28 February 2023

Preliminary Full Year 2022 Results, Appendix 4E and Business Update

Doctor Care Anywhere Group PLC (ASX:DOC, "Doctor Care Anywhere" or "the Company") is pleased to provide its Preliminary Full Year results announcement and Appendix 4E for the year ended 31 December 2022. A business update is also provided.[1]

FY22 Highlights (vs FY21)

- Continuing growth and improving operating performance
- 29% increase in activated lives to 868,900
- 40% increase in consultations to 614,200
- 19.3% growth in revenue to £29.8m
- 6.2 ppt improvement in underlying gross margin to 42.9%
- Reduced half-yearly non-operating costs (excluding share based payments) by £3.3m in 2H22 following restructuring programme
- Adjusting for share based payments and restructuring charges,[2] underlying EBITDA losses reduced by £2.9m to £17.2m
- Ongoing focus on building a strong culture and lean operating model

Richard Dammery, Chairman of Doctor Care Anywhere, said:

"FY22 was a year of refocusing on doing the basics well: growing the number of patients using our service; stabilising our technology platform; bringing greater discipline to project planning and execution; seeking to achieve a better balance in the Company's partnership with AXA; and generally rebuilding a culture of accountability and delivering on commitments.

"It Is clear that patients value the DCA service: its ease and convenience; the integration of diagnostics and secondary care referral pathways; the ability to easily fill prescriptions. Our 2022 customer NPS score of 75.4 and the fact that 70% of our 2022 consultations were from repeat customers demonstrates the regard in which we are held by patients.

"On behalf of the Board, I'd like to thank the whole DCA team for their hard work during 2022, and for making significant progress to reset the business under challenging circumstances."

Operational Performance

1 This report is prepared in GBP in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 (UK). All figures expressed in Australian Dollars ("A$") have been converted from British Pounds Sterling at an exchange rate of AUD:GBP of 0.57, other than where noted.

2

£m	2022	2021	Variance
EBITDA loss	(17.6)	(19.1)	1.5
Less 2021 other revenue	-	(2.0)	2.0
Less 2022 restructuring costs	1.6	-	1.6
Less Share based payments	(1.2)	1.0	(2.2)
Underlying EBITDA loss	**(17.2)**	**(20.1)**	**2.9**

Activated Lives reached 868,900 at 31 December 2022, representing a net increase of 193,900 (28.7%) above 31 December 2021. There is further growth potential in activated lives given the Company's existing base of 2.5 million Eligible Lives, with further activations expected in FY23 as the Company continues to penetrate AXA's customer base.

Consultation volumes grew significantly in FY22, totalling 614,200 for the period, an increase of 174,200 (39.6%) over FY21. The key drivers of this consultation growth were:

- The acquisition of new patients, with 186,000 patients having their first consultation during the period; and
- Increased uptake of the Company's secondary care pathway (referral for diagnostic tests and specialist review of results) with 31,200 patients completing the pathway during FY22, up from 17,100 (82%) in FY 21.

Consultation growth was also supported by the Company's strong repeat user rate, with 428,000 consultations delivered to returning patients in FY22, representing 70% of total consultations. Growth in the Company's repeat user rate validates the investment made in acquiring new patients during the year, with these new patients expected to continue to utilise the Company's services in FY23 and beyond, building the operational scale which will underpin a profitable future.

Summary of FY 2022 Consolidated Statement of Comprehensive Income

£ in millions	FY22	FY21	Variance	%	2H 22	1H 22	Variance	%
Utilisation revenue	27.6	21.0	6.6	*31.3%*	13.3	14.3	(0.9)	*(6.4%)*
Subscription revenue	2.2	1.9	0.3	*13.6%*	1.1	1.1	(0.1)	*(5.7%)*
Other revenue	0.0	2.0	(2.0)	*(99.7%)*	0.0	0.0	0.0	*2.0%*
Revenue	**29.8**	**25.0**	**4.8**	***19.3%***	**14.4**	**15.4**	**(1.0)**	***(6.4%)***
Cost of sales	(17)	(14.6)	(2.4)	*(16.7%)*	(8.1)	(8.9)	0.7	*8.0%*
Gross profit	**12.8**	**10.4**	**2.4**	***23.1%***	**6.3**	**6.5**	**(0.3)**	***(4.2%)***
Gross profit margin	*42.9%*	*41.6%*	*1.3%*		*43.4%*	*42.5%*	*1.0%*	
Underlying gross profit margin	*42.9%*	*36.7%*	*6.2%*		*43.4%*	*42.5%*	*1.0%*	
Operating costs	(6.3)	(5.4)	(0.9)	*(16.5%)*	(3.2)	(3.1)	(0.1)	*(2.4%)*
Contribution	**6.5**	**5.0**	**1.5**	***30.2%***	**3.1**	**3.4**	**(0.4)**	***(10.3%)***
Contribution margin	*21.8%*	*20.0%*	*1.8%*		*21.3%*	*22.2%*	*(0.9%)*	
Underlying contribution margin	*21.8%*	*13.1%*	*8.7%*		*21.3%*	*22.2%*	*(0.9%)*	
Sales and marketing	(1.9)	(3.4)	1.5	*45.2%*	(0.5)	(1.3)	0.8	*60.5%*
Technology	(7.4)	(4.8)	(2.5)	*(52.1%)*	(3.1)	(4.3)	1.2	*27.1%*
General and administration	(16.6)	(15.4)	(1.2)	*(7.8%)*	(7.7)	(8.9)	1.3	*14.1%*
Other operating income	0.6	0.6	0.0	*4.2%*	0.3	0.3	0.0	*2.5%*
Share based payment	1.2	(1.0)	2.2	*217.9%*	1.4	(0.2)	1.6	*845.5%*
Non-operating costs	**(24.0)**	**(24.0)**	**0.0**	***0.1%***	**(9.6)**	**(14.4)**	**4.8**	***33.2%***
Share of JV net loss	(0.1)	(0.1)	(0.1)	*(92.8%)*	(0.3)	0.2	(0.5)	*(291.9%)*
EBITDA	**(17.6)**	**(19.1)**	**1.5**	***7.7%***	**(6.8)**	**(10.8)**	**4.0**	***36.7%***
Depreciation and amortisation	(2.1)	(1.3)	(0.8)	*(60.8%)*	(1.2)	(0.9)	(0.3)	*(28.0%)*
Impairment of goodwill	(2.5)	-	(2.5)	-	(2.5)	-	(2.5)	-
EBIT	**(22.2)**	**(20.4)**	**(1.8)**	***(8.9%)***	**(10.5)**	**(11.7)**	**1.2**	***10.3%***
Finance income/(expense)	(0.1)	(0.1)	0.1	*46.1%*	(0.1)	(0.0)	(0.0)	*(357.5%)*
Loss before tax	**(22.3)**	**(20.5)**	**(1.7)**	***(8.5%)***	**(10.6)**	**(11.7)**	**1.2**	***9.9%***
Tax	0.3	0.3	(0.0)	*(12.6%)*	0.1	0.1	0.0	*26.4%*
Loss after tax	**(22.0)**	**(20.2)**	**(1.8)**	***(8.8%)***	**(10.4)**	**(11.6)**	**1.2**	***10.3%***

Revenue for FY22 was £29.8 million, up 19.3% on FY21 and within the guidance range provided to the market in August 2022. The main driver of revenue growth was the increase in GP consultations between the two periods. Revenue in 2H22 declined by 6.4%

over 1H22 due to platform stability issues impacting the number of GP appointments available. Addressing the underlying issues affecting stability has been the primary area of focus in 2H22, and it is pleasing that we returned our platform stability to historical levels. This will support continued growth in patient consultations through 2023.

Gross profit for FY22 was £12.8 million, up 23.1% on FY21. Underlying gross profit margin for FY22 was 42.9%, up 6.2ppt on FY21. The improvement in the gross profit margin has been driven by a reduction in the incentives paid per consultation in FY22 vs FY21 and an improvement in the utilisation of GPs in FY22. This improvement in gross profit margin is expected to continue in FY23 with the roll-out of the Company's Mixed Clinical Workforce proposition.

Contribution for FY22 was £6.5million, up 30.2% on FY21. Underlying contribution margin for FY 2022 was 21.8%, up 8.7ppt on FY21. This increase in underlying contribution margin was attributable to the improvement in gross profit margin referenced above. Operating costs per consultation decreased by 16.6% in FY22 as the Company realised the benefits of economies of scale.

Normalising for the one-off restructuring costs of £1.6m incurred in 1H22, and for share based payments in both years, non-operating costs in FY22 increased 2.4% on FY21, to £23.5 million. However it should be noted that 2H22 non-operating costs were £1.7m lower than 1H22 excluding restructuring costs and share based payments. This was driven by work undertaken in 2022 to reduce the business' on going cost base, which remains a key focus area in FY23. If the 2H22 run rate had been applied throughout the year, FY22 non-operating costs would have been £1.1m lower than FY21 despite the 19.3% increase in revenue.

The only area of the Company which grew non-operating costs in 2022 was technology due to investment in the Company's platform to improve stability and work towards the launch of our new operating model with mixed clinical practitioners.

Adjusting for restructuring costs and share based payments[2], underlying EBITDA loss in FY22 was £17.2m, an improvement of £2.9m year on year. This was driven by revenue growth and a focus on productivity in the business.

In addition to the above, there was an impairment of goodwill in the year totalling £2.5m relating to the acquisition of GP2U in 2021. Following a review of management's best estimates of future performance for the Company, it was decided to write down the value of this goodwill. These revised estimates result from the Board's decision to focus investment primarily on the UK business. Further details are set out in Note 3 of the Appendix 4E. GP2U Is now regarded by the Company as a non-core asset.

Business update

Following the Market Updates provided on 28 August 2022 and 31 October 2022, key matters progressed during the quarter include the following:

Operational

- A strong start to 2023 with over 63.000 consultations delivered in January 2023 by the UK business. This is an increase of 32% on the same time last year.
- Commencement of new interim CEO, Ben Kent, who will continue to focus on the priority activities described in the recent market updates, with particular focus on resetting the Company's workplace culture, improving operating efficiency and managing cash tightly.

- Refocus of the Company towards UK growth, with Australian directors Richard Dammery and Vanessa Wallace retiring at the conclusion of the AGM, and John Stier becoming Chairman at that time
- Drawdown of £5 million of the AXA loan (tranche 1), with tranche 2 to be drawn down in Q1 2023 and tranche 3 expected to be drawn down towards the end of Q2 2023.
- Platform stability has returned to historical levels allowing us to proceed with platform enhancements and continued growth of consultation volumes.

In December 2021, the Company announced a new operating model to provide the underlying capability and economics to enable the business to scale over time from c. 50,000 consultations (the current level at that time) to over 100,000 consultations per month. As stated at that time, this will be achieved through moving from a single option of 20-minute virtual GP consultations to the provision of multiple options based on a patient's clinical requirement, including:

- A 15- or 20-minute virtual GP consultation via Health Navigator;
- A 20-minute virtual consultation with an Advanced Nurse Practitioner; and
- "QuickConsult", where a patient completes a questionnaire to be reviewed by a prescribing clinician, resulting in written advice or a prescription without the need for a real time video or phone consultation.

Health Navigator

In August 2022, the Company stated that it would bring a continuing focus in 2H22 on optimising and embedding this workflow into clinician work practices. This has been successfully implemented with mixed length appointments an established part of clinician work practices, continuing to offer efficient service and improved availability to patients while also enhancing operating margins.

Mixed Clinical Workforce (Advanced Nurse Practitioners)

The Mixed Clinical Workforce ("MCW") initiative, whereby Advanced Nurse Practitioners ("ANPs") are added to the Company's current clinical workforce is nearing completion, with the service now expected to go live in Q2 2023. This is expected to improve the Company's financial performance through additional clinical capacity to service more patients, contributing to revenue growth and improved gross and contribution margins relative to the treatment modalities currently available.

Quick Consult

The Company's QuickConsult proposition requires further functional changes before it can be offered to the full customer base. Due to technology development prioritisation, these changes are now expected to be completed by Q4 2023.

Clinician Capacity

The nationwide shortage of GPs referred to in the Company's August Market Update continues to affect the UK market, with continued increasing demand and decreasing capacity. While the Company works towards the launch of its MCW proposition, it has been necessary to continue to offer financial incentive programmes as the primary lever to increase clinician capacity. While not used as extensively as in FY21, FY22 incentive payments still represented a material cost to the Company and will continue to do so in FY23 until the launch of MCW.

The Board has asked the new CEO to undertake a full review of all Incentive programmes and consider alternative approaches.

Secondary Care (including diagnostic referrals)

The Company has continued to demonstrate progress with its secondary care proposition, which integrates primary and secondary care through the provision of GP consultations, diagnostic tests and review of such tests by specialist consultants. 31,200 patients completed the pathway during FY22, up 82% from 17,100 in FY21.

However, the value created from this proposition has not been as significant as previously expected: Firstly, the referral growth rate of this proposition has not been in line with internal expectations, and a project is underway to evaluate ways to improve this going forward. Secondly, the rebate revenue received per referral has declined significantly in 2022. Work is ongoing to understand the root cause of this issue.

Partnerships Update

AXA Health

Subsequent to the announcement on 12 December 2022 regarding the funding agreement with AXA Health UK, the Company continues to work closely with AXA to increase the number of activated lives across AXA's membership base. This Is expected to lead to increased consultation volumes and throughput to the secondary care proposition in 2023.

Nuffield Health

As announced in the August 2022 Market Update, the Company experienced delays in implementing this new initiative to digitally integrate virtual and in-person primary care services. DCA continues to accrue for possible contractual penalties for the project delay on a monthly basis, with all relevant penalties accrued for in the full year results. Discussions with Nuffield continue about a pathway forward.

Platform

Following extensive stabilisation work performed in 2H22, the Company is pleased to confirm that it has not experienced any outages since October 2022 which would be significant enough to incur service credit payments to AXA Health.

Prior service credit liabilities to AXA were settled in December 2022, as previously announced.

Outlook

Below is a summary of performance against the updated market guidance related to FY23 provided in August 2022:

	Aug-22 Guidance	Revised guidance
Annualised revenue run rate 1H23 end[3]	£44-48 million	£42-£46m
Gross margin at 1H23 end[4]	50-55%	Delayed to 2H23

[3] Annualised revenue run rate 1H23 end means June 2023 revenue multiplied by 12
[4] Gross margin at 1H23 end means the gross margin in June 2023

Contribution margin at 1H23 end[5]	35-40%	Delayed to 2H23

Each of the guidance revisions set out above are due to the delay in the launch date of the Mixed Clinical Workforce and QuickConsult initiatives (described above), which, together, are the key drivers of revenue growth and margin improvement for the Company.

In addition to the above, the Company expects to become EBITDA positive in Q1 2024 and be cash generative soon after that. It also expects to fully comply with the terms and covenants of its £10m loan from AXA, including maintaining a minimum cash balance of £3.0m, without recourse to new funding. This will be achieved through a combination of the change in operating model, growth in consultation numbers and optimising operating and non-operating costs.

This updated guidance is based on a number of key assumptions and dependencies as outlined below:

- Minimum growth of 40% in demand for consultations from the Company's patient base
- Continued stability of the technology platform to continue throughout 2023 and Q1 2024 with SLA credits being kept to a minimum in period
- The launch of the Mixed Clinical Workforce proposition in Q2 2023, with over 40% of patients receiving treatment through this service once it has been fully rolled-out
- The ability to recruit and retain enough clinicians to meet patient demand and tightly manage incentive payments
- The ability to drive productivity gains which underpin the Company's 2023 plan together with no material unanticipated increases in non-operating costs
- The ability to implement inflation adjusted price increases pursuant to our agreement with AXA
- Drawdown of Tranches 2 and 3 of the AXA loan facility in 2023

This update must be read as a whole and is subject to the disclaimer that it:

- Is subject to the assumptions referred to above and, if any of those assumptions are not met, actual results may differ from this guidance;
- Is not a prediction or guarantee of future performance; and
- Involves known and unknown risks, uncertainties and other factors which are beyond the Company's control, and which may cause actual results to differ from this guidance. The Company is not liable for the accuracy and/or correctness of this information and any differences between the guidance and actual outcomes.

- ENDS -

This ASX announcement has been authorised for release by the Board of Directors.

[5] Contribution margin at 1H23 end means contribution margin in the month of June 2023

Forward looking statements:

This announcement contains forward-looking statements which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the date of this announcement, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and the directors and management of the Company. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

About Doctor Care Anywhere:

Doctor Care Anywhere Group PLC is a UK-based telehealth company that is committed to delivering the best possible patient experience and clinical care through digitally enabled, joined up, evidence based pathways on its proprietary platform. Doctor Care Anywhere utilises its relationships with health insurers, healthcare providers and corporate customers to connect with patients to deliver a range of telehealth services.

Further Information:
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Appendix 4E - Preliminary Final Report FY2022

Doctor Care Anywhere Group plc
Year ended 31 December 2022

Reporting period

Current reporting period (FY22): 1 January 2022 to 31 December 2022
Previous reporting period (FY21): 1 January 2021 to 31 December 2021

Basis of preparation

This financial report has been prepared in accordance with measurement and recognition (but not disclosure) requirements of International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 (UK), in British Pounds Sterling.

The financial information on which this report is based is in the process of being audited.

Results for announcement to the market

				Variance to FY21	
		FY22	**FY21**	**Variance**	**%**
Revenue	£m's	29.8	25.0	4.8	*19.3%*
Net loss	£m's	(22.0)	(20.2)	(1.8)	*(9.0%)*
Net tangible assets per security	£'s	0.01	0.06	(0.05)	*(85.4%)*

Revenue

Revenue growth across the period was driven by an increased volume of consultations delivered to the Company's growing base of Activated Lives.

Net loss

Net loss for FY22 included a major non recurring restructuring costs of £1.6m and the impairment of goodwill of £2.5m. Adjusting for these items, FY22 net loss was £17.9 million.

There were no material non recurring items in FY21. Excluding the non-recurring items in FY22, net loss for FY22 was £2.4 million (11.8%) lower than net loss for FY21. This decrease in net loss was largely due to revenue growth and a focus on reducing costs.

Net tangible assets per security

The reduction in net tangible assets per security is primarily due to the Company's cash balance being lower at 31 December 2022.

Dividends

It is not proposed to pay any dividends, nor were any paid in the prior period.

Joint ventures

The Company is party to a joint venture with AXA Health, in respect of Doctor at Hand Diagnostics Limited. The Company holds 50% of the issued share capital of the joint venture company.

Financial Statements

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2022	Year ended 31 December 2021
		£000's	**£000's**
Revenue	1	29,793	24,965
Cost of sales		(16,997)	(14,569)
Gross profit		**12,796**	**10,396**
Administrative expenses	2	(32,992)	(31,331)
Goodwill impairment	3/6	(2,498)	-
Other operating income		625	622
Operating loss		**(22,069)**	**(20,313)**
Share of loss of Joint Venture		(145)	(75)
Finance income		1	2
Finance expense	4	(77)	(143)
Loss before taxation		**(22,290)**	**(20,529)**
Tax credit		257	313
Loss for the financial year		**(22,033)**	**(20,216)**
Other comprehensive income		-	3
Total comprehensive loss for the year		**(22,033)**	**(20,213)**
Loss per share:		£	£
Basic and diluted		(0.06)	(0.06)

Consolidated Statement of Financial Position

	Note	31 December 2022 £'000	31 December 2021 £'000
Non-current assets			
Property, plant and equipment	5	1,220	1,894
Intangible assets	6	9,131	10,985
Interest in joint venture		1,966	2,112
Total non-current assets		**12,317**	**14,991**
Current assets			
Trade and other receivables: due within one year	7	3,893	4,139
Corporation tax receivable		392	460
Cash and cash equivalents		5,406	17,066
Total current assets		**9,691**	**21,665**
Current liabilities			
Trade and other payables: due within one year	8	(8,136)	(5,903)
Total current liabilities		**(8,136)**	**(5,903)**
Non-current liabilities			
Trade and other payables: due after one year	9	(1,375)	(1,027)
Deferred tax liabilities		(209)	(266)
Total non-current liabilities		**(1,584)**	**(1,293)**
Net assets		**12,288**	**29,460**
Capital and reserves			
Called up share capital	10	78	72
Share premium account	10	56,212	50,148
Other reserves		2,078	3,287
Retained losses		(46,080)	(24,047)
Total equity		**12,288**	**29,460**

Consolidated Statement of Changes in Equity

	Notes	Called up share capital	Share premium account	Other reserves	Accumulated losses	Total equity
		£'000	£'000	£'000	£'000	£'000
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2021		70	45,945	2,276	(3,831)	44,460
Comprehensive loss for the year		-	-	3	(20,216)	20,213
Total comprehensive loss for the year		-	-	3	(20,216)	(20,213)
Shares Issued	10	**2**	**4,203**	-	-	**4,205**
Total shares issued during the year		**2**	**4,203**	-	-	**4,205**
Share based payments		-	-	1,008	-	**1,008**
At 31 December 2021		**72**	**50,148**	**3,287**	**(24,047)**	**29,460**
Comprehensive loss for the year		-	-	-	(22,033)	(22,033)
Total comprehensive loss for the year		-	-	-	**(22,033)**	**(22,033)**
Shares Issued	10	6	6,064	-	-	**6,070**
Total shares issued during the year		**6**	**6,064**	-	-	**6,070**
Share based payments		-	-	(1,192)	-	**(1,192)**
Foreign exchange movements		-	-	(17)	-	**(17)**
At 31 December 2022		**78**	**56,212**	**2,078**	**(46,080)**	**12,288**

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Cash flows from Operating Activities			
Receipts from customers		**32,712**	25,899
Payments to suppliers and employees		**(48,212)**	(42,012)
Finance cost paid		**(2)**	(3)
Finance cost received		**2**	3
Government grants and tax incentives		**269**	-
Total cash flows from Operating Activities		**(15,231)**	**(16,113)**
Cash flows from Investing Activities			
Payment for property, plant and equipment		**(106)**	(650)
Purchase of intangible fixed assets		**(2,238)**	(2,035)
Payments to acquire entities	3	**-**	(1,820)
Total cash flows from Investing Activities		**(2,344)**	**(4,505)**
Cash flows from Financing Activities			
Payments to suppliers in relation to equity issue		**(339)**	(111)
Proceeds from equity issue	10	**6,408**	41
Proceeds from borrowings		**12**	-
Repayment of loans		**(177)**	(541)
Total cash flows from Financing Activities		**5,904**	**(611)**
Net cash flows		**(11,671)**	**(21,229)**
Cash and cash equivalents at beginning of year		**17,066**	38,362
Effect of movement in exchange rates on cash held		**11**	(67)
Cash and cash equivalents at the end of year		**5,406**	17,066

Note 1: Revenue

	Year ended 31 December 2022 £000's	Year ended 31 December 2021 £000's
Utilisation	**27,595**	21,017
Subscription	**2,194**	1,931
Other	**4**	2,017
Total	**29,793**	**24,965**

Note 2: Administrative Expenses

	Year ended 31 December 2022 £000's	Year ended 31 December 2021 £000's
Operations	**6,299**	5,409
Technology	**7,354**	4,834
Sales and Marketing	**1,858**	3,388
General and Administration	**17,481**	17,700
Total	**32,992**	**31,331**

Restructuring costs of £1.6m were incurred in FY22. These have been allocated to the respective categories.

Operations includes the expenses attributable to the delivery of the Group's core services.

Technology includes the expenses attributable to the development and maintenance of the Group's intellectual property. The increase year on year is predominantly due to investment in stabilising the Group's platform and restructuring costs.

Sales and Marketing includes the expenses attributable to the selling and marketing of the Group's services.

General and Administration includes the expenses attributable to supporting the Group's operating functions, depreciation (FY22: £0.5m, FY21: £0.6m), amortisation (FY22: £1.5m, FY21: £0.8m) and share-based payments (FY22: -£1.2m, FY21: £1.0m).

Note 3: Impairment of goodwill

Goodwill impairment

Under IFRS goodwill is not amortised but is subject to an annual impairment. Goodwill acquired through the acquisition of GP2U has been allocated to its own CGU for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of reviewed CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that the CGU may be impaired.

The recoverable amount of the GP2U CGU is based on a value in use computation, which has been calculated over a ten-year period. The cash flow forecasts employed for this computation are extracted from board approved budgets and specifically excludes future acquisition activity. Cash flows for a further period are based on the assumptions underlying the budgets.

A present value of the future cash flows is calculated using a post-tax discount rate representing the Group's estimated before tax weighted average cost of capital.

Key assumptions include management's estimates on sales growth and discount rates. The sales growth rate and discount rate used for the purposes of the impairment review were an average of 15% per annum and 12.6% respectively. Cash flow forecasts and key assumptions are generally determined based on historical performance together with management's expectation of future trends affecting the industry and other developments and initiatives in the business. Applying these techniques, an impairment charge of £2,498,000 arose in 2022.

Sensitivity analysis has been performed to determine the theoretical impact on impairment should scenarios occur which are alternative to those included within the impairment workings. These have sensitivities have been applied to goodwill:

- A reduction in the average growth rate to 10% per annum would result in goodwill being fully written off
- An increase of 1% in the discount rate would increase the impairment charge by £0.5m

Note 4: Finance Expense

	Year ended 31 December 2022 £000's	**Year ended 31 December 2021 £000's**
Interest expense on financial liabilities held at amortised cost	77	143
Total	**77**	**143**

Note 5: Property, plant and equipment

	Right of use asset £000's	Office equipment £000's	Computer equipment £000's	Total £000's
Cost				
At 1 January 2022	**1,678**	**203**	**802**	**2,683**
Additions	5	25	110	140
Disposals	(362)	-	(128)	(490)
At 31 December 2022	**1,321**	**228**	**782**	**2,331**
Depreciation				
At 1 January 2022	**440**	**55**	**294**	**789**
Charge for the period	243	56	250	549
Disposals	(103)	-	(124)	(227)
At 31 December 2022	**580**	**111**	**420**	**1,111**
Net book value				
At 31 December 2022	**741**	**117**	**362**	**1,220**
At 31 December 2021	**1,238**	**148**	**508**	**1,894**

Note 6: Intangible assets

	Trade names £000's	Customer relationships £000's	Patents £000's	Technical Knowh-ow £000's	Goodwill £000's	Computer Software £000's	Software develop-ment costs £000's	Total £000's
Cost								
At 1 January 2022	**512**	**1,424**	**50**	**500**	**5,181**	**205**	**6,968**	**14,840**
Additions	-	-	-	-	-	7	2,238	2,245
At 31 December 2022	**512**	**1,424**	**50**	**500**	**5,181**	**212**	**9,206**	**17,086**
Amortisation								
At 1 January 2022	**86**	**1,424**	**50**	**500**	**-**	**85**	**1,710**	**3,855**
Charge for the year	87	-	-	-	-	72	1,364	1,524
Impairment	-	-	-	-	2,498	-	77	2,575
At 31 December 2022	**173**	**1,424**	**50**	**500**	**2,498**	**159**	**3,150**	**7,955**
Net book value								
At 31 December 2022	**339**	**-**	**-**	**-**	**2,683**	**53**	**6,056**	**9,131**
At 31 December 2021	**426**	**-**	**-**	**-**	**5,181**	**120**	**5,258**	**10,985**

Note 7: Trade and other receivables (due within one year)

	As at 31 December 2022 £000's	As at 31 December 2021 £000's
Held at amortised cost		
Trade receivables	**1,636**	1,649
Loss allowance	**(77)**	(34)
Other receivables	**503**	366
Prepayments	**1,457**	1,171
Contract assets	**374**	987
Total	**3,893**	**4,139**

The group has no trade or other receivable balances due after more than one year.

Note 8: Trade and other payables (due within one year)

	As at 31 December 2022 £000's	As at 31 December 2021 £000's
Held at amortised cost		
IFRS 16 lease liability	**349**	337
Trade payables	**2,344**	820
Other taxation and social security	**811**	1,140
Other payables	**57**	74
Accruals	**4,237**	3,269
Contract liabilities	**338**	263
Total	**8,136**	**5,903**

Note 9: Trade and other payables (due after one year)

	As at 31 December 2022 £000's	As at 31 December 2021 £000's
Held at amortised cost		
IFRS 16 lease liability	**620**	1,017
Other payables	**754**	10
Total	**1,374**	**1,027**

Note 10: Share capital

	As at 31 December 2022	At as 31 December 2021
Shares on issue		
Ordinary	366,672,246	329,658,573
Deferred Ordinary	99,600	99,600
Total shares in issue	**366,771,846**	**329,758,173**
Nominal value		
Ordinary	£0.000167	£0.000167
Deferred Ordinary	£0.167	£0.167
Share capital	**£000's**	**£000's**
Ordinary	61	55
Deferred Ordinary	17	17
Total share capital	**78**	**72**

Deferred shares carry no voting or economic rights other than the return of the issue price. All other classes of shares entitle the holder to receive notice of and to attend, speak and to vote at any general meeting. No classes of shares confer rights of redemption.

Securities in the Company traded on the ASX are in the form of Chess Depository Interests (CDIs). CDIs are a type of depositary receipt that allows investors to obtain all the economic benefits of share ownership without holding legal title to the shares themselves. A CDI represents the beneficial interest in underlying shares in a Company. Shares underlying the CDIs are held by an Australian depositary nominee as the legal owner on behalf and for the benefit of the CDI holder. The holders of CDIs receive all the economic benefit of actual ownership of the underlying shares.