on pages 34 to 88.

The Directors do not propose payment of a dividend for 2022 (2021: £Nil).

Review of the year

A comprehensive analysis of the Group's progress and development is set out in the Strategic Report on pages 2 to20. This analysis includes comments on the position of the Group at the end of the financial year.

Significant events after the year-end

There were no significant events after the year end that require disclosure.

Directors' insurance

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

Capital structure

The Company's share capital is divided into 92,051,136 ordinary shares of £0.005 each with voting rights.

Related party transactions

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

Corporate governance

The Directors' statement on Corporate Governance is set out on pages 23 to 25 and forms part of this report.

Future outlook

The strategy of the business is set out in the Strategic Report on pages 2 to 20.

Annual General Meeting

The date of the 2021 Annual General Meeting of the Company can be found in the Notice of Meeting which is available in the Investor Section of the Company's website at www.inductionhealthcare.com.

Research and development

The Group capitalised £3.1m of development costs. (2021: £1.7m).

Financial instruments

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

Directors

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

- James Balmain
- Leslie-Ann Reed
- Jane Silber
- Christopher Spencer (resigned 7 June 2022)
- Hugo Stephenson
- Andy Williams
- Guy Mitchell (appointed 15 November 2021)
- Christopher Samler (appointed 7 June 2022)

Political contributions

Neither the Group nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year (2021: £Nil).

Directors' report (continued)

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

The Group expects to undertake a tender process for external audit services and expects this process to be completed by December 2022.

By order of the board

Guy Mitchell
Director

28 November 2022

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

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

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

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

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

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

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

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

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Independent auditor's report

to the members of Induction Healthcare Group plc

1. Our opinion is unmodified

We have audited the financial statements of Induction Healthcare Group plc ("the Company") for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement and Company Statement of Financial Position, Consolidated Statement and Company Statement of Changes in Equity, Consolidated Statement and Company Statement of Cash Flows, and the related notes, including the accounting policies in note 1 to the Group financial statements and note 1 to the Company financial statements.

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 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities 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 as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
Materiality: group financial statements as a whole	£450k (2021:£66k) 0.81% (2021: 0.80%) of Total Assets (2021: Total Expenses)	
Coverage	95% (2021:99%) of Total Assets (2021: Total Expenses)	
Key audit matters		**vs 2021**
Recurring risks	Intangible assets – capitalised development costs of Zesty and Attend Anywhere	▲
	Impairment assessment of goodwill allocated to the Induction Attend Anywhere and Induction Zesty Cash Generating Units ("CGUs")	◀▶
	New: Going concern	▲
	Recoverability of investments in Zesty and Attend Anywhere – parent company	▲
Event driven	**New:** Valuation of acquired intangible assets of Attend Anywhere	▲

2. Key audit matters: our assessment of risks of material misstatement

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

	The risk	Our response
Intangible assets – capitalised development costs of Zesty and Attend Anywhere Zesty, 2022: £1.2m (2021: £1.0m). Attend Anywhere, 2022: £1.6m (2021: £Nil) *Refer to page 29 (Audit Committee Report), page 55 (accounting policy) and pages 61, 80 (financial disclosures)*	**Estimate-based assessment** There is significant judgement in assessing whether expenses related to the Group's development of new technology meet the capitalisation criteria set out in IAS 38, in particular, the point at which technical and economic feasibility are demonstrated. During the year, the Group capitalised costs related to projects where probable future economic benefit is achieved via customer renewals, which is more judgemental. Where the capitalisation criteria set out in IAS 38 are met, the Group makes judgements in estimating the amount of time employees spend on development activities to determine the appropriate amount to capitalise, as the Group does not have a system in place for employees to record the time they spend on a project as the time is incurred. We identified a fraud risk related to both the judgement as to whether costs associated with a project can be capitalised and the estimation of employees' capitalisable time as a result of possible pressures and incentives to meet adjusted profit expectations. The effect of these matters is that, as part of our risk assessment, we determined that Zesty and Attend Anywhere development costs to be capitalised have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 5.2) disclose the range estimated by the Group.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls: **— Test of details:** For a sample of projects newly capitalised in the year for Zesty and Attend Anywhere, we inspected internal documentation and performed personnel inquiries with product managers to evaluate the Group's assessment of the date at which technological feasibility was demonstrated. We evaluated the Group's assessment that economic feasibility had been demonstrated by inspecting external customer contracts and by assessing against our knowledge of the industry. We inspected employees' contracts, on a sample basis, to evaluate whether the work of these individuals was directly linked to the development of the technology. **— Our sector experience:** We challenged the assumptions on the rate (as a percentage of employees' time) used to capitalise the internal employee costs based on our knowledge and experience of the businesses and the industry they operate in. **— Personnel interviews:** We held personnel interviews with employees involved in capitalisable projects, on a sample basis, to understand employees' activities during the period to assess whether the Group's estimate of employees' time spent on development projects is reasonable. We performed an assessment of whether overstatements of capitalised development costs identified through the above procedures were material, individually and in aggregate, taking into account findings from other areas of the audit and qualitative aspects of the financial statements as a whole. **— Assessing transparency:** We have also considered the adequacy of the Group's disclosures about the significant judgement in the determination of whether the capitalisation criteria have been met and the degree of estimation uncertainty in determining the amount to be capitalised.

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Impairment assessment of goodwill allocated to the Induction Attend Anywhere and Induction Zesty Cash Generating Units ("CGUs") (Attend Anywhere: 2022: £10,385k; 2021: nil) (Zesty: 2022: £8,237k; 2021: £8,237k) *Refer to page 29 (Audit Committee Report), page 51 (accounting policy) and page 76 (financial disclosures)*	**Forecast-based assessment** The estimated value in use for each of the Induction Attend Anywhere and Induction Zesty CGUs is subjective due to the inherent uncertainty and complexity involved in forecasting and discounting future cash flows of the businesses. There is also judgement involved in the group's forecast of the employees' time to be spent on enhancement activities, for which the related cash flows are excluded from the value in use estimates. We also identified a fraud risk related to the goodwill impairment assessment of these CGUs in response to possible pressures and incentives to demonstrate the value in these CGUs. The effect of these matters is that, as part of our risk assessment, we determined that the values in use of the Induction Attend Anywhere and Induction Zesty CGUs have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 18) disclose the sensitivities estimated by the Group.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described: **— Benchmarking assumptions:** We critically assessed the forecasted payments received from customers (including renewals and new business) for Attend Anywhere by comparison to post-year contract renewals seen to date and our own knowledge of the sector in which it operates. For Zesty we critically assessed forecast cash inflows by comparing to external data from the group's value-added resellers. We critically assessed the forecasted cash outflows and enhancement cash flows by comparison to the Group's historical experience and our expectations based on our understanding of the relationships between these cash flows and revenue. **— Independent reperformance:** We developed our own estimate of a range of reasonably possible discount rates for each CGU, based on external market data and our understanding of the businesses, and compared this to the discount rates determined by the Group. **— Sensitivity analysis:** We performed breakeven analysis on the assumptions noted above and recalculated the impact of reasonably possible outcomes for each assumption noted above, both individually and in aggregate, on the recoverable amount of each CGU. **— Comparing valuations:** We compared the sum of the discounted cash flows for all the Group's CGUs to the Company's market capitalisation to assess the reasonableness of those cashflows; and **— Assessing transparency:** We assessed the appropriateness of the disclosed reasonably possible outcomes in the assumptions noted above, both individually and in aggregate, and assessed whether the disclosures reflect the risks inherent in the recoverable amounts of the Induction Attend Anywhere and Induction Zesty CGUs.

2. **Key audit matters: our assessment of risks of material misstatement (continued)**

	The risk	Our response
Valuation of acquired intangible assets of Attend Anywhere (Separately identifiable intangible assets at acquisition date - 2022: £15,193k) *Refer to page 29 (Audit Committee Report), page 49 (accounting policy) and page 70 (financial disclosures)*	**Forecast-based estimate** During the year ended 31 March 2022, the Company acquired Attend Anywhere for a total consideration of £25,398k. There is significant estimation involved in forecasting future performance of the acquired business, which determines the fair value of the identified intangible assets, which are customer relationships and technology. In particular, the valuation of the acquired intangibles is sensitive to changes in the customer renewal rates and pricing of future contract renewals with customers assumptions. The technology intangible asset valuation is also sensitive to changes in the obsolescence rate applied to the cash flows. In addition we identified a fraud risk related to the valuation of these acquired intangibles as a result of possible pressures and incentives to demonstrate the acquisition adds value to the Group. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the acquired intangible assets, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	We performed the detailed tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described: **— Methodology choice:** With the assistance from our valuation specialists, we critically assessed the methodologies adopted by the Group's external valuers with reference to industry standards and the requirements of the accounting standards. **— Assessing assumptions:** We challenged the renewal rates and pricing assumptions based on our understanding of the business and the existing contracts at acquisition . We performed an assessment of the customer renewal rate and pricing of such contracts assumptions with reference to the actual renewal rates and pricing seen post year-end to date. We challenged the group's obsolescence rate assumption with reference to the economic life used by comparable entities for amortising their technology assets and with reference to our own knowledge of the business and industry it operates in. **– Our sector knowledge:** We evaluated the forecast contract renewals and new customer contract wins using our own understanding of the external environment and market trends to assess whether the forecasted performance is line with the market. **— Assessing transparency:** We critically assessed whether the Group adequately disclosed the uncertainties inherent in the valuations of the acquired intangible assets.

	The risk	Our response
Going concern *Refer to page 29 (Audit Committee Report), page 48 (Group's accounting policy), page 93 (parent company's accounting policy) and page 31 (Director's Report)*	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over the period to 30 April 2024 ("the going concern period"). The risks most likely to adversely affect the Group's and Company's available financial resources over this period were: — Non-renewals of major contracts with existing customers; — Non-materialisation of forecast sales to new customers; — Delay of securing new contracts with customers resulting in delayed cash inflows. There are also less predictable but realistic second order impacts, such as potential cut-backs in the UK government's public spending, which could result in a rapid reduction of the Group's customers' available financial resources, and hence in the demand from new customers and for customer renewals. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	We used our knowledge of the Group, its industry, and the general economic environment to identify conditions that presented risks to be taken into account in the going concern assessment. As a result of this analysis, we requested the directors to extend their going concern assessment to cover a forecast period to 30 April 2024 to cover the renewal dates of contracts with major customers. We considered whether the identified risks could plausibly affect the liquidity in the going concern period by assessing the directors' sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively. Our procedures also included: **— Assessing assumptions:** We challenged the assumptions used by the directors in cash flow forecasts, in particular the key risks on cash inflows from contracts with customers, considering our own expectations based on our knowledge of the group and post-balance sheet events, including the latest fiscal policy of UK government. We assessed the current status of negotiations for a sample of forecasted contract wins by inspecting correspondence from customers and/or value-added resellers. **— Sensitivity analysis:** The directors' performed an initial sensitivity analysis of the level of financial resources. We compared the directors' assumptions of plausible (but not unrealistic) adverse effects that could arise from the various risks to our knowledge of the Group and understanding of the sector that the group operates in. As a result of this comparison, we requested the directors to apply more severe, but plausible, downside assumptions for certain assumptions, and to consider further mitigating actions that may be required. **—Sector experience and historical comparison:** Critically assessing the Group's revised revenue and cost downside scenario by comparison to post-year-end performance to date and our wider knowledge of the business and markets served. In addition, we evaluated the group's revenue assumptions against the latest fiscal policy of UK government. **—Evaluating directors' intent and ability:** Evaluating the achievability of the actions the directors consider they would take to improve the position should the risks materialise, which included the reduction in incremental costs directly linked to revenue generation, delay of new hires and discretionary spending in the forecast period, taking into account the extent to which the directors can control the timing and outcome of these. **— Assessing transparency:** Considering whether the going concern disclosure in note 1.2 to the Group's financial statements and note 1.1 to the parent Company financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and related downsides.

2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
Recoverability of investments in Zesty and Attend Anywhere – parent company Investment in Zesty and Attend Anywhere : £37,840k (2021: Included within investment in subsidiaries of £14,639k) *Refer to page 29 (Audit Committee Report), page 93 (accounting policy) and page 94 (financial disclosures).*	**Forecast-based assessment** The carrying amount of the parent company's investments in Zesty and Attend Anywhere represents a significant percentage of the Company's total assets and has increased significantly in the year due to the acquisition of Attend Anywhere. The recoverability of investments in Zesty and Attend Anywhere is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the cost of investment in Zesty and Attend Anywhere have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The parent company financial statements (note 4) disclose the sensitivity estimated by the Company.	We performed the detailed tests below rather than seeking to rely on any of the company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described: **— Assessing forecasts:** For the investments in Attend Anywhere Pty Ltd and Zesty Ltd, with reference to the work performed on the Group's forecasts as described in the Impairment assessment of goodwill allocated to the Induction Attend Anywhere and Induction Zesty CGU key audit matter above, we compared the value in use estimates to the investment carrying value. We also assessed whether any adjustments were required to the value in use estimates used for goodwill impairment testing purposes. **— Assessing transparency:** We assessed the adequacy of the parent Company's disclosures in respect of the Zesty and Attend Anywhere investment in subsidiaries balances and assessed whether the disclosures reflect the risks inherent in the recoverable amounts of the investments in Attend Anywhere and Zesty.

In the prior year, our report included a key audit matter in relation to the identified fraud risk related to premature revenue recognition and a risk of error on Zesty's revenue recognition due to the significant judgement inherent in the bespoke nature of contracts with customers. We continue to perform procedures over revenue recognition, however following the acquisition of Attend Anywhere during the year, the majority of the Group's revenue follows a Software-as-a-Service ("SaaS") model which does not involve significant judgement over the timing of revenue recognition, and the volume of new contracts entered into by Zesty is low, therefore we consider there to be less complexity in assessing revenue recognition. Accordingly, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

Goodwill impairment assessment of the Induction Guidance CGU and the recoverability of the parent company's investment in Guidance were also reported as key audit matters in prior year. We continue to perform procedures over these in the current period, but they are not assessed as one of the most significant risks in our current year audit, and therefore, are not separately identified in our report this year since they are less sensitive to reasonably possible changes in the assumptions, both individually and in aggregate, in the current period.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £450k (2021: £66k), determined with reference to a benchmark of Total Assets, of which it represents 0.81% (2021: 0.80% of Total Expenses). The benchmark in the previous period was Total Expenses. We consider the Group's Total Assets to be the most appropriate benchmark in the current period as the Group continues capitalising a significant portion of development costs and other intangibles through business acquisition, which lead us to expect the financial statement users will place more focus on whether the Group can generate future profits and returns from their investments.

Materiality for the parent company financial statements as a whole was set at £413k (2021: £155k), determined with reference to a benchmark of company total assets, of which it represents 0.9% (2021: 0.8%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2021: 75%) of materiality for the financial statements as a whole, which equates to £290k (2021: £50k) for the Group and £268k (2021: £35k) for the parent company. We applied this percentage in our determination of performance materiality based on a high number of identified misstatements and control deficiencies we had identified in the previous year's audit.

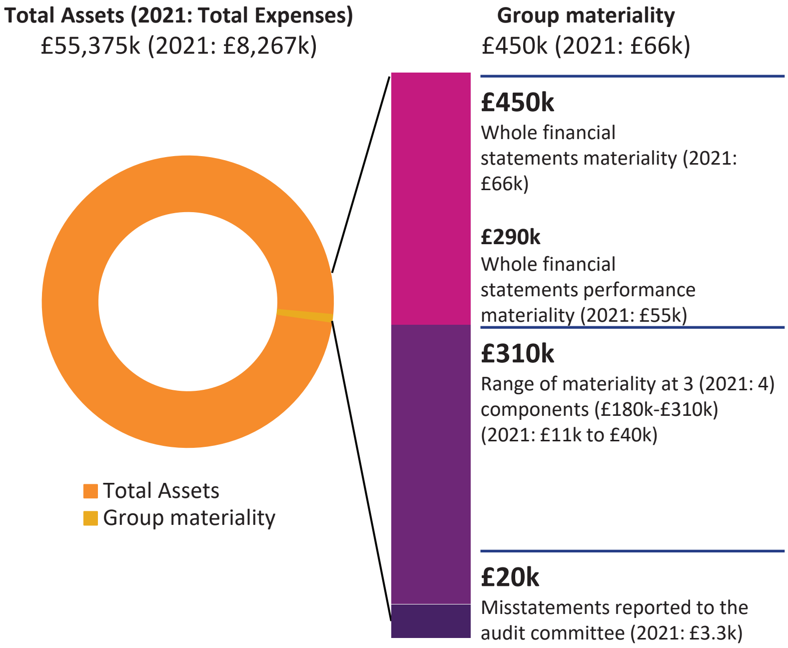
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £20.0k (2021: £3.3k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 10 (2021: 6) reporting components, we subjected 3 (2021: 4) to full scope audits for Group purposes. The work on these components, including the audit of the parent company, was performed by the Group team (2021: all components, including the audit of the parent company, performed by the Group team). The Group team set the component materialities, which ranged from £180k to £310k (2021: £11k to £40k), having regard to the mix of size and risk profile of the Group across the components.

The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 7.6% (2021: 0.1%) of total Group expenses, 8.1% (2021: 0.0%) of Group revenue, 7.1% (2021: 0.1%) of Group loss before tax and 5.5% (2021: 8.5%) of total Group assets is represented by 7 (2021: 2) reporting components, none of which individually represented more than 8.1% (2021: 8.5%) of any of total Group expenses, Group revenue, Group loss before tax or total Group assets. For these components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.



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4. 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's 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 over the period to 30 April 2024 from the date of approval of the financial statements ("the going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work:

— we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and

— we found the going concern disclosure in notes 1.2 and parent company note 1.1 to be acceptable

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

— Enquiring of Directors, the audit committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

— Reading Board minutes.

— Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet adjusted profit expectations, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that license revenue is overstated through recording revenue in the wrong period.

We also identified a fraud risk related to inappropriate capitalisation of development costs in Zesty and Attend Anywhere, valuation of the acquired intangible assets of Attend Anywhere, and impairment assessment of goodwill allocated to the Zesty and Attend Anywhere CGUs, in response to possible external pressures to present a positive result on investments and meet adjusted profit expectations.

Identifying and responding to risks of material misstatement due to fraud (continued)

Further detail in respect of inappropriate capitalisation of development costs, valuation of acquired intangible assets, and impairment of goodwill is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

— Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and those with an unusual journal description.

— For a sample of revenue transactions recognised close to year end, agreeing back to signed contracts or purchase orders and recalculating the revenue recognised, to assess whether revenue had been recorded in the correct accounting period.

— Assessing whether the judgements made in making accounting estimates are indicative of a potential bias, including in relation to the valuation of acquired intangible assets of Attend Anywhere, impairment assessment of goodwill allocated to the Attend Anywhere and Zesty CGUs, and capitalised development costs of Attend Anywhere and Zesty for bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards) and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of noncompliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, loss of current contracts, or inability for the Group to bid for new NHS contracts because of breach of data protection policy. We identified the following areas as those most likely to have such an effect: General Data Protection Regulations and the regulations relating to medical devices, clinical governance including patient safety and information governance including confidentiality and security. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the equity reclassification matter discussed in notes 26 to Group's financial statements and note 10 to Company's financial statements, we assessed the disclosure and accounting against our understanding of the original acquisition and the requirements of Companies Act.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Strategic report and directors' report

Based solely on our work on the other information:

— 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.

7. We have nothing to report on the other 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.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 33, the directors are responsible for: the preparation of the financial statements including 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.

9. 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.

Robert Seale

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP

15 Canada Square

London

E14 5GL

28 November 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	2022 £000	2021 £000 Restated*
Revenue from contracts with customers	7	**7,908**	1,361
Cost of sales		**(2,920)**	(636)
Gross profit		**4,988**	725
Sales and marketing expenses		**(1,209)**	(590)
Administrative expenses		**(7,333)**	(4,900)
Development expenses		**(5,991)**	(1,893)
Impairment losses		**-**	(1,366)
Loss from operations	8	**(9,545)**	(8,024)
Finance income	12	**1**	3
Finance expense	12	**(30)**	(5)
Fair value losses on contingent consideration	8	**–**	(91)
Loss before tax		**(9,574)**	(8,117)
Tax credit	13	**1,140**	503
Loss for the year		**(8,434)**	(7,614)
Exchange gains/(losses) arising on translation on foreign operations		**801**	(9)
Reclassified to profit and loss during the year		**9**	(7)
Other comprehensive income for the year, net of tax		**810**	(16)
Total comprehensive income		**(7,624)**	(7,630)

Loss per share attributable to the ordinary equity holders of the parent
Profit or loss

Basic	14	**(0.10)**	(0.19)
Diluted	14	**(0.10)**	(0.19)

The Notes on pages 47 to 88 form an integral part of these financial statements.

*Refer to Note 6 for further information regarding the restatement of the results for the year ended 31 March 2021.

Consolidated Statement of Financial Position

As at 31 March 2022

	Note	2022 £000	2021 £000
Assets			
Non-current assets			
Property, plant and equipment	20	**244**	15
Intangible assets	19	**20,962**	5,884
Goodwill	18	**19,758**	9,373
Deferred tax assets	13	**1,540**	880
Total non-current assets		**42,504**	16,152
Current assets			
Contract assets	22	**787**	155
Trade and other receivables	21	**3,349**	896
Current tax receivable	13	**1,240**	447
Cash and cash equivalents	23	**7,496**	2,472
Total current assets		**12,872**	3,970
Total assets		**55,376**	20,122
Liabilities			
Non-current liabilities			
Contract liabilities	25	**326**	187
Deferred tax liability	13	**5,851**	1,048
Other financial liabilities	28	**128**	–
Total non-current liabilities		**6,305**	1,235
Current liabilities			
Trade and other payables	24	**3,365**	1,396
Contract liabilities	25	**2,580**	1,027
Current tax payable	13	**789**	–
Other financial liabilities	28	**72**	–
Total current liabilities		**6,806**	2,421
Total liabilities		**13,111**	3,656
Net assets		**42,265**	16,466
Equity attributable to equity holders of the parent			
Share capital	26	**460**	210
Share premium reserve	27	**41,665**	18,432
Merger reserve	27	**20,206**	10,879
Foreign exchange reserve	27	**801**	(9)
Other reserves	11	**1,405**	792
Retained earnings	27	**(22,272)**	(13,838)
Total equity		**42,265**	16,466

The Notes on pages 47 to 88 form an integral part of these financial statements.

The financial statements on pages 34 to 88 were approved and authorised for issue by the board of Directors on 28 November 2022 and were signed on its behalf by:

Guy Mitchell
Director
Company registered number: 11852026

Consolidated Statement of Changes in Equity

As at 31 March 2022

	Notes	Share capital £000	Share premium £000	Merger reserve £000	Foreign exchange reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 31 March 2020 and 1 April 2020		**148**	**18,432**	**(10)**	**7**	**94**	**(6,224)**	**12,447**
Comprehensive income for the year								
Loss for the year		–	–	–	–	–	(7,614)	(7,614)
Other comprehensive loss for the year		–	–	–	(16)	–	–	(16)
Total comprehensive income for the year		–	–	–	(16)	–	(7,614)	(7,630)
Transactions with owners, recorded directly in equity								
Issue of shares as consideration for a business combination	16	62	–	10,953	–	–	–	11,015
Share issue costs	16	–	–	(64)	–	–	–	(64)
Equity settled share-based payments	11	–	–	–	–	698	–	698
Total contributions by and distributions to owners		62	–	10,889	–	698	–	11,649
At 31 March 2021 and 1 April 2021		**210**	**18,432**	**10,879**	**(9)**	**792**	**(13,838)**	**16,466**
Comprehensive income for the year								
Loss for the year		–	–	–	–	–	(8,434)	(8,434)
Other comprehensive income for the year		–	–	–	810	–	–	810
Total comprehensive income for the year		–	–	–	810	–	(8,434)	(7,624)
Transactions with owners, recorded directly in equity								
Issue of ordinary shares	15	179	24,821	–	–	–	–	25,000
Issue of shares as consideration for a business combination	15	71	–	8,929	–	–	–	9,000
Equity settled share-based payments	11	–	–	–	–	613	–	613
Share-issue costs		–	(1,190)	–	–	–	–	(1,190)
Reclassification of equity	27	–	(398)	398	–	–	–	–
Total contributions by and distributions to owners		250	23,233	9,327	–	613	–	33,423
At 31 March 2022		**460**	**41,665**	**20,206**	**801**	**1,405**	**(22,272)**	**42,265**

The notes on pages 47 to 88 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Cash flows from operating activities			
Loss for the year		**(8,434)**	(7,614)
Adjustments for			
Depreciation of property, plant and equipment	**19**	**28**	7
Amortisation of intangible fixed assets	**18**	**3,785**	1,340
Impairment losses on intangible assets	**17 & 18**	**–**	1,366
Finance income	**11**	**(1)**	(3)
Finance expense	**11**	**30**	5
Fair value adjustments on financial liabilities	**27**	**–**	91
Share-based payment expense	**10**	**613**	698
Net foreign exchange loss/(gain)		**–**	3
Income tax charge/(credit)	**12**	**(1,146)**	(503)
		3,309	3,004
Movements in working capital:			
Decrease/(Increase) in trade and other receivables and contract assets		**1,661**	(485)
Increase in trade and other payables and contract liabilities		**1,115**	1,085
Interest received	**11**	**1**	3
Interest paid	**11**	**(30)**	(5)
Income taxes received		**458**	–
Income taxes paid		**(141)**	–
Net cash used in operating activities		**(2,061)**	(4,012)
Cash flows from/(used in) investing activities			
Acquisition of subsidiary, net of cash acquired	**14**	**(13,486)**	(1,987)
Purchases of property, plant and equipment	**19**	**(256)**	(5)
Payment of software development costs	**7**	**(3,090)**	(1,660)
Net cash used in investing activities		**(16,832)**	(3,652)
Cash flows from/(used in) financing activities			
Issue of ordinary shares		**25,000**	–
Proceeds on other financial liabilities		**210**	–
Share issue costs	**14**	**(1,190)**	(64)
Repayment of bank borrowings	**27**	**–**	(501)
Payment of lease liabilities		**(12)**	–
Net cash from/(used in) financing activities		**24,008**	(565)
Net cash increase/(decrease) in cash and cash equivalents		**5,115**	(8,230)
Cash and cash equivalents at the beginning of year		**2,472**	10,718
Exchange gains/(losses) on cash and cash equivalents		**(91)**	(16)
Cash and cash equivalents at the end of the year		**7,496**	2,472

The notes on pages 47 to 88 form part of these financial statements.

Notes (forming part of the financial statements)

1. Accounting policies

1.1 Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

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

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

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

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

1.2 Going concern

The Group has recognised total revenues during the year of £7.90m (2021: £1.36m (restated)).

The Group had cash balances at 31 March 2022 of £7.49m (2021: £2.47m) with cash outflows from operating activities during the year of £2.06m (2021: £4.01m). On 8 June 2021, the Group raised £25.00m through a placing of 35,714,285 new Ordinary Shares at a price of 70p per share, which was mainly used to fund the acquisition of Attend Anywhere Pty Ltd for a cash consideration of approximately £16.35m.

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

1. Accounting policies (continued)

1.2 Going concern (continued)

In assessing the appropriateness of the going concern assumption, the Board of Directors ("the Directors") has reviewed the ability to continue operating over the period to 30 April 2024 ("the going concern period"). The Directors have also reviewed other relevant information, together with considering scenarios with adverse impacts across the Group's principal risks relating to: revenue reductions from either non-renewals of major contracts with customers or downward price pressures; non-materialisation of forecast sales to new customers and delays in securing new contracts with customers resulting in delayed cash inflows. These risks are further connected to macro-economic conditions and the UK government's fiscal policy, in particular the funding and support to the group's customers which are primarily NHS Trusts and other government bodies. The Directors determined that the forecast period extends to 30 April 2024 to take into account the operating cycle of the group, which sees significant contract renewals in March 2024, with cash inflows received in April 2024.

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

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

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

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group and Company have adequate resources to meet their liabilities as they fall due for the period to 30 April 2024, and therefore these financial statements are prepared on a going concern basis.

1.3 Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see note 1.8); and

1. Accounting policies (continued)

1.3 Business combinations (continued)

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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

1.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 1.3) less accumulated impairment losses, if any.

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

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

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

1.5 Revenue

Licenced subscription services

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

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

1. Accounting policies (continued)

1.5 Revenue (continued)

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

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

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

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

Payment is due within 30 days of date of invoice.

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

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

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

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

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

1. Accounting policies (continued)

1.5 Revenue (continued)

Software support and maintenance fees

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

Text and SMS revenues

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

Other revenues

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

Contract assets and liabilities

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

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

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

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

1.6 Foreign currency

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

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

1.7 Employee benefits

Short-term and other long-term employee benefits

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

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

1. Accounting policies (continued)

1.7 Employee benefits (continued)

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

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

1.8 Share-based payments

Share-based payment transactions of the Group

Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 11.

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

1.9 Taxation

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

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

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

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

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

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

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

Research and development tax credits claimed from HM Revenue & Customs are taken as a credit in the period in which the qualifying research and development costs are incurred unless there is uncertainty over the amount and timing of the credits. During the year ended 31 March 2022 a credit was recognised in respect of the claim submitted for the year ended 31 March 2020 in respect of two subsidiary entities. This credit was not recognised in prior years as there was uncertainty regarding the amount and timing of the credits due to there being no past experience of claims being received. These credits were therefore only recognised when approved by HMRC. A credit was also recognised in respect of the claim for the years ended 31 March 2021 and 31 March 2022 for those subsidiary entities, these claims have not yet been submitted to HM Revenue & Customs. Refer Note 5.1 for the judgement applied by management in recognising this claim.

1. Accounting policies (continued)

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

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

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

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

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

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

(ii) Internally-generated intangible assets
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

– the technical feasibility of completing the intangible asset so that it will be available for use or sale;
– the intention to complete the intangible asset and use or sell it;
– the ability to use or sell the intangible asset;
– how the intangible asset will generate probable future economic benefits; , including through contracts with new customers, reductions in the cost of delivering the Group's products, and by enhancing the likelihood of contract renewals
– the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
– the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

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

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

1. Accounting policies (continued)

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

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

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

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

1.13 Impairment of tangible and intangible assets other than goodwill
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

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

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

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

1. Accounting policies (continued)

1.14 Financial instruments (continued)

(i) Classification of financial instruments

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

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

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

(ii) Recognition and initial measurement

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

(iii) 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.

(iii) Financial assets – classification and subsequent measurement

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

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

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

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

(iv) Financial liabilities – classification and subsequent measurement

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

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

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

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

1. Accounting policies (continued)

1.14 Financial instruments (continued)

(v) Measurement and recognition of expected credit losses

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

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

(vi) Derecognition

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

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

(vii) 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.

(viii) 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.

1.15 Defined contribution schemes

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

1.16 Cost of sales

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

1.17 Segmental reporting

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

1.18 Leases

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

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

1. Accounting policies (continued)

1.18 Leases (continued)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

2. Reporting entity

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

Induction Healthcare Group plc was formed on 28 February 2019 with an initial shareholding of 1 share at a nominal value of £1. On 1 April 2019, the Group acquired 100% of the share capital of Induction Healthcare Limited, the previous parent company of the Group, in a share for share exchange transaction. This has been accounted for as a common control transaction under IFRS 3 B1 during the year ended 31 March 2020.

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

Financial Statements

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

3. Basis of preparation

Both the financial statements of the Group and the financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards ("UK-Adopted IFRS"). They were authorised for issue by the Group's board of directors on 28 November 2022.

Details of the Group's accounting policies, including changes during the year, are included in note 1.

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

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

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

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

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

4 New standards, interpretations and amendments

The following new and amended IFRSs have been issued and been early-adopted by the Group in these financial statements. This did not have a material impact on the financial statements.

- Amendments of IFRS 3, "Business Combinations" (effective 1 January 2022). This amends the reference to the Conceptual Framework. Management have applied the amended definition of a business in assessing all business combinations completed during the year. The impact of this has not been material to the financial statements.
- Amendments to IAS 16 "Property, Plant and Equipment" (effective 1 January 2022) which clarified the position regarding proceeds before intended use. This standard has had no impact on the financial statements.
- Amendments to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", (effective 1 January 2022), regarding the costs of fulfilling a contract. The impact of this has not been material to the financial statements.
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), (effective 1 January 2021). The impact of this has not been material to the financial statements.
- Amendments to IFRS 16 "Leases", (effective 1 April 2021), related to COVID-19 related Rent Concessions beyond 30 June 2021. The impact of this has not been material to the financial statements.

5. Accounting estimates and judgements

5.1 Significant judgements

Development costs

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

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

5. Accounting estimates and judgements (continued)

Economic feasibility is achieved when a market for the product has been identified and management have determined that the product will generate future economic benefits, which can be demonstrated by either chargin the customer incremental licence fees for a new feature, generating internal const savings to the Group, or increased likelihood of customer renewals. The judgement is most significant where the future economic benefit of a project is determined to be in the form of increased likelihood of customer contract renewals, where evidence of customer likeliness to renew due to a particular project is uncertain and subjective. Of the additions to internally generated intangible assets disclosed in Note 5.2, £0.2m of additions capitalised by Zesty Limited (2021: £Nil) and £0.2m of additions capitalised by Attend Anywhere Limited were deemed to generate probable future economic benefit via customer renewals.

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

Going concern
The directors have applied significant judgement regarding renewals of existing contracts with major customers, in particular NHS customers, in the going concern assessment. Refer to note 1.2 for full details.

5.2 Significant estimates and assumptions
Development costs
In determining the amounts to be capitalised, management makes assumptions regarding the percentage of employee time spent on development activities. At 31 March 2022 the carrying amount of capitalised development costs was £6.3m (2021: £1.9m), of which £2.3m relates to Zesty Limited (2021: £1.6m) and £3.5m to Attend Anywhere Limited (2021 £Nil). This included additions to internally generated intangible assets of £3.1m (2021: £1.7m), of which £1.2m relates to Zesty Limited (2021: £1.0m) and £1.6m to Attend Anywhere Limited (2021: £Nil). In determining the estimated percentage of time, management considers: the role of the employee; whether the activity is of a research nature (which is not capitalised); whether the standard activities the employee performs are project or customer specific (not capitalised) or related to the development of the products of the entity; and an estimate of other time spent on administrative activities such as training. The percentage of time capitalised is determined on an individual employee basis and is reflective of the time spent purely on developing the products and services of the group for sale to a range of customers. There is a high level of estimation uncertainty to the estimates used, as there is no time tracking system in place for employees to record time spent on a certain activity at the point at which that time is incurred. Development costs capitalised are highly sensitive to the percentages used.

During the year ended 31 March 2022, the average percentage of development costs capitalised, as a percentage of total staff costs for development related employees was 60% or £3.1m (2021: 62% or £1.7m). A reasonably possible decrease of 10 percentage points would result in a decrease in the costs capitalised during the year of £0.6m, resulting in a corresponding decrease in the capitalised development cost balance and an increase in losses for the year. 10 percentage points is considered a reasonably possible change in the capitalisation percentage for an individual employee's time, based on management's historical experience in the variability of time spent on development activities.

Impairment of goodwill
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. Management do not calculate the fair value less costs of disposal, as reliable inputs to fair value are not available for the assets, therefore the recoverable amount is the value-in-use.

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

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

5. Accounting estimates and judgements (continued)

The key assumptions are related to the estimation of the discount rate; the cash inflows and outflows which determine EBITDA; and the cash flows incurred to maintain rather than enhance the performance of the assets in the CGU. The primary source of estimation uncertainty arises from the combined impact of reasonably possible changes in two or more of the above assumptions. Cash inflows are primarily influenced by assumptions about existing customers' renewal rates; sales of additional services to existing customers; sales made to new customers; the price of the services and the timing of the completion of set-up activities for new customers (or "go-lives"). The major sources of estimation uncertainty in determining cash inflows are the renewal rates of contracts with customers, the number of new customers contracted in a period, and the timing of the completion of set-up activities for these new customers. Cash outflows are primarily influenced by employee and non-employee workforce costs, supplier costs such as cloud hosting costs, an allocation of corporate overheads and an estimation of the percentage of employee time spent on research and development activities which enhance the performance of the assets. The primary sources of estimation uncertainty for cash outflows arises from the estimation of the percentage of employee time spent on research and development activities which enhance the performance of the assets and are therefore excluded from the DCF. Based on the sensitivity analysis performed by management, none of the assumptions mentioned above give rise to significant estimation uncertainty (or an impairment) on an individual basis, but do so in aggregate.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 18. The carrying amount of each CGU is disclosed in Note 18.

Valuation of acquired intangibles
Management have made estimates in determining the value of intangible assets (comprising technology and customer related intangibles) acquired in its business combinations. Due to numerous assumptions made on variables within the valuation, there is a high level of estimation uncertainty.

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

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

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

5.3 Other judgements

Research and development tax credit
Management have recognised research and development tax credits for claims submitted for the years ended 31 March 2020, 31 March 2021 and 31 March 2022. The claim for the year ended 31 March 2020 recognised in the current year is in respect of two subsidiary entities for which there previously was significant uncertainty as to whether the claim would be successful. As a result of more evidence of successful claims, it is now judged that it is probably that these claims will be successful and thus have been recognised in the current year. The claim for the year ended 31 March 2020 has been submitted to HM Revenue & Customs and has been successfully settled post year-end for one subsidiary. Management have recognised the research and development tax credit for claims for the years ended 31 March 2021 and 31 March 2022 which have not yet been submitted to HM Revenue & Customs, based on the judgement that historical evidence indicates that the claim is likely to be successful. These claims are in relation to two subsidiaries. One further subsidiary performs R&D activities, however claims for the years ended 31 March 2021 and 31 March 2022 have not been recognised due to changes in the nature of development activities, and management have assessed it is unlikely that they will meet the definition of a qualifying activity. This judgement was classified as a significant judgement in the financial statements for the year ended 31 March 2021, but not for the year ended 31 March 2022. This is due to the fact that this judgement was first made in the year ended 31 March 2021, and management therefore had less historical evidence of successful claims, than in the year ended 31 March 2022.

5. Accounting estimates and judgements (continued)

Determination of material rights and contractual terms
The Group recognises licenced subscription revenue from the date that all set-up services have been completed, based on either the user acceptance testing completion date or the "go-live" date. The contracts of the Group contain both termination clauses and renewal options, and management makes a judgement on a contract-by-contract basis as to whether these clauses grant a material right to the customer. Where management concludes that a material right exists, this material right affects the term over which implementation revenue is recognised and whether it represents a separate performance obligation. This judgement was classified as a significant judgement in the financial statements for the year ended 31 March 2021, but not for the year ended 31 March 2022. This is due to the fact that this judgement was more significant in the year ended 31 March 2021, as the Group had acquired the Zesty entity and its contractual relationships in that year, and management assessed each contract for compliance with UK-adopted IFRS.

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

The Group has £16.9m (2021: £15.6m) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and do not expire. Some of these subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

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

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by £4.2m (2021: £2.9m). This is not considered to be a reasonably possible outcome. Further details on taxes are disclosed in Note 13.

This judgement was classified as a significant judgement in the financial statements for the year ended 31 March 2021, but not for the year ended 31 March 2022. This is due to the fact that this judgement was more significant in the year ended 31 March 2021, as the Group had acquired the Zesty entity and its deferred tax assets in that year.

6. Prior Period Adjustment

During the year ended 31 March 2021 the Group acquired Zesty Limited ("Induction Zesty"), and in the year ended 31 March 2020 acquired Horizon Strategic Partners Limited ("Induction Guidance"). As a result of applying IFRS 3 in accounting for acquisitions, the Group is required to determine the fair value of all acquired assets and liabilities at the date of acquisition. This includes determining the fair value of the contract liabilities ("deferred income") of the acquiree. The fair value of the contract liabilities (and therefore revenue subsequently recognised) was less than the amounts recognised by Induction Zesty and Induction Guidance in their standalone financial records. In the consolidated annual financial statements for the year ended 31 March 2021, the Group presented revenue gross of the IFRS 3 fair value adjustment, with a fair value charge of £0.2m included in administrative expenses equal to the IFRS fair value adjustment, instead of presenting revenue based on the fair value of contract liabilities calculated on acquisition.

This has been restated as follows:

	2021 £000 Pre-adjustment	£000 Adjustment	2021 £000 Restated
Revenue	**1,513**	(152)	1,361
Administrative expenses	**(5,052)**	152	(4,900)

The restatement had no impact on basic or diluted earnings per share. The restatement had no impact on prior year loss for the year, nor on any components of equity presented in the prior year statement of changes in equity, the prior year statement of financial position or the prior year statement of cash flows. The adjustment had no impact on opening net assets.

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

7. Revenue

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

	2022 £000	2021 £000 Restated
Provision of software (including set-up services of £0.2m (2021: £Nil))	**7,388**	1,188
Post-contract support and maintenance	**217**	73
Text message revenue	**303**	100
Total revenue from contracts with customers	**7,908**	1,361

Revenue from the provision of software of £7.4m is shown after IFRS 3 related adjustments of £4.2m (2021: £1.4m (restated) after £0.2m of IFRS 3 related adjustments to deferred income). This includes £0.07m related to Induction Zesty (2021: £0.12m related to Induction Zesty and £0.03m related to Induction Guidance). As a result of applying IFRS 3 in accounting for acquisitions, the Group is required to determine the fair value of all acquired assets and liabilities. This includes determining the fair value of the contract liabilities ("deferred income") of the acquiree.

The following is an analysis of revenue by country of destination:

	2022 £000	2021 £000 Restated
United Kingdom	**7,785**	1,190
Europe	**13**	13
United States	**18**	23
Rest of World	**92**	135
Total revenue from contracts with customers	**7,908**	1,361

Revenue from the United Kingdom of £7.9m is shown after IFRS 3 related adjustments of £4.2m (2021: £1.4m (restated) after £0.2m of IFRS 3 related adjustments.

The following is an analysis of revenue by product line. Attend Anywhere Pty Ltd (Induction Attend Anywhere) was acquired on 9 June 2021, refer to Note 15 for further information. Zesty Limited (Induction Zesty) was acquired on 8 June 2020, see Note 16 for further information.

	2022 £000	2021 £000 Restated
Induction Attend Anywhere	**5,715**	–
Induction Zesty	**1,517**	753
Induction Guidance	**642**	603
Induction Switch	**34**	5
	7,908	1,361

Revenue from Induction Attend anywhere of £5.7m is shown after IFRS 3 related adjustments of £4.1m. Revenue from Induction Zesty of £1.5m is shown after IFRS 3 related adjustments) of £0.07m (2021: £0.8m (restated) after £0.12m of IFRS 3 related adjustments).Revenue for Induction Guidance is £0.6m (2021: £0.6m after £0.03m of IFRS 3 related adjustments).

The following represents the timing of revenue recognition:

	2022 £000	2021 £000 Restated
Services transferred over time	**7,595**	1,196
Services at point in time	**313**	165
	7,908	1,361

7. Revenue (continued)

The following represents the transaction prices allocated to performance obligations that are unsatisfied or partially satisfied at 31 March 2022, and the timing of the recognition of revenue from these balances.

	2022 £000	2021 £000
Within one year	**985**	1,027
More than one year	**321**	187
	1,306	1,214

8. Expenses by nature

The following represents expenses incurred during the year, by nature:

	2022 £000	2021 £000 Restated
Employee costs	**7,859**	5,123
Depreciation of property, plant and equipment	**29**	7
Amortisation of intangible assets	**3,785**	1,340
Impairment of goodwill and intangible assets	**–**	1,366
Contractors' costs	**2,366**	1,103
Acquisition related transaction costs	**423**	375
Fundraise related transaction costs recognised in profit and loss	**108**	–
Professional and legal fees	**459**	359
Research and development expense capitalised	**(3,090)**	(1,660)
Share-based payment charge	**613**	698
Fair value adjustments on financial liabilities	**–**	91

9. Auditors remuneration

	2022 £000	2021 £000
Audit of these financial statements	**795**	241
Total audit fees	**795**	241
Interim financial statement review	**8**	8
Total non-audit fees	**8**	8
Total audit and non-audit fees	**803**	249

Included in the fees for the audit for the year ended 31 March 2022 is £0.1m which relates to the year ended 31 March 2021, which was paid subsequent to the approval of the financial statements for that period.

10. Employee benefit expenses

	2022 £000	2021 £000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**5,735**	3,583
Social security costs	**551**	414
Defined contribution pension cost	**309**	140
Share-based payment expenses	**613**	698
Other employee benefits	**651**	288
Total employee benefit expense	**7,859**	5,123

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

10. Employee benefit expenses (continued)

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

	2022 No. of employees	2021 No. of employees
Development	**40**	23
Sales and Marketing	**10**	12
Delivery and Support	**8**	–
General and Administrative	**19**	6
Total Average FTE	**77**	41

The remuneration of the highest paid director was £0.5m (2021: £0.3m). Included in other employee benefits is £Nil (2021: £0.03m) compensation for loss of office paid to a former director of the group. Also included in other employee benefits is a bonus of £0.4m (2021: £0.1m).

The Group operates a defined contribution pension plan which was put in place in October 2018. The total expense relating to the plan in the year was £0.3m (2021: £0.1m).

11. Share-based payments

11.1 Details of the employee share option of the Group

On the admission to the AIM market on 22 May 2019, the Group established the Non-tax Advantaged Share Option Plan ("the NTA Plan") which awards executive directors, management and other employees share options. The awards are granted in the form of share options over ordinary shares of £0.005 each with the intent of normal vesting after a minimum period of three years from the date of grant, and an exercise price of £0.005 per option. Vesting is subject to continued services of the participant. No options issued during the year had any vesting conditions other than service conditions attached. The Group accounts for the plan as an equity settled plan. During the year ended 31 March 2021, the Group amended the vesting periods in the NTA Plan. The vesting period were amended to allow for vesting in tranches, whereby one-third of the options awarded vest after one year of service, and the remaining two-thirds of the options vest on a quarterly basis over the remaining two years. No changes were made to the plan in the year ended 31 March 2022.

11.2 Expense recognised during the year

The expense recognised for employee services received during the year is:

	2022 £000	2021 £000
Expense arising from equity settled share-based payment transactions	**613**	698
Total expense arising from share-based payment transactions	**613**	698

11.3 Fair value of share options granted in the year

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

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

The weighted average remaining contractual life for the share options outstanding as at 31 March 2022 was 2.16 years (2021: 3.09). Options expire after 10 years.

The weighted average fair value of options granted during the year was £1.05 (2021: £0.93).

11. Share-based payments (continued)

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

	Year to 31 March 2022	Year to 31 March 2021
Weighted average grant date fair value £	**1.05**	0.93
Exercise price £	**0.005**	0.005
Expected volatility %	**50.00**	50.00
Option life years	**3.98**	3.94
Risk Free interest rate %	**0.62**	0.62
Dividend rate %	**–**	–

11.4 Movements in share options during the year
The following reconciles the share options outstanding at the beginning and end of the year:

	2022 Number of options ('000)	2021 Number of options ('000)
Balance at the beginning of the year	**2,589,231**	288,153
Granted during the year	**115,180**	2,765,185
Forfeited during the year	**(503,928)**	(464,107)
Outstanding at 31 March	**2,200,483**	2,589,231
Exercisable at 31 March 2021	**1,388,724**	303,071

Included in the number of options forfeited during the year are 284,266 options forfeited during the year ended 31 March 2021.

12. Finance income and expense

	2022 £000	2021 £000
Finance income		
Interest on:		
– Bank deposits	**1**	3
Total finance income	**1**	3
Finance expense		
Finance costs on other financial liabilities	**29**	5
Finance costs on lease liabilities	**1**	–
Total finance expense	**30**	5
Net finance (expense)/income recognised in profit or loss	**(29)**	(2)

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

13. Tax expense

13.1 Income tax recognised in profit or loss

	2022 £000	2021 £000
Current tax		
Corporation tax expense	**360**	–
Prior year adjustment in respect of research & development tax credit	**(764)**	(446)
Total current tax	**(405)**	(446)
Deferred tax expense		
Origination and reversal of timing differences	**(438)**	(116)
Prior year deferred tax movement	**(297)**	59
Total deferred tax	**(735)**	(57)
Tax income on loss on ordinary activities	**(1,140)**	(503)

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

	2022 £000	2021 £000
Loss for the year	**(9,574)**	(8,117)
Tax at the standard rate of corporation tax of 20.13% (2021: 19%)	**(1,927)**	(1,561)
Research & development tax relief	**(292)**	–
Expenses not deductible for tax purposes	**1,674**	310
Share-based payments	**123**	124
Prior year adjustments – research and development tax relief	**(722)**	(386)
Prior year adjustments on deferred tax	**(297)**	–
Deferred tax not recognised	**303**	961
Other timing differences	**109**	(50)
Difference in overseas tax rates	**328**	–
Effective rate change	**(429)**	–
Total tax income	**(1,140)**	(503)

Expenses not deductible for tax purposes primarily relate to the impairment of the investment in Induction Healthcare Limited in the standalone financial statements of Induction Healthcare Group plc (refer to Note 5 in the Company financial statements), and also to unrealised foreign exchange differences on foreign currency cash balances in one subsidiary, which are deductible only once these realise (ie. on settlement of the balance). Prior year adjustments on deferred tax relate to the deferred tax impact of impairments on acquired intangible assets for the year ended 31 March 2021. Deferred tax not recognised relates to unused tax losses carried forward, for which deferred tax assets are only recognised to the extent that there are deferred tax liabilities available with the same tax authority and which will be unwound in the same period as the deferred tax asset. Other timing differences relate to a variety of immaterial timing differences other than those related to intangible assets or tax losses.

Changes in tax rates and factors affecting the future tax charges

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

The rate of corporation tax is 25% in Australia for the 2021-22 income year.

13. Tax expense (continued)

13.2 Current tax assets and liabilities

	2022 £000	2021 £000
Current tax assets		
R&D tax credit receivable	**1,240**	446
Current tax liabilities		
Corporation tax liability in Australia	**(789)**	–
	451	446

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

13.3 Deferred tax balances

A deferred tax liability of £3.7m (2021: £0.8m) has been recognised in relation to the fair value of intangible assets acquired in a business combinations. A deferred tax liability of £1.05m has been recognised in relation to the fair value adjustments to contract liabilities acquired in business combinations. A deferred tax asset of £0.7m (2021: £0.8m) was recognised in relation to unused tax losses acquired in business combinations. This deferred tax asset was recognised only to the extent that there are deferred tax liabilities available with the same tax authority and which will be unwound in the same period as the deferred tax asset.

A deferred tax asset of £4.2m (2021: £2.8m) has not been recognised due to uncertainty over future taxable profits in the relevant subsidiaries with tax losses. The unrecognised deferred tax asset includes those in relation to tax losses of £17m (2021: £14.6m). These amounts exclude amounts related to Horizon Strategic Partners Limited, which is expected to generate profits and for which a deferred tax asset of £0.05m (2021: £0.08m) has been recognised. They also exclude those for Zesty Limited, where deferred tax assets have been recognised in relation to the deferred tax liabilities for the intangible fixed assets acquired through business combinations. A deferred tax asset of £0.6m (2021:£0.8m) has been recognised for Zesty Limited.

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

	2022 £000	2021 £000
Deferred tax assets	**1,540**	880
Deferred tax liabilities	**(5,851)**	(1,048)
	(4,311)	(168)

Deferred tax liabilities in relation to:

	2022 £000	2021 £000
Intangible assets	**(5,780)**	(1,048)
Tax losses carried forward	**1,309**	880
Other	**160**	–
Total deferred tax liability	**(4,311)**	(168)

Reconciliation of deferred tax liabilities, net

	2022 £000	2021 £000
Opening deferred tax balance at tax rate of 19%	**(168)**	(224)
Deferred tax acquired in business combinations	**(4,878)**	–
Tax expense during the period recognised in profit or loss	**438**	116
Prior year movements	**297**	(59)
Closing deferred tax at tax rate of 25%	**(4,311)**	(168)

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

13. Tax expense (continued)

Movement in deferred tax balances

2022	1 April 2021 (Net) £000	Recognised in profit or loss £000	Acquired in business combinations £000	Other movements (£000)	31 March 2022 (Net) £000	Deferred Tax Assets £000	Deferred Tax Liabilities £000
Intangible assets	(1,047)	889	(3,798)	30	(5,780)	60	(5,840)
Tax losses	880	429	–	–	1,309	1,309	–
Other	–	1,195	(1,057)	21	160	171	(11)
Closing deferred tax at tax rate of 25%	167	735	(4,856)	51	(4,311)	1,540	(5,851)

2021	1 April 2021 (Net) £000	Recognised in profit or loss £000	Acquired in business combinations £000	31 March 2022 (Net) £000	Deferred Tax Assets £000	Deferred Tax Liabilities £000
Intangible assets	(321)	65	(791)	(1,047)	-	(1,047)
Tax losses	97	(9)	791	880	880	-
Closing deferred tax at tax rate of 25%	(224)	57	-	167	880	-

14. Loss per share

14.1 Basic loss per share

	2022 £	2021 £
From continuing operations attributable to the ordinary equity holders of the Group	**(0.10)**	(0.19)
Total basic loss per share attributable to the ordinary equity holders of the Group	**(0.10)**	(0.19)

14.2 Diluted loss per share

	2022 £	2021 £
From continuing operations attributable to the ordinary equity holders of the Group	**(0.10)**	(0.19)
Total diluted loss per share attributable to the ordinary equity holders of the Group	**(0.10)**	(0.19)

14.3 Reconciliation of loss used in calculating loss per share

	2022 £000	2021 £000
Loss attributable to the ordinary equity holders of the Group used in calculating basic loss per share and diluted loss per share:		
From continuing operations	**(8,434)**	(7,614)
	(8,434)	(7,614)

14. Loss per share (continued)

14.4 Weighted average number of shares used as the denominator

	2022 number	2021 number
Shares in issue at the beginning of the period	**42,050,728**	29,626,201
Shares issued	**35,714,285**	–
Shares issued on business combination	**14,285,714**	12,424,527
Issued ordinary shares as at the end of the period	**92,050,727**	**42,050,728**
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	**82,461,686**	39,701,981

On 9 June 2021, the Group acquired Attend Anywhere Pty Ltd ("Attend Anywhere" or "AA"). The consideration for the acquisition included the issue of 14,285,714 new ordinary shares.

As part of the transaction, the Group also completed a fundraise by issuing 35,714,285 new ordinary shares.

15. Business combinations during the year

15.1 Subsidiary Acquired

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

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

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

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

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

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

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

15. Business combinations during the year (continued)

15.2 Consideration transferred

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

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

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

15.3 Assets acquired and liabilities recognised at the date of acquisition

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

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

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

Assets acquired	Valuation technique
Customer contracts and relationships	Income Approach: With and without method. This method estimates the value of customer related assets by quantifying the impact on cash flows under a scenario in which the customer-related assets must be replaced. The projected revenues, operating expenses, and cash flows are calculated in a "With" and "Without" scenario, and the differential between the cash flows from the two scenarios serve as the basis for estimating the fair value of the customer-related asset.
Technology	Excess Earnings Method: a stream of revenue and expenses are identified with a particular group of assets that are necessary to support the earnings associated with the subject intangible asset. By identifying and subtracting contributory assets, the residual earnings are estimated to be attributable to the subject intangible asset and are discounted to present value at an appropriate discount rate. An obsolescence rate of 25% is applied to the forecasts used in the valuation model.
Contract liabilities	The fair value of the of the deferred revenue liability has been determined using the bottom-up approach. Under this approach the fair value is determined to be equal to the costs still to be incurred in fulfilling the performance obligations related to the contract liability, plus an associated profit on these costs. The costs still to be incurred in satisfying the remaining performance obligations are hosting fees, staff costs to support the operation of the platform and provide support and maintenance and other software fees necessary for the operation of the platform. A mark-up on cost to be incurred in fulfilling the performance obligation of 28% was applied.

15. Business combinations during the year (continued)

15.4 Goodwill arising on acquisition

The following represents goodwill arising on acquisition

	2020 £000
Consideration transferred at fair value	25,398
Total identifiable net assets at fair value	(15,386)
Goodwill arising on acquisition	**10,012**

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

15.5 Analysis of cash flows on acquisition

	2020 £000
Consideration paid in cash	(16,398)
Transaction costs of the acquisition (included in cash flows from operating activities)	(423)
Transaction costs attributable to the issuance of shares (included in cash flows from financing activities, net of tax)	–
Less: cash and cash equivalent balances acquired	2,912
Net cash outflows on acquisition	**(13,909)**

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

15.6 Impact of acquisition on the results of the Group

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

15.7 Sensitivity analysis

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

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

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

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

15. Business combinations during the year (continued)

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

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

16. Business combinations completed in prior periods

16.1 Subsidiaries acquired

On 8 June 2020, Induction Healthcare Group plc acquired 100% of the share capital of Zesty Limited for a consideration comprising £500,000 in cash, plus the issue of 12,424,527 New Ordinary Shares.

Zesty Limited is a digital healthcare patient engagement platform company. Zesty's platform provides an integration layer with a hospital's EMR and a portal that allows patients to manage their hospital outpatient appointments, read their administrative and clinical correspondence, attend a video-based consultation and store a personal copy of their clinical record, through this integration layer.

Zesty was acquired due to the fact that integrating Zesty and Induction's technologies, the enlarged group will, in the Directors' view, be one of the first technology platforms to interconnect patients, clinicians and healthcare information across both multiple hospital sites and EPR platforms. The Directors expect the acquisition to provide many synergistic benefits, including sales to the same sales channel, pooling software engineering resources, and bringing extensive experience to management and the Board of Directors.

Name	Principal Activity	Date of Acquisition	Proportion of voting equity interest acquired	Consideration transferred £000
Zesty Limited	Provision of software to healthcare organisations	08/06/2020	100%	11,514

16.2 Consideration transferred

The following represents the consideration transferred to the owners of Zesty Limited.

	2021 £000
Cash consideration	500
Equity consideration	11,014
Total consideration transferred	**11,514**

The fair value of cash consideration equals its carrying value. The fair value of the equity consideration has been determined with reference to the market value of the shares of Induction Healthcare Group plc immediately prior to the issue of the consideration shares, adjusted for the impact of a lack of marketability discount of 10%.

16. Business combinations completed in prior periods (continued)

16.3 Assets acquired and liabilities recognised at the date of acquisition

	2021 £000
Property, plant and equipment	18
Intangible assets	4,163
Other non-current assets	884
Cash and cash equivalents	13
Other current assets	313
Loans and borrowings	(501)
Deferred tax liabilities	(791)
Other current liabilities	(304)
Total identifiable net assets at fair value	**3,277**

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

Assets acquired	Valuation technique
Trade Name	Relief-from-royalty savings method. This method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned.
Customer relationships	Premium profits method. This method estimates the value of customer-related assets by quantifying the impact on cash flows under a scenario in which the customer related assets must be replaced, assuming all of the assets required to operate the business are in place except the customer-related assets.
Technology	Replacement cost method. This method establishes value based on the cost of reproducing or replacing the asset, less depreciation from functional or economic obsolescence. A corroborating analysis was performed using the multi-period excess earnings method. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

16.4 Goodwill arising on acquisition

	Zesty Limited £000
Consideration transferred at fair value	11,514
Total identifiable net assets at fair value	3,277
Goodwill arising on acquisition	**8,237**

16.5 Net cash outflow on acquisition

	2021 £000
Consideration paid in cash	(500)
Transaction costs of the acquisition (included in cash flows from operating activities)	(269)
Transaction costs attributable to the issuance of shares (included in cash flows from financing activities, net of tax)	(64)
Less: cash and cash equivalent balances acquired	13
Net cash flow on acquisition	**(820)**

Acquisition related costs of £0.3m were recognised in administrative expenses. Acquisition related costs of £0.1m relate to the issuance of shares and were capitalised to share premium. All issue costs were recognised.

16.6 Impact of acquisition on the results of the Group

From the date of acquisition, Zesty Limited contributed £0.9m to the revenue of the group and net losses of £1.9m to the loss before tax from continuing operations of the Group. If the acquisition had taken place at the beginning of the year, contribution to revenue from continuing operations would have been £1.0m and contribution to loss before tax from continuing operations for the Group would have been £2.3m.

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

17. Subsidiaries

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

Name of subsidiary	Registered number	Registered Address	Principal activity	Place of incorporation and operation	Directly owned by the Company	Proportion of ownership interest in ordinary shares and voting power held by the Group (%)	
						2022	2021
Induction Healthcare Limited	11232772	20 St. Dunstan's Hill, London, EC3R 8HL	Investment holding company	United Kingdom	√	100%	100%
Induction Healthcare (UK) Limited	11237890	20 St. Dunstan's Hill, London, EC3R 8HL	Provision of software to healthcare providers	United Kingdom		100%	100%
Induction Healthcare Pty Ltd	625119397	Level 2, Suite 2.03, 574 St. Kilda Road, Melbourne, Victoria, 3001	Provision of software to healthcare providers	Australia		100%	100%
Podmedics Limited	06840040	20 St. Dunstan's Hill, London, EC3R 8HL	Provision of software to healthcare providers	United Kingdom	√	100%	100%
Horizon Strategic Partners Limited	06285278	20 St. Dunstan's Hill, London, EC3R 8HL	Provision of software to healthcare providers	United Kingdom	√	100%	100%
Zesty Limited	08294659	20 St. Dunstan's Hill, London, EC3R 8HL	Provision of software to healthcare providers	United Kingdom	√	100%	100%
Attend Anywhere Pty Ltd	081211707	Level 2, Suite 2.03, 574 St. Kilda Road, Melbourne, Victoria, 3001	Provision of software to healthcare providers	Australia	√	100%	–
Attend Anywhere Limited	11883931	20 St. Dunstan's Hill, London, EC3R 8HL	Provision of software to healthcare providers	United Kingdom		100%	–
A.C.N. 167 231 307 Pty Ltd	167231307	Level 2, Suite 2.03, 574 St. Kilda Road, Melbourne, Victoria, 3001	Investment Holding Company	Australia	√	100%	–

There are no dormant subsidiaries not preparing and filing individual accounts by virtue of S394A and S448A of the Companies Act 2006.

All subsidiaries have reporting periods that end on 31 March 2022.

18. Goodwill

18.1 Carrying amount of goodwill

The following represents the carrying value of goodwill as at 31 March 2022.

	2022 £000	2021 £000
Cost	**20,175**	9,790
Accumulated impairment	**(417)**	(417)
	19,758	9,373

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

	2022 £000	2021 £000
Cost		
At 1 April	**9,790**	1,553
Additions as a result of business combinations	**10,012**	8,237
Translation differences	**373**	–
At 31 March	**20,175**	**9,790**
Accumulated impairment		
At 1 April	**417**	–
Impairment charge	**–**	417
At 31 March	**417**	417

18.2 Allocation of goodwill to cash generating units

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

	2022 £000	2021 £000
Induction Attend Anywhere	**10,385**	–
Induction Zesty	**8,237**	8,237
Induction Guidance	**1,136**	1,136
Induction Switch	**–**	–
	19,758	9,373

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

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

18. Goodwill (continued)

18.3 Recoverable amount, carrying amount and headroom

The following table illustrates the recoverable amount, carrying amount and headroom for each of the CGU's.

	Goodwill allocated		Carrying amount of CGU (incl. goodwill)		Recoverable amount		Headroom	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Induction Attend Anywhere	**10,385**	–	**29,302**	–	**34,252**	–	**4,950**	–
Induction Zesty	**8,237**	8,237	**8,293**	9,568	**19,111**	10,902	**10,818**	1,334
Induction Guidance	**1,136**	1,136	**4,292**	2,154	**6,243**	3,385	**1,950**	1,231
Induction Switch	**–**	–	**–**	–	**–**	–	**–**	–
	19,758	9,373	**40,523**	11,722	**59,606**	14,287	**19,082**	2,565

During the year ended 31 March 2021, the performance of the Induction Switch app did not align to management's previous expectations and forecasts. This was due to challenges in monetising the app, due to the COVID-19 pandemic changing priorities for the customers of the Group. As a result of this, management's forecasts of future cash inflows were updated to reflect these delays in monetisation. These challenges continued into the year ended 31 March 2022. As such the recoverable amount of the Induction Switch CGU continues to be £nil as at 31 March 2022 (2021: £nil).

During the year ended 31 March 2022, the recoverable amount of Induction Zesty increased from £10.9m to £19.1m. This is due to the positive shift in market sentiment as health systems around the world are now focused on post-COVID recovery. Induction Zesty is increasingly playing a critical role in reducing elective waiting lists, resulting in increased forecast cash inflows throughout the forecast period. In addition, during the year, the Group has invested in additional product and feature development for the Zesty platform to enhance the capabilities of the asset.

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

	Pre-tax discount rate		Long term average growth rate		Forecast period length (years)	
	2022 %	2021%	2022%	2021%	2022	2021
Induction Attend Anywhere	**13.6%**	–	**2.5%**	–	**5**	–
Induction Zesty*	**15.2%**	17.4%	**2.5-10%**	2%	**5**	5
Induction Guidance*	**13.7%**	17.7%	**2.5-10%**	2%	**5**	5

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

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

The calculation of value-in-use for all 3 CGU's is most sensitive to the following assumptions:

- Earnings before interest, tax, depreciation and amortisation ("EBITDA"). EBITDA is significantly influenced by cash inflows, cash outflows and the estimation of cash flows incurred to enhance the performance of the asset (which are excluded from cash outflows).
- Discount rates

18. Goodwill (continued)

18.4 Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions (continued)
EBITDA – EBITDA is determined by deducting the budgeted costs to be incurred (cash outflows) from payments received from customers (cash inflows). Cash in-and-outflows are determined based on detailed budgets for the first two years of the forecast period, and then extrapolated for the remaining forecast period using an appropriately declining growth rate to reach the terminal growth rate. Detailed budgets for payments received from customers are determined using assumptions on existing customer renewal rates; sales of additional services to existing customers; sales made to new customers; pricing assumptions based on a standard price list as determined by the Group's pricing policy, and assumptions regarding the timing of the completion of set-up activities for new customers (or "go-lives"). Cash outflows primarily consist of employee and non-employee workforce costs, supplier costs such as cloud hosting costs; and an allocation of the corporate overhead costs. Cash outflows exclude outflows that are related to research and development activities which enhance the performance of the assets, such as new feature development. These are determined through an estimation of the percentage of employee time spent on research and development activities which enhance the performance of the assets. This percentage is based on management's assessment of future time to be spent on new product development, based on product strategies and roadmaps. It also takes into account management's past experience of time spent on capitalisable development activities and is consistent with rates used for this purpose.

During the year ended 31 March 2021, a reasonably possible decrease of 1% in EBITDA would not have resulted in an impairment of either the Zesty or Induction Guidance CGU. A decrease of 7.4% would have resulted in the impairment of the Zesty CGU. A decrease of 32.6% would have resulted in the impairment of the Induction Guidance CGU. During the year ended 31 March 2021, a reasonably possible rise in the pre-tax discount rate of 1% to 18.4% in the Zesty CGU would have resulted in the elimination of the headroom of the CGU. A rise in the pre-tax discount rate of 5.5% to 23.2% in the Induction Guidance CGU would have resulted in the elimination of the headroom of the CGU.

Management have sensitised each significant type of assumption affecting EBITDA separately below for the Induction Attend Anywhere and Induction Zesty CGU's. Management has not presented a sensitivity analysis for the Induction Guidance CGU, since no assumptions applied in the VIU analysis for this CGU result in significant estimation uncertainty, whether individually or in aggregating the impact of all reasonably possible changes in assumptions. Sensitivity analysis has been performed by decreasing cash inflows and increasing cash outflows in each forecast year by the relevant percentage disclosed below.

Payments received from customers

	Reasonably possible decrease % 2022	Impact of reasonably possible decrease 2022	% decrease resulting in impairment 2022%
Induction Attend Anywhere	**5%**	**(4,616)**	**5.4%**
Induction Zesty	**15%**	**(3,263)**	**44.0%**

5% is considered to be a reasonably possible decrease for the Induction Attend Anywhere CGU due to the maturity of the products, high renewal rates, and lower reliance on new customer wins within this CGU. The 5% reasonably possible decrease in cash inflows for Attend Anywhere has reduced from the 15% reasonably possible decrease as disclosed in Note 15. This is due to the fact that, at acquisition date, there was higher uncertainty as to the likelihood of renewals of customer contracts, as well as higher uncertainty in pricing pressure. At 31 March 2022, management considered this uncertainty to decrease due to high renewal rates for Attend Anywhere contracts in March 2022 and reduced uncertainty on contract pricing given the expected resolution of government funding to customers. In contrast, the products within the Zesty CGU are at a less mature stage of the product lifecycle and forecasts are more reliant on new customers, and therefore there is a higher likelihood of a higher decrease in cash inflows, at 15%.

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

18. Goodwill (continued)

Cash outflows (excluding those related to the enhancement of assets)

	Reasonably possible increase % 2022	Impact of reasonably possible decrease 2022	% increase resulting in impairment 2022%
Induction Attend Anywhere	**5%**	**(4,106)**	**6%**
Induction Zesty	**10%**	**(2,555)**	**44.0%**

5% is considered to be a reasonably possible increase in the cash outflows of the Attend Anywhere CGU due to the maturity of the business and therefore availability of historical data regarding the costs to be incurred to operate the business. In contrast, the Zesty CGU is at a less mature stage of the product life cycle and therefore there is a greater range of outcomes on costs.

Cash outflows related to the enhancement of assets

	Reasonably possible decrease % 2022	Impact of reasonably possible decrease 2022	% decrease resulting in impairment 2022%
Induction Attend Anywhere	**25%**	**(4,869)**	**25.4%**
Induction Zesty	**25%**	**(4,065)**	**69.5%**

25% is considered to be a reasonably possible decrease in the cash outflows related to the enhancement of assets, as this is considered to be the variability in the estimate of time to be spent on enhancement of assets versus maintenance of assets, based on the resource plans of the Group.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into account the time value of money and individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from the weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. These were £Nil for the year ended 31 March 2022 (2021: £Nil). The beta factors were first evaluated in the year ended 31 March 2020, based on publicly available market data, and re-evaluated in the year ended 31 March 2022. CGU specific risk is incorporated into the company specific risk premiums. During the year ended 31 March 2022, the company specific risk premium for the Induction Guidance CGU was revised downwards from 3% to 1.5%, due to the maturity of the products within the CGU, which results in a lower risk within the CGU and decrease in the pre-tax discount rate. With regards to the Zesty CGU, there have been no changes to the post-tax discount rate from that used for the year ended 31 March 2021. However, tax cash outflows have reduced from those projected in the year ended 31 March 2021, which accounts for the decrease in the pre-tax discount rate from 17.4% to 15.2%. Adjustments to the discount rate are made to factor in the specific amount and timing of the future cash flows arising from income tax in order to reflect a pre-tax discount rate. The assumptions made in determining the discount rate were updated during the year ended 31 March 2022 to reflect the changes in the nature of the business as a result of the acquisition of Attend Anywhere Pty Ltd, however this did not result in a change in the post-tax discount rate for the Group. Discount rates are reviewed each year. Pre-tax discount rates as disclosed above are dependent on the tax rates in the jurisdiction where the CGU is based and therefore differ from the Group's WACC. One percentage point is considered a reasonably possible increase in the discount rate.

	Impact of reasonably possible 1 percentage point increase in discount rate		Percentage point increase resulting in impairment	
	2022	2021	2022	2021
Induction Attend Anywhere	**(2,552)**	–	**2.1%**	–
Induction Zesty	**(1,995)**	n/a	**9.5%**	1%

18. Goodwill (continued)

Aggregate sensitivities
As can be noted from the above sensitivities, no reasonably possible change in an individual key assumption results in an impairment. However, a combination of changes in assumptions may result in an impairment. The below tables summarises the impact of the combination of all reasonably possible changes in assumptions. The below scenario demonstrates the impact should all reasonably possible changes in assumptions occur at the upper end of the reasonably possible range. Other reasonably possible changes in more than one of these assumptions in combination could lead to a material impairment.

	Increase in discount rate (%)	Decrease in cash inflows (%)	Increase in cash outflows (excluding those related to enhancement of assets) (%)	Decrease in cash outlfows for enhancement of assets (%)	Impact to headroom £000	Impairment £000
Induction Attend Anywhere	**1%**	**5%**	**5%**	**25%**	**(15,026)**	**(10,076)**
Induction Zesty	**1%**	**15%**	**10%**	**25%**	**(11,373)**	**(555)**

19. Intangible assets

	Trade name £000	Users £000	Technology (re-presented) £000	Total £000
Cost				
At 31 March 2020	**264**	**919**	**1,500**	**2,683**
Additions – internally developed	–	–	–	1,660
Acquired through business combinations	369	507	3,286	4,162
At 31 March 2021	**633**	**1,426**	**6,446**	**8,505**
Additions – internally developed	–	–	–	3,090
Acquired through business combinations	–	7,713	7,480	15,193
Translation differences	–	321	398	719
At 31 March 2022	**633**	**9,460**	**17,414**	**27,507**

	Trade name £000	Users £000	Technology (re-presented) £000	Total £000
Accumulated amortisation and impairment				
At 31 March 2020	**15**	**53**	**265**	**333**
Charge for the year	61	189	1,090	1,340
Impairment charge	7	23	918	948
At 31 March 2021	**83**	**265**	**2,273**	**2,621**
Charge for the year	62	1,067	2,658	3,786
Translation differences	–	54	83	137
At 31 March 2022	**145**	**1,386**	**5,014**	**6,544**
Net book value				
At 31 March 2020	249	866	1,234	2,349
At 31 March 2021	550	1,161	4,173	5,884
At 31 March 2022	**488**	**8,074**	**12,400**	**20,962**

Amounts for the "Technology" intangible asset category for the year ended 31 March 2021 and as at 31 March 2020 have been represented in order to combine the acquired technology assets category with the capitalised development costs category. This is due to the fact that the nature of the assets is similar.

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

20. Property, plant and equipment

	Fixtures and fittings £000	Computer equipment £000	Right-of-use asset – Buildings £000	Total £000
Cost				
At 31 March 2020	–	–	–	–
Additions		6	–	6
Acquired through business combinations	3	40	–	43
Disposals	–	(18)	–	(18)
At 31 March 2021	3	28	–	31
Additions	–	46	211	257
Acquired through business combinations	–	50	–	50
Disposals	–	–	–	–
At 31 March 2022	**3**	**124**	**211**	**338**

	Fixtures and fittings £000	Computer equipment £000	Right-of-use asset – Buildings £000	Total £000
Accumulated depreciation and impairment				
At 31 March 2020	–	–	–	–
Provided during the year	–	7	–	7
Acquired through business combinations	2	23	–	25
Disposals	–	(16)	–	(16)
At 31 March 2021	2	14	–	16
Provided during the year	–	1	12	13
Acquired through business combinations	–	50	–	50
Disposals	1	13	–	14
Translation difference	–	–	1	1
At 31 March 2022	3	**78**	**13**	**94**
Net book value				
At 31 March 2021	1	14	–	15
At 31 March 2022	–	46	198	244

21. Trade and other receivables

	2022 £000	2021 £000
Trade receivables	**2,901**	723
Trade receivables net	**2,901**	723
Total financial assets other than cash and cash equivalents classified as loans and receivables	**2,900**	723
Prepayments	**251**	151
Social security and other taxes receivable	**80**	–
Other receivables	**117**	22
Total trade and other receivables	**3,349**	896

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

Trade receivables are non-interest bearing and are generally on terms of 30 days. Included within trade and other receivables is £nil expected to be recovered in more than 12 months (2020: £nil).

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

22. Contract assets

22.1 Contract assets

The below table reconciles the movement in contract assets during the year. Comparative amounts for 2021 have been re-presented to reflect the fact that contract costs to obtain a contract and contract costs to fulfil a contract have been presented separately for the year ended 31 March 2022.

	2022 £000	2021 £000
Balance at 1 April	**35**	23
Transfers from contract assets to contract liabilities, on invoice of accrued amounts	**(1,732)**	(394)
Additions for subscriptions commenced, not yet invoiced	**1,745**	400
Impairment of a contract asset	**(1)**	(5)
Changes due to business combinations	**228**	11
Translation differences	**1**	–
Balance at 31 March	**276**	35

22.2 Contract costs to obtain a contract

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

	2022 £000	2021 £000
Balance at 1 April	**25**	–
Contracts costs – to obtain a contract	**355**	35
Amortisation of contract costs to obtain a contract	**(34)**	(10)
Balance at 31 March	**346**	25

22.3 Contract costs to fulfill

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

	2022 £000	2021 £000
Balance at 1 April	**95**	–
Contract costs – to fulfil a contract	**121**	330
Amortisation of contract costs to fulfil a contract	**(51)**	(235)
Balance at 31 March	**165**	95

23. Cash and cash equivalents

	2022 £000	2021 £000
Cash at banks and on hand	**6,996**	872
Short-term deposits	**500**	1,600
Demand deposits	**–**	–
Cash and cash equivalents per the statement of financial position and cash flow statement	**7,496**	2,472

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

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

24. Trade and other payables

	2022 £000	2021 £000
Trade payables	**899**	289
Other payables	**108**	70
Accruals	**2,120**	760
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**3,127**	1,119
Other payables tax and social security payments	**238**	277
Total trade and other payables	**3,365**	1,396
Current taxation payable	**789**	–

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

Included within trade and other payables is £nil expected to be settled in more than 12 months (2021: £nil).

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

25. Contract liabilities

	2022 £000	2021 £000
Current	**2,580**	1,027
Non-current	**326**	187
Total contract liabilities	**2,906**	1,214

	2022 £000	2021 £000
Balance at 1 April	**1,214**	302
Revenue recognised	**(7,948)**	(1,483)
Increases due to cash received, excluding amounts recognised as revenue during the year	**7,576**	2.074
Changes due to business combinations	**1,782**	159
Other changes (including transfers from contract assets on invoice of accrued amounts)	**–**	162
Translation differences	**282**	–
Balance at 31 March 2022	**2,906**	1,214

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

26. Share capital

For the purposes of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group does not have any interest-bearing loans and borrowings. There have been no changes to the Group's capital management policies and processes during the year ended 31 March 2022.

26. Share capital (continued)

Authorised

	2022 Number ('000)	2022 £000	2021 Number ('000)	2021 £000
Shares treated as equity				
Ordinary shares of £0.0050 each	**92,051**	**460**	42,052	210
	92,051	**460**	42,052	210

Issued and fully paid

	2022 Number ('000)	2022 £000	2021 Number ('000)	2021 £000
Ordinary shares of £0.0050 each				
At 1 April	**42,052**	**210**	29,627	148
Issue of ordinary shares	**35,714**	**179**	–	–
Issue of shares as consideration for a business combination	**14,285**	**71**	12,425	62
At 31 March	**92,051**	**460**	42,052	210

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

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

As part of the transaction, on 8 June 2021, the Company announced that it had raised £25m through a placing of 35,714,285 new Ordinary Shares at a price of 70p per share.

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

27. Reserves

The following represents the movement in the share premium:

Share premium

	2022 £000	2021 £000
At 1 April	**18,432**	18,432
Issue of ordinary shares	**24,821**	–
Transaction costs on issue of shares	**(1,190)**	–
Reclassification to merger reserve	**(398)**	–
At 31 March	**41,665**	18,432

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

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

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

27. Reserves (continued)

Merger reserve
On 1 April 2019, Induction Healthcare Group plc and Induction Healthcare Limited executed a share for share exchange, whereby Induction Healthcare Group plc acquired 100% of the share capital in Induction Healthcare Limited, in consideration for the issuance of shares in Induction Healthcare Group plc to the shareholders of Induction Healthcare Limited. This was done on the basis of one ordinary share in Induction Healthcare Group plc for each ordinary share in Induction Healthcare Limited.

Induction Healthcare Group plc issued 65,590 shares with a nominal value of £1 to the holders of equivalent shares in Induction Healthcare Limited. This has been treated as a common control transaction and the comparative historical financial statements have been presented as if the transaction had already taken place. At the point of acquisition, Induction Healthcare Limited had retained losses of £0.01m, and therefore a merger reserve has been recognised for this amount. The transaction has been accounted for at book value.

On 8 June 2020, Induction Healthcare Group plc acquired 100% of the share capital of Zesty Limited for a consideration comprising £0.5m in cash, plus the issue of 12,424,527 New Ordinary Shares. The acquisition was effected by way of a share-for-share exchange, whereby the shareholders of Zesty Limited exchanged their shares for an equivalent number of shares in Induction Healthcare Group plc. The difference between the nominal amount of the shares and the fair value of the shares has been recognised in the merger reserve.

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

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

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

	2022 £000	2021 £000
At 1 April	**10,879**	(10)
Issue of shares as consideration for a business combination	**8,929**	10,953
Share issue costs capitalised	**–**	(64)
Reclassification from share premium	**398**	–
At 31 March	**20,206**	10,879

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

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

28 Financial instruments fair values and risk management

28.1 Financial assets

The following table shows the carrying amounts and fair values of financial instruments as at 31 March 2022 and 31 March 2021. For financial assets not measured at fair value, the carrying amount is considered to be a reasonable approximation of fair value.

	2022 £000	2021 £000
Financial assets measured at amortised cost		
Trade receivables	**2,901**	723
Other receivables	**116**	22
Prepayments	**251**	151
Social security and other taxes receivable	**80**	–
Cash and cash equivalents	**7,495**	2,471
Current tax receivable	**1,170**	447
	12,014	3,815

The business does not hold any other form of financial assets

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

28.2 Financial liabilities

The following table shows the carrying amounts and fair values of financial liabilities as at 31 March 2022 and 31 March 2021. For financial liabilities not measured at fair value, the carrying amount is considered to be a reasonable approximation of fair value.

	2022 £000	2021 £000
Financial liabilities measured at amortised cost		
Trade and other payables	**3,365**	1,391
Lease liabilities	**200**	–
	3,565	1,391

Included in the net identifiable assets acquired and liabilities assumed of Zesty Limited at 31 March 2021 was a loan of £501k. This loan was repaid in full during the year ended 31 March 2021. The following represents the movements in the loans and borrowings of the group for the year ended 31 March 2022:

	2022 £000	2021 £000
Balance on 1 April	**–**	–
Incurred on acquisition through a business combination	**–**	501
Repaid during the year	**–**	(501)
Balance on 31 March	**–**	–

28.3 Fair value measurements

The following table reconciles the balance of the contingent consideration arising on acquisition of Horizon Strategic Partners Limited and fully settled in the year ended 31 March 2021.

	2022 £000	2021 £000
Balance on 1 April	**–**	1,409
Loss on remeasurement to fair value, recognised in other operating expenses	**–**	91
Settled during the year	**–**	(1,500)
Balance on 31 March	**–**	–

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

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

28.4 Financial risk management objectives

The Group's principal financial liabilities, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations.

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

(i) Market risk
(ii) Foreign currency risk;
(ii) Credit risk; and
(iii) Liquidity risk

28.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Interest rate risk is not considered to be material to the Group. The Group is not exposed to any other market risks aside from foreign currency risk.

28.6 Foreign currency risk management

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

The Group's main exposure is to the United States dollar and the Australian dollar. The Group's exposure to foreign currency risk has increased during the year as a result of the acquisition of Attend Anywhere, which has a functional currency of Australian dollar. The Group has a bank account denominated in Australian dollars and the Group's exposure to foreign exchange risk is limited by ensuring the Group has enough cash in this account to cover approximately six months of expenditure. The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments based on notional amounts. Sensitivity analysis has not been presented as the effects of reasonably possible strengthening or weakening of the foreign currencies below would not have a material impact on the Group's financial information.

	Liabilities £000	Assets £000
2021		
Australian dollar	**(6)**	7
US dollar	**–**	16
Euro	**–**	–
Sterling	**(1,390)**	3,331
	(1,396)	3,354
2022		
Australian dollar	**(2,049)**	70
US dollar	**–**	44
Euro	**–**	10
Sterling	**(1,642)**	10,270
	(3,691)	10,394

28.7 Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.
The Group's principal financial assets are cash and cash equivalents, trade receivables, other financial assets, and other receivables, the carrying values of which represent the Group's maximum exposure to credit risk in relation to financial assets, as shown in this note. The Group's credit risk is primarily attributable to its cash and cash equivalents. The credit risk arising from cash and cash equivalents is limited because the counterparties are banks with Triple-A credit-ratings assigned by international credit rating agencies.

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

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

	Current £000	<30 days £000	30 – 60 days £000	60 – 90 days £000	>91 days £000
2021					
Trade receivables	460	112	–	121	30
Contract assets	28	–	–	–	–
2022					
Trade receivables	**2,259**	**430**	**64**	**144**	**3**
Contract assets	**276**	**–**	**–**	**–**	**–**

28.8 Liquidity risk management

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

			cash flows		
	Carrying amount £000	Total £000	Less than 12 months £000	1 -5 years £000	More than 5 years £000
2021					
Trade payables	901	901	901	–	–
2022					
Trade payables	**4,154**	**4,154**	**4,154**	**–**	**–**
Lease liabilities	**200**	**231**	**79**	**152**	**–**

29. Related party transactions

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

29.1 Identities of related parties with whom the Group has transacted

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

29.2 Compensation of key management personnel

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

	2022 £000	2021 £000
Short-term employee benefits	**1,249**	791
Post-employment pension and other benefits	**76**	44
Termination benefits	**–**	74
Share-based payment transactions	**246**	322
Bonus	**342**	30
Other benefits	**3**	–
Total compensation paid to key management personnel	**1,916**	1,261

Key management remuneration comprises short-term benefits only. The remuneration of the highest paid director was £0.5m (2021: £0.3m).

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

30. Leases

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

Right of use assets that meet the definition of property, plant and equipment have been presented as part of property, plant and equipment, refer Note 20. The related lease liability has been presented as part of "Other financial liabilities" and disclosures are included in Note 28.

31. Contingent liabilities

As at 31 March 2022 the Group had £nil contingent consideration liabilities (2021: £nil).

32. Events after the reporting date

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

Company Statement of Financial Position
as at 31 March 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Investments in subsidiaries	4	**41,010**	14,639
Amounts receivable from group companies	5	**4,585**	4,585
Total non-current assets		**45,595**	19,224
Total assets		**45,595**	**19,224**
Liabilities			
Current liabilities			
Trade and other payables	6	**663**	507
Other financial liabilities	7	**–**	–
Total current liabilities		**663**	507
Total liabilities		**663**	**507**
Net assets		**44,932**	18,717
Issued capital and reserves			
Share capital	8	**460**	210
Share premium	9	**41,665**	18,432
Other reserves	9	**1,405**	792
Merger reserve	9	**20,206**	10,879
Retained earnings	9	**(18,804)**	(11,596)
TOTAL EQUITY		**44,932**	**18,717**

The loss for the year for the Company was £7.2m (2021: £6.7m).

The notes on pages 92 to 98 form an integral part of these Financial Statements.

The financial statements were approved and authorised for issue by the board of directors on 28 November 2022 and were signed on its behalf by:

Guy Mitchell

Director
Company registered number: 11852026

Company Statement of Changes in Equity

for the year ended 31 March 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 April 2020	148	18,432	(10)	94	(4,943)	13,721
Total comprehensive loss for the year						
Loss for the year	–	–	–	–	(6,653)	(6,653)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(6,653)**	**(6,653)**
Transactions with owners, in their capacity as owners						
Issue of ordinary shares as consideration for a business combination	62	–	10,953	–	–	11,015
Share-issue costs	–	–	(64)	–	–	(64)
Equity-settled share-based payments	–	–	–	698	–	698
Total contributions by and distributions to owners	**62**	**–**	**10,889**	**698**	**–**	**11,648**
At 31 March 2021	**210**	**18,432**	**10,879**	**792**	**(11,596)**	**18,717**
Total comprehensive loss for the year						
Loss for the year	–	–	–	–	(7,208)	(7,208)
Total comprehensive loss for the year	–	–	–	–	**(7,208)**	**(7,208)**
Transactions with owners, in their capacity as owners						
Issue of ordinary shares	179	24,821	–	–	–	25,000
Issue of ordinary shares as consideration for a business combination	71	–	8,929	–	–	9,000
Equity-settled share-based payments	–	–	–	613	–	613
Share-issue costs	–	(1,190)	–	–	–	(1,190)
Reclassification of equity	–	(398)	398	–	–	–
Total contributions by and distributions to owners	**250**	**23,233**	**9,327**	**613**	**–**	**33,423**
At 31 March 2021	**460**	**41,665**	**20,206**	**1,405**	**(18,804)**	**44,932**

The notes on pages 92 to 98 form an integral part of these Financial Statements.

Company Cash Flow Statement

for the year ended 31 March 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Loss for the year	**(7,208)**	(6,653)
Adjustments for		
– Fair value adjustment of contingent consideration	**–**	91
– Other non-cash movements	**24**	32
	24	123
Movements in working capital:		
(Increase)/decrease in amounts due from group companies	**(7,184)**	6,074
Increase in trade and other payables	**–**	456
Net cash (used in)/from operating activities	**–**	–
Cash and cash equivalents at the beginning of the year	**–**	–
Cash and cash equivalents at the end of the year	**–**	–

The notes on pages 92 to 98 form an integral part of these Financial Statements.

Notes to the company financial statements

1. Accounting policies

1.1 Going concern

The Company operates as an investment company for the Induction Healthcare Group plc, holding investments in subsidiaries financed by Group companies. As the Company is an intrinsic part of the Group's structure, the Directors have a reasonable expectation that Group companies will continue to support the Company through trading and cash generated from trading until the end of the going concern forecast period at 30 April 2024. On this reason, the Directors have adopted the going concern assumption in preparing the financial statements. Please refer to Note 1.2 in the consolidated financial statements for Induction Healthcare Group plc for going concern considerations for the Group.

1.2 Share-based payments

Share-based payment transactions of the Company

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

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

1.3 Financial instruments

Financial assets and liabilities are recognised on the Company statement of financial position when the Company becomes a contractual party to the instrument. When financial instruments are recognised initially, they are measured at fair value, which is the transaction price plus, in the case of financial assets and financial liabilities not measured at fair value through profit and loss, directly attributable transaction costs.

Management calculate the weighted-average loss rate in measuring the expected credit loss allowance for intra- group receivables. The credit risk exposure of intra-group receivables arises from the loan receivable from Induction Healthcare Limited, due to its investment in Induction Healthcare (UK) Limited and the fact that the CGU to which Induction Healthcare (UK) Limited is allocated is the Induction Switch CGU, which remains impaired. The expected credit loss ("ECL") provision is calculated as a weighted average expected value of the range of outcomes with regards to default on repayment of the intra-group receivable. The range of outcomes is binary (ie. either default or no default) and a range of probabilities of 20% to 80% is allocated to each scenario.

1.4 Investments in subsidiaries

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

2. Reporting entity

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

3. Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

Details of the Company's accounting policies, including changes during the year, are included in note 1.

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

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

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

Notes to the company financial statements (continued)

4. Judgements and estimates

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

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

The only source of significant estimation uncertainty in the parent company financial statements is in respect of the recoverability of the cost of investments in Zesty (£12.0m) and Attend Anywhere (£25.4m).

Management have prepared value-in-use estimates for these investments. The key assumptions in these estimates were the same as those identified in note 5 and 18.4 – being discount rate, payments received from customers, cash outflows (excluding those related to the enhancement of assets, and cash outflows related to the enhancement of assets. Induction Zesty and Induction Attend Anywhere CGUs for the purpose of goodwill impairment testing, this is because these CGUs map one-to-one into the corresponding legal entities.

Based on the sensitivity analysis performed by management, none of the key assumptions give rise to significant estimation uncertainty (or an impairment) on an individual basis, but do so in aggregate. [Management has not presented the breakeven sensitivity analysis for these cost of investments as no reasonably possible movements in any of the key assumptions would result in the headroom being nil.]

The following table illustrates the recoverable amount, carrying amount and headroom for each of the investments.

	Cost of investment 2022 £000	Recoverable amount 2022 £000	Headroom 2022 £000
Attend Anywhere	25,798	34,252	8,454
Zesty	12,042	19,111	7,069

Aggregate sensitivities

A combination of changes in assumptions may result in an impairment. The below tables summarises the impact of the combination of all reasonably possible changes in assumptions. The below scenario demonstrates the impact should all reasonably possible changes in assumptions occur at the upper end of the reasonably possible range.

Other reasonably possible changes in more than one of these assumptions in combination could lead to a material impairment.

	Increase in discount rate (%)	Decrease in cash inflows (%)	Increase in cash outflows (excluding those related to enhancement of assets) (%)	Decrease in cash outlfows for enhancement of assets (%)	Impact to headroom £000	Impairment £000
Attend Anywhere	1%	5%	5%	25%	(15,026)	(6,572)
Zesty	1%	15%	10%	25%	(11,373)	(4,304)

5. Investments in subsidiaries

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

Notes to the company financial statements (continued)

5. Investments in subsidiaries (continued)

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

During the year, the Company advanced £6.8m to Induction Healthcare Limited, in order to fund the continued operation of the Group, specifically the Induction Switch CGU and group-wide corporate costs. This has been accounted for as a capital contribution and therefore an increase in the investment in Induction Healthcare Limited. The Company has then impaired the investment in Induction Healthcare Limited by £6.8m, due to the fact that the Induction Switch CGU remains impaired and there is no expectation of repayment of these amounts by Induction Healthcare Limited in the near future. This has been included in the loss for the year for Induction Healthcare Group plc. The recoverable amount of the investment is the value-in-use and is £Nil (2021: £Nil). The value-in-use was determined to be £Nil, as the Induction Switch CGU shows negative cash flows throughout the forecast period.

Management have performed an impairment assessment of investments in all other subsidiaries (other than Induction Healthcare Limited) at 31 March 2022, including an assessment of the value-in-use, and no further investments were impaired. The recoverable amount of the cost of investments in Attend Anywhere and Zesty are sources of significant estimation uncertainty - see note 4.

	2022 £'000	2021 £'000
Balance at 1 April	**14,639**	2,514
Acquisitions of new subsidiaries	**25,798**	11,514
Share-based payments	**613**	666
Capital contribution	**6,842**	–
Impairment	**(6,882)**	(55)
Balance at 31 March	**41,010**	14,639

6. Amounts receivable from group companies

Amounts receivable from group companies comprise loans due from group companies of £4.6m (2021: £4.6m). The loans are interest free and repayable on demand. Lifetime expected credit losses of £10.5m (2021: £10.5m) have been recognised on amounts due from group companies. These amounts have been classified as non-current, as there is no intention to demand repayment of these amounts within 12 months from 31 March 2022.

	2022 £'000	2021 £'000
Balance at 1 April	**4,585**	12,668
Net settlement of amounts owed to group companies	**–**	(2,333)
Provision for expected credit losses	**–**	(5,750)
Amounts receivable from group companies	**4,585**	4,585
Total non-current portion	**4,585**	4,585

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

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

7. Trade and other payables

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

	2022 £,000	2021 £,000
Accruals	**42**	219
Amounts due to group companies	**625**	288
Total current portion	**667**	507

8. Other financial liabilities

Other financial liabilities relate to the contingent consideration paid on the acquisition of Horizon Strategic Partners Limited. At the end of the earn-out period on 30 September 2020, Horizon Strategic Partners Limited reached the maximum cash target, and therefore the maximum amount of £1.5m was paid out to the previous owners. This resulted in the increase in the fair value of the contingent consideration liability to £1.5m prior to settlement, and remeasurement charge of £0.09m was recognised in profit or loss. The previous owners of Horizon Strategic Partners Limited elected full settlement in cash.

	2022 £'000	2021 £'000
Balance at 1 April	**–**	1,409
Incurred on acquisition through a business combination	**–**	–
Loss on remeasurement to fair value recognised in other operating expenses	**–**	91
Settlement	**–**	(1,500)
Balance on 31 March	**–**	–

9. Share capital

For the purposes of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group does not have any interest bearing loans and borrowings. There have been no changes to the Group's capital management policies and processes during the year ended 31 March 2022.

Authorised

	2021 Number ('000)	2021 £000	2021 Number ('000)	2021 £000
Shares treated as equity				
Ordinary shares of £0.0050 each	**92,051**	**460**	42,052	210
	92,051	**460**	42,052	210

Issued and fully paid

	2022 Number ('000)	2022 £000	2021 Number ('000)	2021 £000
Ordinary shares of £0.0050 each				
At 1 April	**42,052**	**210**	29,627	148
Issue of ordinary shares	**35,714**	**179**	–	–
Issue of shares as consideration for a business combination	**14,286**	**71**	12,425	62
At 31 March	**92,051**	**460**	42,052	210

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

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

Notes to the company financial statements (continued)

9. Share capital (continued)

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

10. Reserves

Share premium

	2022 £000	2021 £000
Ordinary shares of £0.0050 each		
At 1 April	**18,432**	18,432
Issue of shares	**24,821**	–
Transaction costs on issue of shares	**(1,190)**	–
Reclassification of equity	**(398)**	–
At 31 March	**41,665**	18,432

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

Merger reserve

On 1 April 2019, Induction Healthcare Group plc and Induction Healthcare Limited executed a share for share exchange, whereby Induction Healthcare Group plc acquired 100% of the share capital in Induction Healthcare Limited, in consideration for the issuance of shares in Induction Healthcare Group plc to the shareholders of Induction Healthcare Limited. This was done on the basis of one ordinary share in Induction Healthcare Group plc for each ordinary share in Induction Healthcare Limited.

Induction Healthcare Group plc issued 65,590 shares with a nominal value of £1 to the holders of equivalent shares in Induction Healthcare Limited. This has been treated as a common control transaction and the comparative historical financial statements have been presented as if the transaction had already taken place. At the point of acquisition, Induction Healthcare Limited had retained losses of £0.01m, and therefore a merger reserve has been recognised for this amount. The transaction has been accounted for at book value.

On 8 June 2020, Induction Healthcare Group plc acquired 100% of the share capital of Zesty Limited for a consideration comprising £0.5m in cash, plus the issue of 12,424,527 New Ordinary Shares. This acquisition was effected by way of a share-for-share exchange, whereby the shareholders of Zesty Limited exchanged their shares for an equivalent number of shares in Induction Healthcare Group plc. The difference between the nominal amount of the shares and the fair value of the shares has been recognised in the merger reserve.

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

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

10. Reserves (continued)

The following represents the movement in the merger reserve:

	2022 £000	2021 £000
At 1 April	**10,879**	(10)
Issue of shares as consideration for a business combination	**8,929**	10,953
Share issue costs capitalised	**–**	(64)
Reclassification of equity	**398**	–
At 31 March	**20,206**	10,879

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

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

11. Related party transactions

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

11.1 Identities of related parties with whom the Group has transacted
Note 17 in the consolidated financial statements provides information about the Group's structure, including subsidiaries and the holding company. The related parties with whom the Group has transacted are i) the subsidiaries within the group and ii) key management personnel.

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

	2022 £000	2021 £000
Short-term employee benefits	**1,249**	791
Post-employment pension and other benefits	**76**	44
Termination benefits	**–**	74
Share-based payment transactions	**246**	322
Bonus	**342**	30
Other benefits	**3**	–
Total compensation paid to key management personnel	**1,916**	1,261

Key management remuneration comprises short-term benefits only. The remuneration of the highest paid director was £0.5m (2021: £0.3m).

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

Notes to the company financial statements (continued)

11. Related party transactions (continued)

11.3 Transactions with subsidiaries

Included in amounts due from group companies is an amount of £4.6m (2021: £4.7m) due from Induction Healthcare Limited. This arose as a result of loans made to Induction Healthcare Limited as intermediate holding company to fund the operations of the group. The loan carries interest at 0% and is repayable on demand.

Included in trade and other payables is an amount of £0.6m (2021: £0.3m) due to Induction Healthcare (UK) Limited. This arose as a result of payments made by Induction Healthcare (UK) Limited on behalf of Induction Healthcare Group plc. The loan carries interest at 0% and is repayable on demand.

Included in trade and other payables is an amount of £0.02m (2021: £0.02m) due to Induction Healthcare Pty Ltd. This arose as a result of payments made by Induction Healthcare Pty Ltd on behalf of Induction Healthcare Group plc. The loan carries interest at 0% and is repayable on demand.

Included in trade and other payables is an amount of £0.02m (2021: £0.02m) due to Zesty Limited. This arose as a result of payments made by Zesty Limited on behalf of Induction Healthcare Group plc. The loan carries interest at 0% and is repayable on demand.

12. Events after the reporting date

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

Company Information

Directors

Christopher Samler	Non-Executive Chair
James Balmain	Chief Executive Officer
Hugo Stephenson	Non-Executive Director
Jane Silber	Non-Executive Director
Leslie-Ann Reed	Non-Executive Director
Andrew Williams	Non-Executive Director
Guy Mitchell	Chief Financial Officer

Secretary

Guy Mitchell
20 St Dunstan's Hill
London
EC3R 8HL

Auditors

KPMG LLP
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15 Canada Square
London
E14 5GL

Primary Bankers

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SW15 2SH

Public Relations

Walbrook Public Relations
75 King William Street
London
EC4N 7BE
induction@walbrookpr.com

Solicitors

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139 Fountainbridge Edinburgh
EH3 9QG

Nominated advisers and brokers

Singer Capital Markets
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London
EC2N 2AX

Registered Office

20 St Dunstan's Hill
London
EC3R 8HL

Registered Number

11852026

Company Website

www.inductionhealthcare.com

Glossary

Alternative Investment Market (AIM)

Annual General Meeting (AGM)

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

Electronic Medical Record (EMR)

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

General Data Protection Regulation (GDPR)

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

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

Initial Public Offering (IPO)

Milton Keynes University Hospital Foundation Trust (MKUH)

Monthly recurring revenue (MRR)

National Health System (NHS)

Podmedics Limited (Podmedics, Induction Switch)

Return on Investment (ROI)

Software as a service (SaaS)

The Quoted Companies Alliance (the QCA Code)

Zesty Limited (Induction Zesty, Zesty)

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