



Kooth plc

Half Year Results 2022

koothplc.com

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27 September 2022

Kooth Plc

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

Half year results

Strategic momentum and demand; underlined by revenue growth of 13%

Continued expansion of Kooth Adult with 63% ARR growth

First major contract win in the US

Kooth (AIM: KOO), the UK’s leading digital mental health platform, announces unaudited half year results for the six months ended 30 June 2022. All figures relate to this period unless otherwise stated.

Strategic Highlights

- Number one provider of mental health access for children and young people (CYP) to NHS England
- Kooth Adult contract wins increase access to 7.2 million people (2021: 3.0 million)
- Kooth Work momentum with new contracts, focusing on frontline and key workers
- Ongoing investment in business development, platform investment and US expansion

Financial Highlights

- Revenues up 13% to £9.0m (2021: £8.0m)
- Annual Recurring Revenue (ARR) up 11% to £18.5m (2021: £16.6m)
- Strong gross margin of 68.4% (2021: 69.4%)
- Adjusted EBITDA of £0.5m (2021: £1.1m) reflecting US setup and business development investment
- Recurring Revenue 95% (2021: 94%)
- Net Revenue Retention 107% (2021: 116%)
- Robust balance sheet; net cash of £8.3m supports investment for long-term growth

Post-period end Highlights

- Significant, strategic pilot contract (expected to be formalised in the coming days) awarded by the State of Pennsylvania, USA for \$3 million, supported by new, in-market hires including counsellors, technology specialists and business development personnel.

Financial headlines

	Six months ended 30 June 2022	Six months ended 30 June 2021	Change
	£'000	£'000	
Total revenue	9,022	7,964	+13.3%
Recurring revenue	18,483	16,617	+11.2%
Gross profit	6,170	5,527	+11.6%
Gross margin	68.4%	69.4%	-1.0ppt
Adjusted EBITDA	539	1,130	-52.3%
Profit/(Loss) after tax for the period	(342)	38	-1,000%
Cash generation	1,231	976	+26.1%
Cash position	8,310	8,799	-5.6%
Earnings per share (diluted - £)	(0.01)	0.00	

Chief Executive's Review

Delivering against our mission

Kooth continues to make strong progress in delivering our mission to make effective, personalised, mental health care accessible to all: growing our leadership position in supporting children and young people via the NHS, expanding our service to Adults, entering the US market to help tackle their youth mental health crisis, and helping build mentally healthy workplaces.

This is reflected in our revenue growth of 13% along with an increase in Annual Recurring Revenue of 11% to £18.5 million.

As a recurring revenue business, 95% of Kooth's contracts are for 12 months or more (2021: 94%). We continue to expand contracts with existing commissioners as we grow within a region, delivering a net revenue retention of 107%. As we saw a small number of COVID-19 projects come to a close and a resizing of some pilot contracts to better reflect demand in specific regions, contract retention reduced to 89% in the first half of the year.

Expanding access to Kooth across the UK is a key strategic priority. In the last six months we have grown the number of people that can freely access Kooth's services by 39%, to 15.1 million people (excluding Kooth Work).

Our adult, workforce, and international businesses continue to gain momentum as we leverage our 20 years of operating experience into new markets, notably in the US where we have been awarded our first major contract.

Strategy

Kooth has a clear four-pillar growth strategy to support the increasing demand for mental health services in the public and private sectors, all underpinned by investments in our technology platform and clinical operating model:

1. Continue to scale Kooth to support young people in the UK
2. Replicate our success into the adult public sector market
3. Expand into international markets, with an immediate focus on the US.
4. Build mentally healthy workplaces

Children and Young People

Kooth continues to meet increasing demand from children and young people for fast and effective access to mental health support. NHS England data for 2021/22 shows that Kooth has now become the largest single access provider for mental health support for under 18s, a testament to the trust and reach that we have achieved in our partnership with the NHS.

62% (7.9 million) of the UK's 10-25 year olds now have access to Kooth, with 1-in-33 of that population using Kooth in the previous year. As we continue to work with stakeholders to raise awareness for Kooth within communities, our highest performing contract is now reaching 1-in-7 of the local population. We intend to replicate this across other areas of the UK.

In addition to the therapeutic outcome measures that Kooth has developed over recent years, the York Health Economics Consortium (YHEC) conducted an independent study of Kooth, showing a projected 3.16x direct cost saving when using Kooth.

Finally, following the reorganisation of NHS England from 135 Clinical Commissioning Groups (CCGs), to 42 Integrated Care Systems (ICS), we aligned our commercial and engagement teams to the new ICS model, organising into four regional teams with local leadership to better support our stakeholders and service users and to maximise our strategic impact.

Adults

Momentum for Kooth Adult (also known as Qwell) continues, with five new whole population contracts in the first half of the year, growing ARR in adults by 63% to £2.7 million.

7.2 million adults now have access to Kooth Adult in the UK, a 140% increase from the 3 million at the start of the year, with new 'whole population' contracts in Devon, Greater Manchester, Norfolk, Northumberland, and Warwickshire.

A key focus in ensuring the success and growth of contracts is to work both locally and digitally to raise awareness for Kooth Adult with stakeholders and potential service users. Our recent focus on reaching and educating GPs has made good progress, with 19.7% of service users telling us they heard about Qwell from their GP. In addition, our focus on optimising for Google means 14.8% of service users find us via search, up from 7.9% in 2021.

Finally, a key priority for us in supporting whole population health is to ensure that we are delivering on our purpose to be an inclusive and welcoming service for all. We have made good progress in our

Participation work this year to understand and support the needs of men from ethnic minority backgrounds, working in partnership with community groups to co-produce the 'future of Kooth'.

US

Within a year of establishing Kooth in the US, the credibility that we've earned in the UK is already opening doors for us, with the award of a pilot project by the State of Pennsylvania.

This \$3 million pilot contract (awarded in September 2022 and to be formalised in the coming days) will make Kooth available to a school population of 150,000 students across 30 school districts in Pennsylvania State. The contract will run initially for the academic year and, if the pilot is successful, could be extended to include more of the State's 500 school districts.

The contract received bipartisan support in the State legislature, with the objective of expanding access to youth mental health care. As part of the pilot, Kooth will report on both the therapeutic and economic impact of its digital platform in providing early intervention and responsive support to the school population.

In addition, we secured our first project to support University students, working with the University of Pikeville, Kentucky.

Looking forward, we have a growing pipeline of opportunities with State Governments and Medicaid providers, which are indicative of the imperative, and investments being made at both a Federal and State level to tackle the youth mental health crisis.

For market context, more than \$6 billion of youth mental health funding has been announced so far this year, including:

- \$300 million will be invested this year to expand access to mental health services in schools, as part of a comprehensive national strategy to tackle the youth mental health crisis.
- An additional \$1 billion will be invested over the next 5 years as part of a Bipartisan Communities Act.
- The State of California has budgeted \$4.7 billion to deliver the "Master Plan for Kids' mental health", including the planned provision of state-wide youth digital mental health services.

Workforce

Kooth Work is our platform for employers and employees to help build mentally healthy workplaces. Given the broad range of solutions available to companies - from meditation apps to medical insurance - we have narrowed our focus to frontline/key workers (33% of the UK workforce) to support employees working in high stress, stretched, and sometimes traumatic occupations.

With the recent launch of the Education staff wellbeing charter, and news that Ofsted inspections will include staff wellbeing, we are building momentum in selling to Academy Trusts to help support staff wellbeing. In addition, our recently launched 'Flourishing Assessment' enables us to benchmark the mental health of an organisation and measure improvements over time.

Our people

The Board wishes to thank its employees for the excellent support and commitment they are providing to our service users, customers and company.

In May 2022, Angela Kravets joined the Group as Chief People Officer, bringing new approaches and initiatives to our People strategy as we continue to focus on attracting, developing and retaining the most talented of individuals.

Kooth continues to progress its approach to diversity and inclusion with its established advocacy group with representation from across our organisation. The business is committed to creating a working environment that recognises diversity, supporting everyone to thrive.

Like many organisations, we saw a more challenging market in the first half of the year in recruiting and retaining talent across the business. In response, in the short term, we've grown our use of contract staff in both product/tech and practitioners. Post period end, the Group is over 400 employees, versus 376 at end of June 2022 (31 December 2021: 406, 30 June 2021: 352).

Investing for long-term growth

Kooth is investing in its talent and technology platform to drive its growth strategy and meet increasing demand for digital mental health support. This is intended to capture the long-term market opportunity available both in the UK and internationally.

Key progress in H1 2022 included:

- Technical operations work to operate Kooth's technology in international data centres, with our first deployment in the US.
- Development of artificial intelligence technology to assist in the moderation of user generated content, surfacing risk faster, and reducing the cost and time to review content.
- The development of our next-generation practitioner system to codifying clinical best practice into the platform, and enabling skill-based matching of practitioners with those requiring support.
- To address the challenges of hiring software engineers, Kooth has partnered with a nearshore engineering company to augment our UK-based engineering team.

Current trading and outlook

Kooth expects to continue to invest in its technology platform, systems and talent in the second half of 2022. This is part of Kooth's strategy to meet long-term demand for digital mental health services.

With the pipeline of contracts which are expected to be signed in the second half of this year, including the State of Pennsylvania contract, and with strong retention rates of existing business the Group remains confident of delivering revenue for the full year within market expectations.

We anticipate our robust balance sheet will enable us to continue 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 solid performance in the period supported by an increase across revenue and annual recurring revenue as well as a continuing strong gross margin for the Group for the half year ended 30 June 2022 in comparison to the six months ended 30 June 2021.

Key Performance Indicators

Total Revenue

£9.0m	£8.0m	£5.9m
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

£18.5m	£16.6m	£13.1m
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

68.4%	69.4%	69.6%
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

£0.5m	£1.1m	£0.5m
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

141	142	104
H1 2022	H1 2021	H1 2020

The total number of live contracts with customers. In 2021/22, as the NHS consolidates from 135 Clinical Commissioning Groups to 42 Integrated Care Systems, we are seeing a shift to larger contracts spanning the whole population within an ICS region. We have subsequently seen the consolidation of existing contracts including North Central London and Humber Coast and Vale with the trend expected to continue across the NHS customer base.

Service user logins

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

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

Revenue

Revenue increased by 13% to £9.0 million (2021 H1: £8.0 million), Annual Recurring Revenue grew by 11% to £18.5 million (2021 H1: £16.6 million), with 22 new contracts obtained in the first half of 2022 across all service lines in addition to a number of contract uplifts.

Churn for the period was 11% 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 2022 of 107%. This has decreased from 116% recorded in H1 2021 as a result of an increase in churn as certain annual contracts won in H1 2021 have been resized on renewal to reflect demand in specific regions and contracts, the ending of some COVID-19 related contracts and partly by a slow down in uplifts as the NHS consolidates from a Clinical Commissioning Group (CCG) to Integrated Care System (ICS) structure.

Gross Profit

Gross Profit increased 13% from £5.5m to £6.2m but as a percentage of turnover decreased during the period by one percentage point to 68.4% as we see some of the savings during lockdown such as travel and in person training start to reverse.

Adjusted EBITDA

Adjusted EBITDA in the period decreased from £1.1m to £0.5m with increased gross profit offset by higher administrative expenses. This included the costs of establishing a team in the US, increased investment in business development, platform consulting and additional marketing costs due to targeted engagement spend on new adult contracts. This is in line with Board expectations.

The total charge for share based payments in the period was £0.02m (2021 H1: £0.3m). The decrease reflects grants forfeited by leavers and a reassessment of those grants subject to performance criteria.

Taxation

The overall tax credit for the six months ended 30 June 2022 and 2021 relate to Research and Development expenditure credits in addition to the movement in the deferred tax asset.

Profit/Loss after tax

The Group loss after tax for the period was £0.3 million (2021 H1: £0.04 million profit).

Balance Sheet

The strength of the Group's balance sheet with net assets of £10.6m (30 June 2021: £11.2m), high levels of recurring revenue and strong cash generation from operating activities provide the Group with financial strength with which to execute on its investment strategy which continues to focus on business development, platform investment and US expansion.

Cash flow and financing

Cash generation during the six months was £1.2 million (2021 H1: £1.0 million), which benefited from good working capital management predominantly an increased number of customers paying in advance as well as receipt of an R&D government tax credit of £0.3m giving a net cash position at 30 June 2022 of £8.3m (2021 H1: £8.8m).

The focus on platform investment gave capital expenditure of £1.3 million (2021 H1: £1.5 million), with the reduction in the six months to 30 June 2022 relating to an external project incurred in the prior year and offset by increased capitalised investment by our Product and Technology teams.



Sanjay Jawa

Chief Financial Officer

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

		Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	<i>Note</i>	Unaudited £'000	Unaudited £'000	Audited £'000
Revenue	10	9,022	7,964	16,682
Cost of sales		(2,852)	(2,437)	(5,097)
Gross profit		6,170	5,527	11,585
Administrative expenses		(6,758)	(5,672)	(12,318)
Operating Loss		(588)	(145)	(733)
Analysed as:				
Adjusted EBITDA		539	1,130	2,082
Depreciation & amortisation	14	(1,109)	(970)	(2,384)
Share based payment expense		(18)	(305)	(431)
Operating Loss		(588)	(145)	(733)
Interest income		17	-	13
Loss before tax		(571)	(145)	(720)
Tax		229	183	410
Total comprehensive profit/(loss) for the period		(342)	38	(310)
Profit/(Loss) per share - basic (£)	12	(0.01)	0.00	(0.01)
Profit/(Loss) per share - diluted (£)		(0.01)	0.00	(0.01)

Condensed Consolidated Balance Sheet

As at 30 June 2022

	<i>Note</i>	30 June 2022 Unaudited £'000	30 June 2021 Unaudited £'000	31 December 2021 Audited £'000
Assets				
Non-current assets				
Goodwill		511	511	511
Development costs	14	3,075	3,131	2,867
Right of use asset		-	10	-
Property, plant and equipment		96	139	116
Deferred tax asset		420	156	435
Total non-current assets		4,102	3,947	3,929
Current assets				
Trade and other receivables		2,632	2,083	2,370
Contract assets		426	190	406
Cash and cash equivalents		8,310	8,799	7,079
Total current assets		11,368	11,072	9,855
Total assets		15,470	15,019	13,784
Liabilities				
Current liabilities				
Trade payables		(331)	(327)	(417)
Contract liabilities		(2,797)	(1,838)	(797)
Lease liability		-	(10)	-
Accruals and other creditors		(737)	(808)	(649)
Tax liabilities		(956)	(859)	(948)
Total current liabilities		(4,821)	(3,842)	(2,811)
Net current assets		6,547	7,230	7,043
Net assets		10,649	11,177	10,973

(Continued)

Equity

Share capital	1,653	1,653	1,653
Share premium account	14,229	14,229	14,229
Retained earnings	(2,221)	(1,531)	(1,879)
Share-based payment reserve	977	815	959
Capital redemption reserve	115	115	115
Merger reserve	(4,104)	(4,104)	(4,104)
Total equity	10,649	11,177	10,973

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June 2022 Unaudited £'000	Six months ended 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
Cash flows from operating activities			
Profit/(Loss) for the period	(342)	38	(310)
Adjusted for:			
Depreciation & amortisation	1,109	970	2,384
Income tax received	330	-	-
Share based payment expense	18	305	520
Tax income recognised	(229)	(183)	(410)
Movements in working capital:			
(Increase)/decrease in trade and other receivables	(369)	69	(574)
Increase/(decrease) in trade and other payables	2,009	1,245	244
Net cashflow from operating activity	2,527	2,444	1,854
Cash flows from investing activities			
Purchase of property, plant and equipment	(28)	(34)	(63)
Additions to intangible assets	(1,268)	(1,430)	(2,535)
Net cash used in investing activities	(1,296)	(1,464)	(2,598)
Cash flows from financing activities			
Lease payments	-	(4)	-
Net cash from financing activities	-	(4)	-
Net increase/(decrease) in cash and cash equivalents	1,231	976	(744)
Cash and cash equivalents at the beginning of the period	7,079	7,823	7,823
Cash and cash equivalents at the end of the period	8,310	8,799	7,079

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share Capital	Share Premium	Share Based Payment Reserve	Retained earnings	Capital Redemption Reserve	Merger reserve	Total Equity
Balance at 1 January 2021	1,653	14,229	529	(1,569)	115	(4,104)	10,853
Share based payments	-	-	286	-	-	-	286
Total comprehensive income for the period	-	-	-	38	-	-	38
As at 30 June 2021	1,653	14,229	815	(1,531)	115	(4,104)	11,177
Balance at 1 July 2021	1,653	14,229	815	(1,531)	115	(4,104)	11,177
Share based payments	-	-	144	-	-	-	144
Total comprehensive income for the period	-	-	-	(348)	-	-	(348)
As at 31 December 2021	1,653	14,229	959	(1,879)	115	(4,104)	10,973
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

Notes to the half year financial statements

1. General information

The unaudited interim consolidated financial statements for the six months ended 30 June 2022 and the six months ended 30 June 2021 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021 were approved by the Board of Directors on 28 March 2022 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 27 September 2022

2. Basis of preparation

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 2021.

Trading for the half year ended 30 June 2022 is aligned with the Board's expectations and further details are given in the Chief Executive and CFO's overview.

The Group is in a net asset position of £10.6 million as at 30 June 2022 (2021: net assets of £11.2 million) 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 2021. 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 2021 Group Annual Report.

5. Principal risks and uncertainties

The 2021 Group annual report and accounts describes the principal risks and uncertainties that could impact the Group's performance. These risks primarily relate to cyber security and clinical safety, with any risks relating to COVID-19 deemed to be not material given the industry in which the Group operates and the Group's business model. 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, credit risk & 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 2021 Group annual report and accounts.

7. 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.

8. 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 continues to work on establishing its capability in the USA and has recently won its first pilot contracts in the region, which will go live in H2 2022. Segmental reporting of the USA operation is not deemed appropriate at this stage as no revenue has been generated for the six months ended 30 June 2022.

9. Reclassification of Promotional Costs

During the year ended 31 December 2021 the Group made the decision to reclassify its promotional costs from cost of sales to administrative expenses on an ongoing basis. This gives a more appropriate view of the financial statements, with regard to the criteria for the selection and application of the Group's accounting policies. As a result, the comparative period for the six months ended 30 June 2021 has also been reclassified so that comparability is not impaired.

The impact to the half year 2021 accounts as a result of the classification is demonstrated below. The amount relating to promotion spend included in the six months ended 30 June 2021 administrative expenses line is £0.5 million

	2021
	£'000
Revenue	7,964
Cost of Sales	(2,925)
Gross Profit (before reclassification)	5,039
Gross Margin	63.3%
Promotion Costs	
Staff Costs	488
Gross Profit (after reclassification)	5,527
Gross Margin	69.4%

10. Revenue analysis

Revenue has been derived from its principal activity wholly undertaken in the United Kingdom and relates to the provision of online counselling services.

	Six months ended 30 June 2022 Unaudited	Six months ended 30 June 2021 Unaudited	Year ended 31 December 2021 Audited
	£'000	£'000	£'000
Revenue generated from counselling platform	9,022	7,964	16,682

11. Income tax expense

The income tax expense recognised reflects management estimates of the tax charge for the period and has been calculated using the estimated average tax rate of UK corporate tax for the financial year of 19% (2021: 19%).

12. 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 2022 Unaudited	Six months ended 30 June 2021 Unaudited	Year ended 31 December 2021 Audited
Basic	£'000	£'000	£'000
Earnings used in calculation of earnings per share:			
On total losses attributable to equity holders of the parent	(342)	38	(310)
Weighted average no. of shares (Basic)	33,055,776	33,055,776	33,055,776
Weighted average no. of shares (Diluted)	34,067,643	34,023,265	34,082,252
Shares in issue			
Ordinary shares in issue	33,055,776	33,055,776	33,055,776
Share options	1,011,867	967,489	1,080,066
Loss per share (basic, £)			
On total profits attributable to equity holders of the parent	(0.01)	0.00	(0.01)
Loss per share (diluted, £)			
On total profits attributable to equity holders of the parent	(0.01)	0.00	(0.01)

13. 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 2022 (2021: £nil) and does not anticipate recommending a dividend within the next year but may do so in future years.

14. Development Costs

	Development costs
	£'000
<u>Cost</u>	
At 1 January 2021	4,827
Additions	1,430
At 30 June 2021	6,257
Additions	1,106
At 31 December 2021	7,363
Additions	1,268
At 30 June 2022	8,631
<u>Amortisation</u>	
At 1 January 2021	(2,213)
Amortisation	(913)
At 30 June 2021	(3,126)
Amortisation	(1,370)
At 31 December 2021	(4,496)
Amortisation	(1,060)
At 30 June 2022	(5,556)
<u>Carrying amount</u>	
At 1 January 2021	2,614
At 30 June 2021	3,131
At 31 December 2021	2,867
At 30 June 2022	3,075



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