Kooth plc

Half Year Results 2023

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Contents

21 September 2023

Kooth Plc

(“**Kooth**”, the “**Company**” or the “**Group**”)

Half Year Results

Strategic momentum and revenue growth of 29%
Full year revenue guidance of at least £34m

Kooth (AIM: KOO), a global leader in youth digital mental well-being, announces unaudited half year results for the six months ended 30 June 2023. All figures relate to this period unless otherwise stated.

Strategic and post period end highlights

- Transformational US contract win in California, $188m minimum value
- On track for California ‘go-live’ in January 2024, notably with the Kooth mobile app and hires
- Number one provider of mental health access for children and young people to NHS England
- Significant uptake of Kooth in Pennsylvania pilot, providing access to c.100,000 school students
- Ongoing investment in business development, platform investment and US expansion

Financial Highlights

- Revenues up 29% to £11.7m (2022: £9.0m)
- Annual Recurring Revenue (ARR) up 16% to £21.4m (2022: £18.5m)
- Gross margin of 66.8% (2022: 68.4%)
- Adjusted EBITDA of £0.01m (2022: £0.5m) reflecting investment in US setup and business development

- Recurring Revenue from contracts 12 months or longer 94% (2022: 95%)
- Robust balance sheet; net cash of £5.9m plus successful gross fundraise of £10m post half-year end supports investment for long-term growth

Outlook

- Significant opportunity for Kooth in the US driven by the continued need from both US State governments and Medicaid payers to invest further in youth mental health
- For the UK, we expect the headwinds to remain, reflecting a focus on NHS cost saving and acute care backlog. Our focus remains on continuing to demonstrate the impact and savings that Kooth generates when commissioned in a region
- The Group remains confident of delivering revenue for the full year in line with our revised market guidance of no less than £34 million
- Our robust balance sheet enables us to invest to meet long-term, increasing demand for Kooth's services

Tim Barker, Chief Executive Officer of Kooth, said:

The first six months of 2023 have been a period of significant, and positive, change for Kooth. In March we announced our largest contract to date with the State of California which was finalised, post-period end, as a four year, $188m minimum value agreement. This marked Kooth's second major engagement in the US, alongside Pennsylvania, which was agreed in October 2022. During the period, and over the last 12 months, we have developed a significant operation in the United States as we look to capture the opportunity this major healthcare market brings. We look forward to leveraging our platform to increase the size of our business further and, more importantly, help improve mental health provision to as many young people as possible.

In the UK, we are not immune to the broader healthcare and economic environment, which sees commissioning across the NHS structure under stress as Integrated Care Systems prioritise a reduction in costs and tackling an acute mental healthcare backlog. In response, we have taken proactive steps to position ourselves to best respond to this environment, including developing new services to help tackle waiting lists.

I would like to thank our team for their work which has delivered transformational gains during the period and beyond as we look to leverage our position as a pioneer and innovator in digital mental healthcare to deliver the care needed to help tackle the growing crisis in global mental health.

Financial headlines

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Change
Revenue			
Total revenue	11,660	9,022	+29.2%
Annual Recurring Revenue	21,376	18,483	+15.7%
Gross profit	7,788	6,170	+26.2%
Gross margin	66.8%	68.4%	-2.3ppt
Adjusted EBITDA	9	539	-98.3%
Profit/(Loss) after tax for the period	(525)	(342)	-53.5%
Cash generation	(2,642)	1,231	-314.6%
Cash position	5,850	8,310	-29.6%
Earnings per share (£)	(0.02)	(0.01)	-58.8%

Chief Executive's Review

Transformational strategic progress

With the award of a $188m four-year state-wide contract with California, the last six months demonstrate the significant opportunity for Kooth in the US as federal and state governments invest to transform youth mental health care.

As one of the work streams within the State of California's $4.7 billion youth masterplan, this investment arguably represents the world's most progressive initiative to improve youth mental health. This was evident at the September UN Congress General Assembly meeting, to which Kooth was invited. The key question is "how" rather than "if" this problem should be addressed. We remain deeply humbled to be entrusted with the opportunity to be at the forefront of supporting a landmark programme in the most populous state in the US, in what we believe will be a template for future governments and health care systems on how to safeguard the mental health of the next generation.

I have been very proud to see how our whole team has stepped up to the opportunity in California, with both the work undertaken to win the contract in March and then subsequently the shift into the delivery phase. This is hard but purposeful work across 30 workstreams spanning the development of our next-generation platform, marketing and promotion strategy, as well as building our workforce and organisational infrastructure.

We are on track for the launch of our contract in California in January 2024, with all major milestones and deliverables to date met:

- All our US VP-level hires are in place to support go-live, with talent joining the existing team from organisations including Headspace, Crisis Text Line and Oracle/Cerner. Hiring for other roles is broadly on track, with Kooth's fiscal rigour, transparency and growth as a public company adding appeal to candidates, in a market where many VC backed organisations are shedding staff to reduce cash burn.
- A beta version of Kooth's new mobile app is live in two counties in California as part of a 'soft launch' test. Over the next few months we will be adding, iterating, and gathering feedback from young people to help optimise the app and experience ahead of go-live in January.

Beyond California, our pilot project in Pennsylvania reached a significant milestone with almost 100,000 students having access to Kooth in the school year, with 1 in 10 high school students having used the platform, an uptake which surpassed our expectations based on our UK experience.

In the UK, following on from the reorganisation of NHS England from 135 Care Commissioning Groups into 42 Integrated Care Systems ("ICSs"), the headwinds in commissioning remain challenging, as ICSs adapt to a new funding environment. In 2023/24, ICSs must deliver 6% in real term efficiency savings, with most recent data showing a 16% annual increase in demand for mental health support.

While Kooth is an advocate for digital transformation to address this challenge, we have seen Commissioners faced with tough short-term decisions to divert funds into acute care and reduce investments elsewhere. This is a challenge being experienced across the industry, and is not unique to Kooth. While we have seen an increase in contracts that expand upon renewal to 52% (2022: 32%), gains were offset by £2.4m of churn, a combination of funding unavailable to continue pilot contracts, reductions as contracts consolidated and increased competition. Overall net revenue retention was 100% (2022: 107%).

In response to the current commissioning environment, we have used our market leading position to take action and better position ourselves for the future:

- We have restructured our commercial team with a focus on adding seniority and stakeholder management to engage our commissioners and Integrated Care Boards ("ICBs").
- We have grown and invested further in both our commissioner-marketing and user-marketing teams.
- We have launched an Integrated Digital Pathway ("IDP") service to help NHS commissioners reduce pressure on CAMHS and IAPT services by providing support to individuals while on a waiting list, with the goal of discharging individuals if appropriate, and/or preventing further deterioration while awaiting treatment. We are currently piloting this unique service in two regions.

Management believes that these actions will help Kooth respond to the long-term opportunity that remains in helping ICSs to deliver on their vision to transform healthcare services, focus on prevention, and support the population health of their regions.

Kooth Adult (UK)

As a result of the pressures described above, our Kooth Adult services have been impacted more so than our service for children and young people, with ARR standing at £2.6m (FY2022: £3.0m). This is primarily due to newer contracts not being continued after a first year of piloting, as local commissioners seek to make budget available for acute service delivery.

Kooth Children and Young People (UK)

In contrast to the challenging commissioning environment in England, Kooth continues to expand in Scotland with new commissions in East Ayrshire, Inverclyde and North Lanarkshire.

From a product/service perspective, we anticipate strong interest from both children and young people, and commissioners in learning how our enhanced platform could better serve their needs. When California is live we intend to use this showcase to better demonstrate the step change that is possible through digital transformation in delivering a population-wide mental health strategy.

Current trading and outlook

Kooth will continue to invest significantly in its technology platform, systems and talent to deliver on our next generation platform for California. We will then bring these innovations to all US and UK customers to deliver enhanced support for all.

We continue to see both US State governments and Medicaid payers recognise the need to invest further in youth mental health, and are optimistic about the significant opportunity that Kooth has in the US. For the UK, we expect the current situation to remain for some time, with our focus being on continuing to demonstrate the impact and savings that result when Kooth is commissioned in a region.

The Group remains confident of delivering revenue for the full year in line with our revised market guidance of no less than £34 million.

Our robust balance sheet enables us to invest to meet long-term, increasing demand for Kooth's services. We will continue this investment in our talent and technology to enable us to scale up to tackle what is one of the world's biggest challenges.

Tim Barker
Chief Executive

Chief Financial Officer's review

Kooth delivered a strong performance in the period supported by an increase across revenue and annual recurring revenue, a good gross margin as well as continuing to invest in our platform and the business for the half year ended 30 June 2023 as compared to the six months ended 30 June 2022.

Key Performance Indicators

Total Revenue

£11.7m	**£9.0m**	**£8.0m**	**£5.9m**
H1 2023	H1 2022	H1 2021	H1 2020

As we continue to invest in and grow our business, revenue growth demonstrates the progress we are making.

Annual Recurring Revenue

£21.4m	**£18.5m**	**£16.6m**	**£13.1m**
H1 2023	H1 2022	H1 2021	H1 2020

Annual Recurring Revenue (ARR) is the annualised revenue of customers engaged or closed as at the period end and is an indication of the upcoming annual value of the recurring revenue. This is used by management to monitor the long term revenue growth of the business.

Gross Margin

66.8%	**68.4%**	**69.4%**	**69.6%**
H1 2023	H1 2022	H1 2021	H1 2020

Gross Profit as a percentage of revenue. Direct costs are the costs of our practitioners directly involved in the delivery of our services.

Adjusted EBITDA

£0.0m	**£0.5m**	**£1.1m**	**£0.5m**
H1 2023	H1 2022	H1 2021	H1 2020

Earnings before interest, tax, depreciation and amortisation in the period, adjusted for share based payments and exceptional costs. This metric provides a more comparable indication of the Group's core business performance by removing the impact of non-trading items that are reported separately.

Number of customers

149	**141**	**142**	**104**
H1 2023	H1 2022	H1 2021	H1 2020

The total number of live contracts with customers. As the NHS finalised the consolidation from 135 Clinical Commissioning Groups to 42 Integrated Care Systems in the last year, we are seeing a shift to fewer, larger contracts spanning the whole population within an ICS region.

Service user logins

1.4m	1.4m	1.2m	1.0m
H1 2023	H1 2022	H1 2021	H1 2020

The number of logins to Kooth from users, demonstrating uptake of our service.

Revenue

Revenue increased by 29% to £11.7m (2022 H1: £9.0m), Annual Recurring Revenue ("ARR") grew by 16% to £21.4m (2022 H1: £18.5m), with ten new contracts won in the first half of 2023. The revenue increase is predominantly attributable to US revenue of £1.8m in H1 2023 (2022 H1: £Nil) where we now have three contracts and included non-recurring revenue from the state of California for one-off research and pilot study work. This led to a slight decrease in recurring revenue (which comprises income invoiced for services that are repeatable, consumed and delivered on a monthly basis over the term of a customer contract) as a percentage of overall revenue from 95% to 94%.

Churn was 13% giving net revenue retention (measured by the total value of on-going ARR at the period-end from clients in place 12 months earlier as a percentage of the opening ARR from those clients) for the period to 30 June 2023 of 100%. This has decreased from 107% recorded in H1 2022 which is a result of an increase in churn within our English contracts where we are seeing the impact of funding being redirected to more acute care, a resizing of pilot adult contracts and a slowdown in uplifts as well as budgetary pressures as the NHS transitioned from a CCG to ICS structure.

Gross Profit

Gross Profit increased 26% from £6.2m to £7.8m with gross margin slightly down at 66.8% (2022 H1: 68.4%). Direct costs are the costs of the practitioners directly involved in the delivery of our services, a total of 251 at the period-end (2022 H1: 213 heads). Gross margin dropped in the UK as salary increases at the start of 2023 reflected inflationary pressures and we took a decision to enhance contract performance for the protection of longer-term growth. These were partially offset by the end of the 1.25% Health and Social Care Levy and a positive mix impact as our new US contracts ramped up.

Adjusted EBITDA

Adjusted EBITDA in the period decreased from £0.5m to £0.01m with an increased gross profit offset by a 38% increase in administrative expenses (excluding amortisation, depreciation and share based payments). Whilst UK costs increased in line with salary inflation and revenue growth requiring increased promotion spend, the majority of the increase related to the build out of the US teams supporting our Pennsylvania and California contracts.

The total charge for share based payments in the period was £0.4m (2022 H1: £0.02m). The increase reflects the annual issue of three year grants to all staff and a credit in 2022 following a reassessment of those grants subject to performance criteria. Depreciation and amortisation increased to £1.5m (2022 H1 £1.1m) as capital expenditure commenced on the US platform build.

Taxation

The overall tax credit for the six months ended 30 June 2023 (£1.2m) and 2022 (£0.2m) relate to Research and Development expenditure credits in addition to the movement in the deferred tax asset with the increase reflecting greater R&D spend and an increase in the effective tax rate on losses.

Loss after tax

The Group loss after tax for the period was £0.5m (2022 H1: £0.3m).

Balance Sheet

The strength of the Group's balance sheet with net assets of £10.6m (30 June 2022: £10.6m), plus a successful gross fundraise of £10m post half year end, and high levels of recurring revenue provide the Group with financial strength to execute on its investment strategy which continues to focus on US business development and platform investment.

Cash flow and financing

Cash outflow during the six months was £2.6m (2022 H1: £1.2m inflow). The focus on US platform investment gave rise to capital expenditure of £3.5m (2022 H1: £1.3m), offset by cash inflows from operating activities of £0.8m including receipt of an R&D government tax credit of £0.6m giving a net cash position at 30 June 2023 of £5.9m (2022 H1: £8.3m).

The Group remains debt free.

Forward-looking statements

Certain statements in this half year report are forward looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Dividends

The Group's intention in the short to medium term is to invest in order to deliver capital growth for shareholders. The Board has not recommended an interim dividend payment in respect of the six months ended 30 June 2023 (2022: £nil) and does not anticipate recommending a dividend within the next year but may do so in future years.

Sanjay Jawa
Chief Financial Officer

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Note	Six months ended 30 June 2023 Unaudited £'000	Six months ended 30 June 2022 Unaudited £'000	Year ended 31 December 2022 Audited £'000
Revenue	8	11,660	9,022	20,120
Cost of sales		(3,872)	(2,852)	(6,265)
Gross profit		**7,788**	**6,170**	**13,855**
Administrative expenses		(9,606)	(6,758)	(14,767)
Operating loss		**(1,818)**	**(588)**	**(912)**
Analysed as:				
Adjusted EBITDA		**9**	**539**	**1,612**
Depreciation & amortisation	11	(1,451)	(1,109)	(2,232)
Share based payment expense		(376)	(18)	(292)
Operating loss		(1,818)	(588)	(912)
Interest income		91	17	81
Loss before tax		**(1,727)**	**(571)**	**(831)**
Tax	9	1,202	229	115
Total comprehensive loss for the period		**(525)**	**(342)**	**(716)**
Loss per share - basic (£)	10	(0.02)	(0.01)	(0.02)
Loss per share - diluted (£)	10	(0.02)	(0.01)	(0.02)

Condensed Consolidated Balance Sheet

As at 30 June 2023

	Note	30 June 2023 Unaudited £'000	30 June 2022 Unaudited £'000	31 December 2022 Audited £'000
Assets				
Non-current assets				
Goodwill		511	511	511
Development costs	*11*	5,794	3,075	3,681
Right of use asset		53	-	68
Property, plant and equipment		150	96	122
Deferred tax asset		1,626	420	-
Total non-current assets		**8,134**	**4,102**	**4,382**
Current assets				
Trade and other receivables	*12*	2,355	2,632	2,618
Contract assets		180	426	649
Cash and cash equivalents		5,850	8,310	8,492
Total current assets		**8,385**	**11,368**	**11,759**
Total assets		**16,519**	**15,470**	**16,141**
Liabilities				
Current liabilities				
Trade payables		(1,047)	(331)	(680)
Contract liabilities		(3,096)	(2,797)	(2,583)
Lease liability		(54)	-	(68)
Accruals and other creditors		(913)	(737)	(977)
Deferred tax liabilities		-	-	(348)
Tax liabilities		(769)	(956)	(967)
Total current liabilities		**(5,879)**	**(4,821)**	**(5,623)**

Net current assets	**2,506**	**6,547**	**6,136**
Net assets	**10,640**	**10,649**	**10,518**
Equity			
Share capital	1,653	1,653	1,653
Share premium account	14,229	14,229	14,229
Retained earnings	(3,120)	(2,221)	(2,595)
Share-based payment reserve	1,867	977	1,221
Capital redemption reserve	115	115	115
Merger reserve	(4,104)	(4,104)	(4,104)
Total equity	**10,640**	**10,649**	**10,518**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June 2023 Unaudited £'000	Six months ended 30 June 2022 Unaudited £'000	Year ended 31 December 2022 Audited £'000
Cash flows from operating activities			
Loss for the period	(525)	(342)	(716)
Adjusted for:			
Depreciation & amortisation	1,451	1,109	2,232
Income tax received	569	330	330
Share based payment expense	376	18	292
Tax income recognised	(1,202)	(229)	(115)
Interest income	(91)	-	(81)
Movements in working capital:			
(Increase) / decrease in trade and other receivables	651	(369)	78
Increase / (decrease) in trade and other payables	(384)	2,009	2,364
Net cashflow from operating activities	**845**	**2,527**	**4,384**
Cash flows from investing activities			
Purchase of property, plant and equipment	(70)	(28)	(100)
Additions to intangible assets	(3,508)	(1,268)	(2,952)
Net cash used in investing activities	**(3,578)**	**(1,296)**	**(3,052)**
Cash flows from financing activities			
Interest income	91	-	81
Net cash from financing activities	**91**	**-**	**81**
Net increase / (decrease) in cash and cash equivalents	(2,642)	1,231	1,413
Cash and cash equivalents at the beginning of the period	8,492	7,079	7,079
Cash and cash equivalents at the end of the period	**5,850**	**8,310**	**8,492**

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share Capital	Share Premium	Share Based Payment Reserve	Retained earnings	Capital Redemption Reserve	Merger reserve	Total Equity
Balance at 1 January 2022	**1,653**	**14,229**	**959**	**(1,879)**	**115**	**(4,104)**	**10,973**
Share based payments	-	-	18	-	-	-	18
Total comprehensive income for the period	-	-	-	(342)	-	-	(342)
As at 30 June 2022	**1,653**	**14,229**	**977**	**(2,221)**	**115**	**(4,104)**	**10,649**
Balance at 1 July 2022	**1,653**	**14,229**	**977**	**(2,221)**	**115**	**(4,104)**	**10,649**
Share based payments	-	-	244	-	-	-	244
Total comprehensive income for the period	-	-	-	(374)	-	-	(374)
As at 31 December 2022	**1,653**	**14,229**	**1,221**	**(2,595)**	**115**	**(4,104)**	**10,519**
Balance at 1 January 2023	**1,653**	**14,229**	**1,221**	**(2,595)**	**115**	**(4,104)**	**10,519**
Share based payments	-	-	646	-	-	-	646
Total comprehensive income for the period	-	-	-	(525)	-	-	(525)
As at 30 June 2023	**1,653**	**14,229**	**1,867**	**(3,120)**	**115**	**(4,104)**	**10,640**

Notes to the half year financial statements

1. General information

The unaudited interim consolidated financial statements for the six months ended 30 June 2023 and the six months ended 30 June 2022 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2022 were approved by the Board of Directors on 3 April 2023 and delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

These condensed half year financial statements were approved for issue by the Board of Directors on 21 September 2023.

2. Basis of preparation

This unaudited condensed consolidated financial information which incorporate the financial information of the Group, have been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting' as contained in UK - adopted International Accounting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 for the year ended 31 December 2022.

Trading for the half year ended 30 June 2023 is aligned with the Board's expectations, and expectations for the full year remain unchanged. Further details are given in the CEO's overview, the operational review and the financial review.

The Group is in a net asset position of £10.6m as at 30 June 2023 (2022: net assets of £10.6m) and has no debt facilities in place. Management have prepared forecasts up until 12 months from the date of approval of these financial statements which have been approved by the

Board, and after enquiry and review of these forecasts and other available financial information, the Directors have formed the conclusion that the Group has adequate resources to continue to operate for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis of accounting in the preparation of these interim condensed consolidated half year financial statements.

The financial information is presented in sterling, which is the functional currency of Kooth plc. All financial information presented has been rounded to the nearest thousand.

3. Accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's annual report and accounts for the year ended 31 December 2022.

Current taxes on income in the half year period are accrued using the tax rates that would be applicable to expected total annual profits. Deferred taxes on income are calculated based on the standard rates that are enacted as at the balance sheet date.

4. Critical accounting judgements and key sources of estimation uncertainty

Any critical accounting judgements and key sources of estimation uncertainty that carry a significant risk of material change to the carrying value of assets and liabilities within the next year are the same as those applied in the 2022 Group Annual Report.

5. Principal risks and uncertainties

The 2022 Group annual report and accounts describes the principal risks and uncertainties that could impact the Group's performance. These risks primarily relate to system outages, safeguarding incidents, cyber security and data protection and clinical safety. These remain unchanged since the annual report was published and are not expected to change for the remaining six months of the financial year.

The Group actively manages these risks through risk management procedures and actions are taken to mitigate risk wherever possible.

6. Financial risk management

The Group is exposed to financial risks including market risk, currency risk, credit risk and liquidity risk.

These interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the 2022 Group annual report and accounts.

7. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions. Kooth plc opened its first international subsidiary in the USA at the start of 2022. The Group won a contract with Pennsylvania Department of Human Services in September 2022 and a contract with the Department of Healthcare Services in California which was finalised in July 2023, and launches at the start of 2024. Segmental reporting of the USA operation is not deemed appropriate at this stage as operations remain relatively small in comparison to UK operations. Segmental reporting may be deemed to be appropriate for the full year 2023 results.

8. Revenue analysis

Revenue relates to the provision of online counselling services.

	Six months ended 30 June 2023 Unaudited	Six months ended 30 June 2022 Unaudited	Year ended 31 December 2022 Audited
	£'000	£'000	£'000
Provision of online counselling - UK	9,817	9,022	18,648
Provision of online counselling - US	1,843	-	1,472
	11,660	9,022	20,120

9. Taxation

The income tax credit recognised of £1.2m (2022 H1: £0.2m) reflects management's estimate of the tax credit for the current period. This calculation takes into consideration the estimated taxable loss incurred from operational activities during the period, as well as additional relief under the UK R&D scheme. The assessment utilises the average UK corporation tax rate for the current financial year of 23.5% (2022: 19%).

10. Earnings per share (EPS)

The calculation of basic and diluted EPS is based on the following earnings and number of shares:

	Six months ended 30 June 2023 Unaudited	Six months ended 30 June 2022 Unaudited	Year ended 31 December 2022 Audited
	£'000	**£'000**	**£'000**
Earnings used in calculation of earnings per share			
Loss for the purposes of basic and diluted loss per share being net loss attributable to owners of the Company	(525)	(342)	(716)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	33,055,776	33,055,776	33,055,776
Loss per share (£)	**(0.02)**	**(0.01)**	**(0.02)**

The loss per ordinary share and diluted loss per share are equal because share options are only included in the calculation of diluted earnings per share if their issue would decrease the net profit per share. The number of potentially dilutive shares not included in the calculation above due to being anti-dilutive in the periods presented was 1,943,400 (2022 H1: 1,011,867).

11. Development costs

	£'000
Cost	
At 1 January 2022	**7,363**
Additions	1,268
At 30 June 2022	**8,631**
Additions	1,684
At 31 December 2022	**10,315**
Additions	3,508
At 30 June 2023	**13,823**
Amortisation	
At 1 January 2022	**(4,496)**
Amortisation	(1,060)
At 30 June 2022	**(5,556)**
Amortisation	(1,078)
At 31 December 2022	**(6,634)**
Amortisation	(1,395)
At 30 June 2023	**(8,029)**
Carrying amount	
At 1 January 2022	2,867
At 30 June 2022	**3,075**
At 31 December 2022	3,681
At 30 June 2023	**5,794**

12. Trade and other receivables

	Six months ended 30 June 2023 Unaudited	Six months ended 30 June 2022 Unaudited	Year ended 31 December 2022 Audited
	£'000	£'000	£'000
Trade receivables	1,767	1,909	1,110
Prepayments and other receivables	588	723	1,508
	2,355	2,632	2,618

All amounts shown above are short term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

13. Post balance sheet events

A significant four year US contract was finalised in July 2023 with the Department of Healthcare Services of California for a minimum net revenue value of $188m.

In July 2023, the Group completed an equity fundraise with gross proceeds of £10m to accelerate investment within the business.

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