



Kooth interim results

Half year ending 30 June 2023

21 September 2023



Tim Barker
Chief Executive Officer



Sanjay Jawa
Chief Financial Officer

H1 2023 strategic momentum

1

Transformational US contract win in California, \$188m minimum value

2

On track for go-live in California in January 2024

3

Significant uptake of Kooth in Pennsylvania pilot
Providing access to c100,000 students, uptake of 1-in-10 high school students

4

Ongoing investment in business development, platform investment, and US expansion

5

NHS England headwinds as ICSs focus on cost savings and acute care backlog

H1 2023 Financial highlights

29% revenue growth to £11.7m (2022: £9.0m) driven by US

16% ARR growth to £21.4m (2022: £18.5m)

94% of revenue from contracts of 12+ months

Gross margin 66.8% down 1.6ppt with an inflationary increase in UK staff costs and investment in contract performance partially offset by positive mix impact from US revenue ramp up

£5.9m net cash, plus successful fundraise of £10 million post period end to support long term growth

Anticipated 2023 group revenues of no less than £34m

Revenue

£11.7m | **£9.0m**

2023

2022

Net Cash

£5.9m | **£8.5m**

2023

2022

Annual recurring revenue

£21.4m | **£18.5m**

2023

2022

Adjusted EBITDA

£0.01m | **£0.5m**

2023

2022

Gross margin

66.8% | **68.4%**

2023

2022

Adjusted EBITDA margin

0.1% | **6.0%**

2023

2022

Income statement

Half year to 30 June (unaudited)			
£m	2021	2022	2023
ARR	16.6	18.5	21.4
Revenue	8.0	9.0	11.7
YoY growth	35%	13%	29%
Direct Costs	- 2.4	- 2.8	- 3.9
Gross Profit	5.6	6.2	7.8
Gross Profit Margin	69.4%	68.4%	66.8%
Administrative Expenses	- 4.5	- 5.7	- 7.8
Adjusted EBITDA	1.1	0.5	0.0
Adjusted EBITDA Margin	14.2%	6.0%	0.1%
Amortisation and Depreciation	- 0.9	- 1.1	- 1.4
Share based Payments	- 0.3	0.0	- 0.4
Operating Loss	- 0.1	- 0.6	- 1.8
Capital Expenditure	- 1.4	- 1.3	- 3.6
Adjusted EBITDA less Capex	- 0.3	- 0.8	- 3.6

29% revenue growth in line with market expectations, this has been driven by US expansion (contributing £1.8m), and a full half year of new business won in 2022.

ARR growth of 16% to £21.4m was US driven offset by UK adult ARR dropping to £2.6m from £3.0m at the end of 2022 as NHS funds were diverted to more acute care.

Net revenue retention was 100% (2022: 107%) reflecting increased churn as funds were diverted to more acute care, ICSs looked for efficiencies from merged contracts and increasing competition.

Gross margin 66.8% down 1.6ppt as a result of inflationary increases in UK staff costs and investment in contract performance. This was slightly offset by a positive mix impact as our new US contracts ramped up. Direct costs are the costs of our practitioners totalling 252 at the period end.

Administrative costs up 38%. This reflects a full half year cost of the US and was driven by staff and consulting costs as we strengthened the business development, clinical, HR and customer success teams. Excluding the US investment, administrative expenses in the UK grew broadly in line with inflation and revenue.

Capital expenditure on the Kooth platform increased £2.3m to £3.6m as development work in advance of the California contract commenced.

Increase in % of contracts that expand upon renewal (expansion and/or inflation)

52% | **32%**
2023 | 2022

Churn (contract reduction or loss) increased

(£2.4m) | **(£1.8m)**
2023 | 2022

Net revenue retention: Expansions were offset by churn

100% | **107%**
2023 | 2022

Kooth Adult 1st year pilot contracts were most impacted by loss of funding

6
Adult contract losses in H1

A new NHS commissioning environment

Financial pressure and urgency to tackle acute care backlog

ICSs must deliver **6%** in real-terms cost efficiency savings in 2023/24 at a time of high inflation

16% annual increase in people in contact with mental health services, urgency to address acute care

Proactive actions taken at Kooth

Commercial team restructure to add seniority and stakeholder management for each ICS

Growth and investment in commissioner marketing and user marketing teams

Launched Integrated Digital Pathway (IDP) service to help tackle waiting lists by supporting individuals awaiting treatment. Piloting in two regions

Kooth provides a 'bridge to the future'

ICSs face significant challenges in delivering on their new mandate

Deliver on vision for preventative, population health

...while implementing **6%** ICS annual cost efficiency savings

...and dealing with a **16%** annual increase in demand for mental health care



- ✓ **Upstream support to reduces demand** for acute care
- ✓ **Cost efficient.** £3 return for every £1 spent
- ✓ **Tackles health inequality** with open access and anonymity
- ✓ **Population health insights** for ICS strategic planning

Kooth is a collaborative approach to transform mental health care, partnering with multiple ICSs and countries





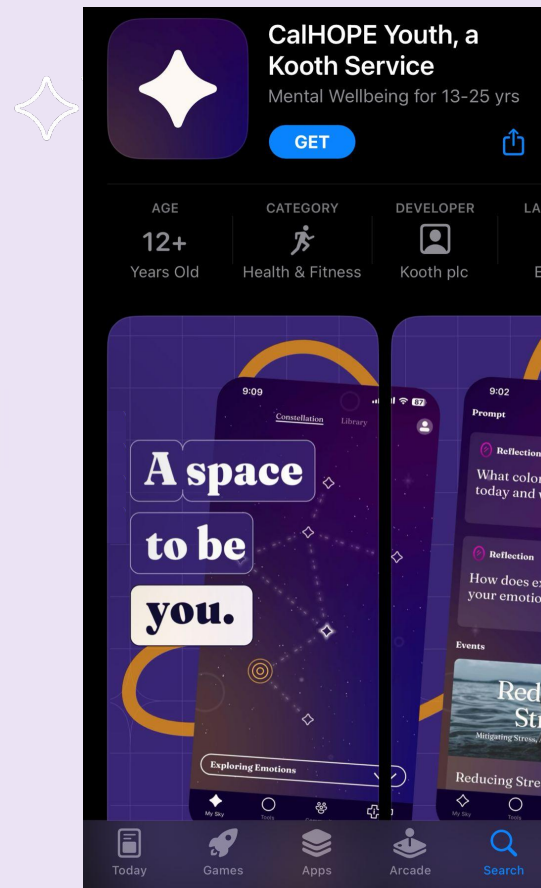
The step change in innovation and outcomes we are building for California will rollout in the UK in 2024

We are on track for launch in California

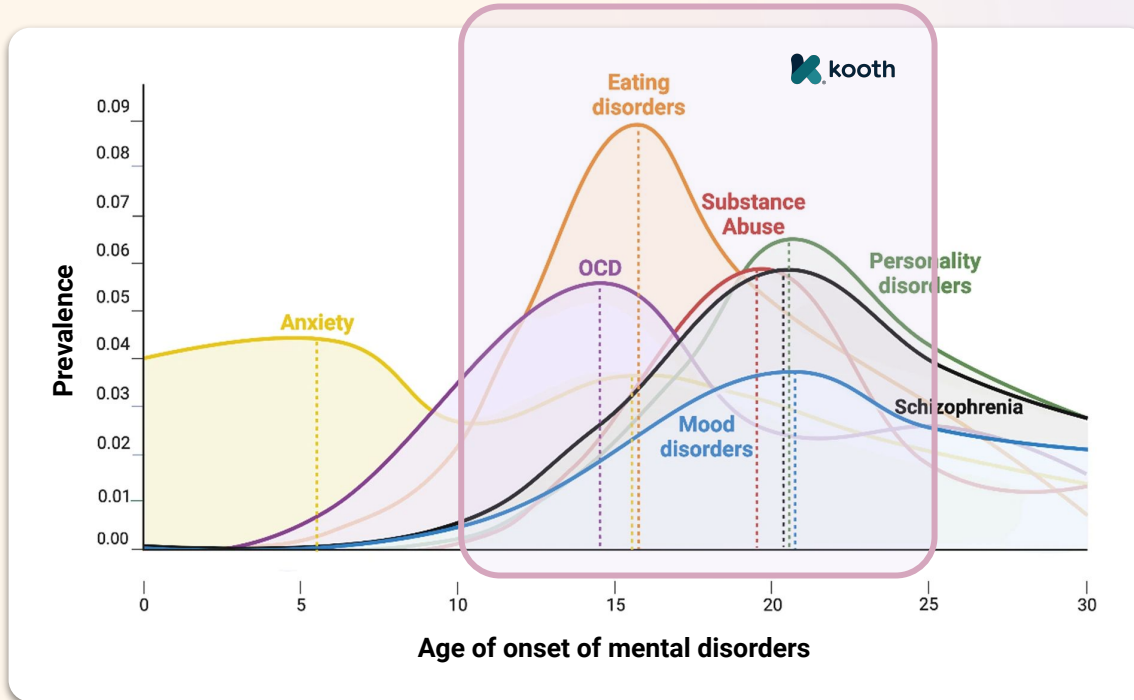
On-track across 30 workstreams spanning platform, marketing and workforce

App beta version is live in two California counties as part of a soft-launch.
Over next 3 months we will test, iterate and add features for launch

All VP-level hires in place to support go-live, with talent joining us from companies including Headspace, Crisis Text Line, and Oracle Cerner



There is a golden window of opportunity during formative years to support good mental health for life

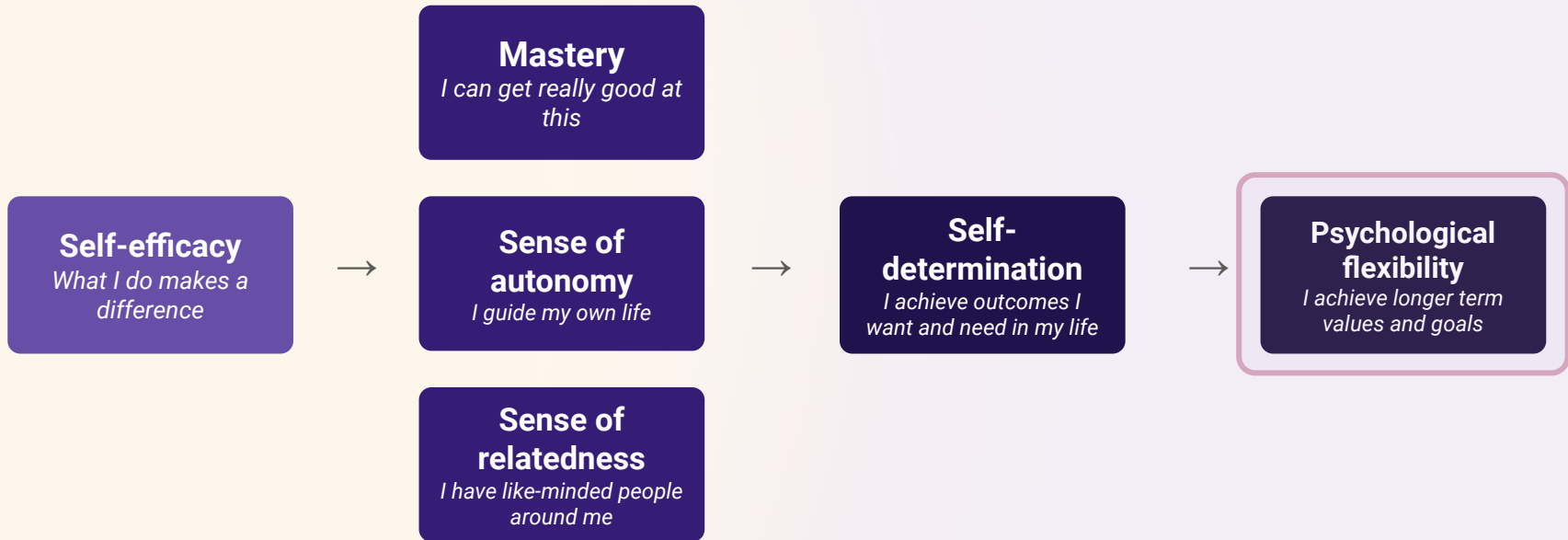


75% of lifetime mental health problems are established by age 24

But today, 90% of mental health spending globally goes to acute adult mental health care, with demand outstripping supply

We will not break out of this cycle without a generational approach to improve youth mental health

Kooth's goal is to support users on a journey to build psychological flexibility

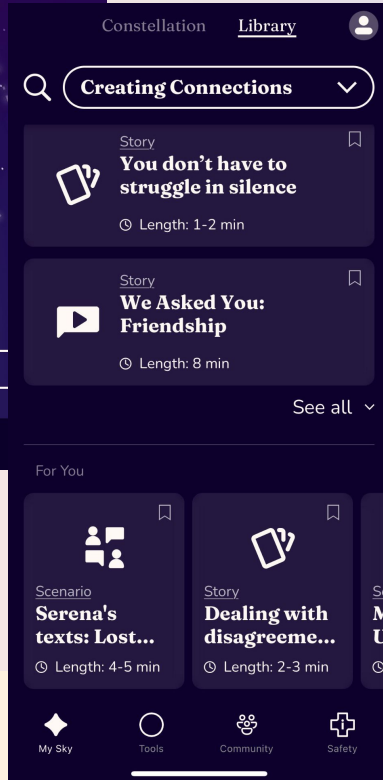
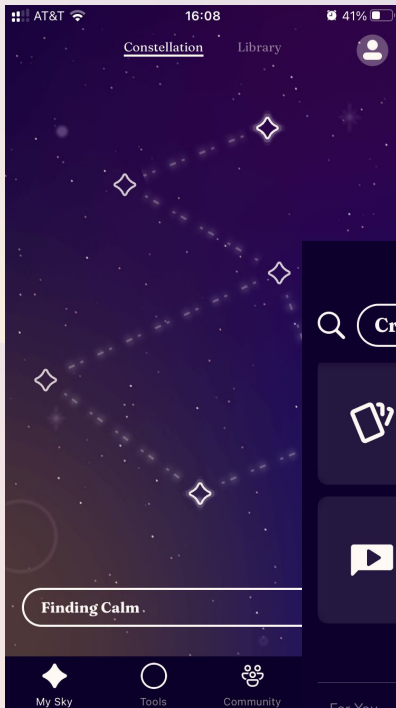


Population Health Outcomes

Grow access: Reduce barriers to access support

Health economics: Reduce downstream **costs and demand** for acute mental health treatment

Right support, right time: Ensure appropriate and effective use of other health services/support



Autonomy

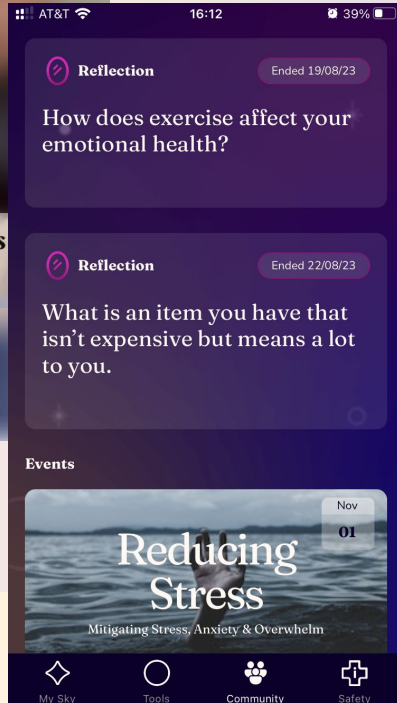
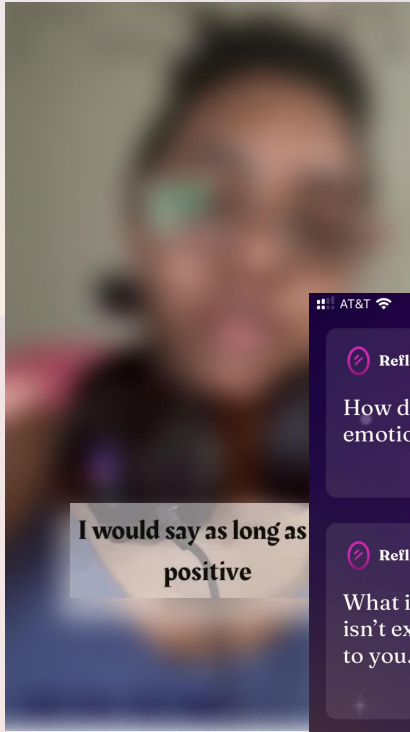
Encourage exploration, supported by AI

*“ I guide my own life around what’s meaningful to me.
I achieve outcomes I want and need in my life ”*

Content and tools arranged into thematic constellations

Encourages users to explore and form their own curriculum

AI-recommendations for content and tools



Relatedness

A supportive and clinically effective community built for the TikTok generation

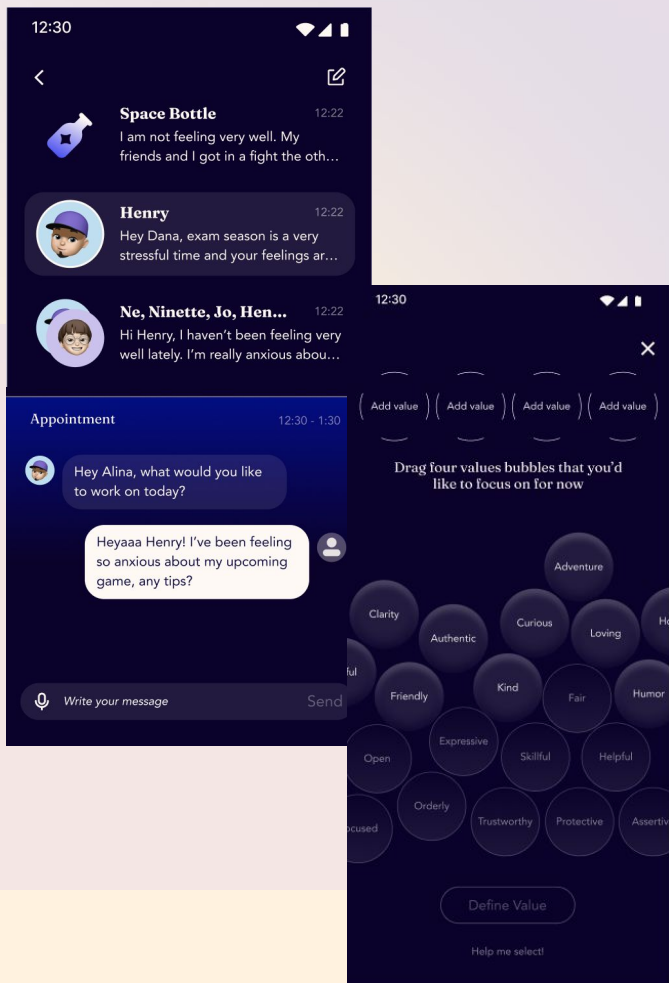
“ I have like-minded people around me to help support me through life ”

User voice prominent in the app, sharing lived experiences

Topical prompts and polls, moderated responses

Live events voted for by users

User-curated forums and discussion boards



Mastery

Professional support

1:1 and group support over text or video

“ I can get the support I need to help me develop and cope with challenges ”

Drop-in support or match based on users preferences / demographics

Individual and group support

VgA (values-goals-actions) model to support personal development

Outlook

Fully on track for launch in California January 2024 - all milestones and deliverables to date met

2023 Group revenue forecast no less than **£34m (2022: £20.1m)**

From 2024, sustainable **Group EBITDA margin of midteens** for contract term, **with potential to improve** after the initial investment phase

US commercial team focused on 2024 new opportunities as California success and launch is priority #1

UK team prioritising existing contracts over new business to demonstrate cost efficiency and value

Platform innovations for California will be rolled out across US and UK in 2024

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Appendix



Balance sheet extract

£m (Unaudited)	30 June 2021	30 June 2022	30 June 2023
Goodwill	0.5	0.5	0.5
Development costs	3.1	3.1	5.8
Other non-current assets	0.3	0.5	1.8
Total non-current assets	3.9	4.1	8.1
Trade and other receivables	2.3	3.1	2.5
Cash and cash equivalents	8.8	8.3	5.9
Total current assets	11.1	11.4	8.4
Total assets	15.0	15.5	16.5
Borrowings	0.0	0.0	0.0
Other current liabilities	3.8	4.9	5.9
Total current liabilities	3.8	4.9	5.9
Total liabilities	3.8	4.9	5.9
Net assets	11.2	10.6	10.6

Strong debt-free balance sheet with **£5.9m** net cash and **£10.6m** net assets and successful post period end fundraise of £10m.

Development costs carrying value £5.8m.
Amortised over three years.

Cashflow

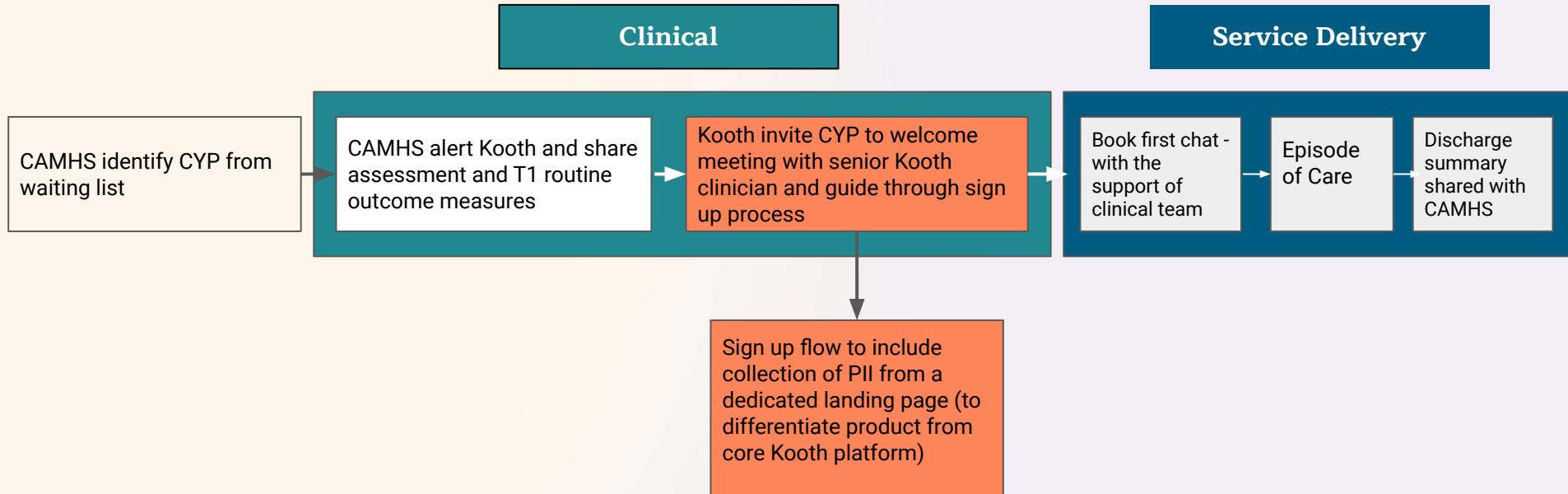
Half year to 30 June (unaudited) £m	2021	2022	2023
Adjusted EBITDA	1.1	0.5	0.0
Movement in Net Working Capital	1.3	1.7	0.3
Operating Cashflow	2.4	2.2	0.3
Capital Expenditure	-1.4	-1.3	-3.6
Net Cashflow from Operations	1.0	0.9	-3.3
Corporation Tax	0.0	0.3	0.6
Net Cashflow before Financing	1.0	1.2	-2.7
Exceptional items	0.0	0.0	0.0
Financing and Other	0.0	0.0	0.1
Net Cashflow	1.0	1.2	-2.6

Cash generated from continuing operations **£0.3m**. Reduction from 2022 reflects significant increase in US indirect costs.

Corporation tax R&D credit of **£0.6m** relating to 2021.

Cash reserves are expected to provide sufficient capital to fund current planned product, software development and working capital as the business continues to grow.

Our new Kooth IDP model uses a non-anonymous referral and sign-up flow to integrate with CAMHS providers



Our new Kooth IDP model uses a non-anonymous referral and sign-up flow to allow integration with CAMHS providers (specialist but also targeted)

