

Quarterly Activity Report and Appendix 4C

Doctor Care Anywhere Group PLC (ASX:DOC, “Doctor Care Anywhere” or “the Company”) is pleased to provide an update on trading and corporate activity for the quarter ended 30 September 2023 (“Q3 2023”)¹.

Executive Summary

- Successful launch of Mixed Clinical Workforce driving margin expansion and capacity for growth.
- 180,700 consultations delivered, up 29.8% on Q3 2022, down 5.3% on Q2 2023 in line with typical seasonal trends over summer holiday period.
- Total Operating and Investing Outflows were £1.6m/A\$3.0m in Q3 2023, down materially from £2.7m/A\$5.1m in Q3 2022 and £2.3m/A\$4.3m in Q2 2023
- Exited quarter with £6.9m / A\$13.0m cash on hand.
- Reiterating previous guidance of:
 - Gross margin of 50-55% by 2H23
 - Contribution margin of 35-40% by 2H23
 - Positive EBITDA by Q1 2024
- DCA’s exclusivity obligations with AXA Health removed, enabling DCA to provide its services to other health benefits and healthcare providers. This will allow the business to diversify and meaningfully grow its client base and propositions.

Operational Performance – KPIs

	Actual	% increase / (decrease) on	% increase / (decrease) on
	Q3 2023 000's	Q3 2022 (PCP)	Q2 2023 (QoQ)
Eligible Lives ² at Period End	2,987.9	15.1%	5.3%
Activated Lives ³ at Period End	1,000.7	25.1%	3.6%
Consultations ⁴ in Period	180.7	29.8%	(5.3%)
Secondary Care Journeys ⁵ in Period	10.7	40.0%	1.8%
Repeat Patients ⁶ in Period	136.4	30.8%	(3.1%)

¹ This Quarterly Activity Report and Appendix 4C is prepared in GBP in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 (UK) and is unaudited. Figures expressed in Australian Dollars (“A\$”) have been converted from British Pounds Sterling at an exchange rate of AUD:GBP 1:0.53 for the quarter ended 30 September 2023 and at 1:0.57 for the quarter ended 30 September 2022.

² **Eligible Lives** represents the total number of people who have an entitlement to use DOC’s services.

³ **Activated Lives** represents the total number of people who “sign up” for DOC’s service and enter their personal details.

⁴ **Consultations** is the number of GP, ANP, Psychiatrist and Psychologist consultations delivered to patients over the period.

⁵ **Secondary Care Journeys** is the number of secondary care journeys completed by patients over the period following a referral from an initial GP or ANP consultation on the DCA platform.

⁶ **Repeat Patients** represents the number of consultations completed by patients who had previously completed an appointment.

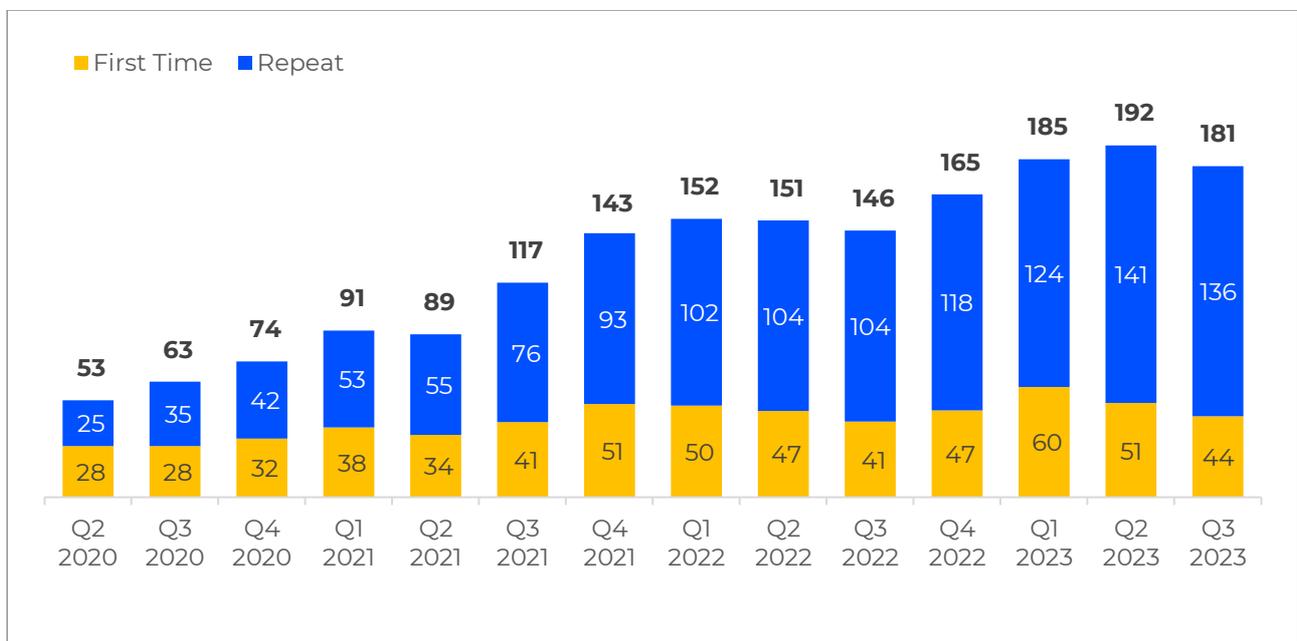
Commentary

Eligible Lives at the end of Q3 2023 were 3.0 million, up 15.1% on PcP and 5.3% QoQ. Growth in Eligible Lives was primarily driven by further penetration of the Company's services across existing channel partners.

At the end of Q3 2023, Activated Lives were 1,000,700, up 25.1% on the PcP and 3.6% QoQ. Achieving the milestone of 1 million Activated Lives shows continued uptake of our service.

Consultation volumes continued to grow year-on-year, with 180,700 consultations delivered in Q3 2023, up 29.8% on PcP but down 5.3% QoQ. The increase in consultation volumes on PCP was driven by both growth in activated lives and the successful launch of Mixed Clinical Workforce in June 2023 that materially increased our capacity to serve clients., The reduction QoQ was primarily driven by seasonality.

Consultations by Quarter (000's)



Returning patients represented 75% of all consultations in the quarter, an increase of 4 percentage points compared to PcP and an increase of 2 percentage points against the prior quarter. This is our highest ever percentage of returning patients, demonstrating strong client satisfaction.

Cash Position: Progress to Profitability and Net Cash Generation

	Q3 2023	Q2 2023	% increase /(decrease) QoQ	Q3 2022	% increase /(decrease) versus PcP
Cash movements	£000	£000		£000	
Receipts from customers	10,986	10,111	8.6%	8,274	32.8%
Other/Non-operating staff costs	(2,338)	(2,337)	0.0%	(2,333)	-
R&D/Intellectual property costs	(1,067)	(1,343)	(20.6%)	(1,767)	(39.6%)
Operating costs	(7,127)	(7,168)	(0.6%)	(5,200)	37.1%
Other administrative costs	(2,852)	(1,683)	69.5%	(1,670)	70.8%
Other inflows	763	143	433.6%	-	n/m
Total operating and investing outflows	(1,635)	(2,277)	(28.2%)	(2,696)	(48.4%)
Financing cash flows	2,366	(258)	n/m	(45)	n/m
Exchange gain/(loss)	(57)	(16)	256.3%	13	(538.5%)
Net cash flow	674	(2,551)	n/m	(2,728)	n/m

The Company is making strides towards being EBITDA positive in Q1 2024, with total operating and investing cash outflows reducing by £0.6 million (A\$1.1 million) QoQ and by £1.1 million (A\$2.1 million) versus PCP. This was driven by revenue growth, cost reduction activity and several one-off items, with supporting details below:

- Cash receipts from customers increased by 8.6% QoQ with the increase primarily driven by contractual inflationary price increases per consultation partially offset by a reduction in consultation volumes. This also represents a 32.8% increase versus PcP driven by price increases and an increase in volumes.
- Non-operating staff cash spend remained consistent QoQ and vs PcP with productivity initiatives being offset by growth and cost inflation.
- R&D and intellectual property cash spend reduced 20.6% QoQ primarily due to MCW development work being completed and efficiency gains realised throughout the department. The 39.6% decrease vs PcP is primarily from the restructuring programme in 2022 which reduced the size of the technology team, and ongoing productivity work.
- Operating cash spend reduced 0.6% QoQ and rose by 37.1% vs PcP. The reduction QoQ does not match the 5.3% drop in consultation volumes as DCA chose to maintain clinical capacity whilst MCW went live to support a smooth transition to our new service model. This is now being addressed with the service running well. The variance on PcP was driven by increases in consultation volumes and Q3 2023 capacity as noted earlier.
- Other administrative costs cash spend increased by 69.5% QoQ, which is mainly due to a payment of £1.2m for 18 months' worth of accrued administrative charges from Doctor at Hand Limited, DCA's Joint Venture with AXA. Excluding this payment, underlying administrative costs were largely flat QoQ and vs PcP despite inflationary pressures and growth in the business.

Other cash inflows in Q3 2023 relate to a VAT receipt in the period, the annual R&D tax rebate for the year ended 2022 and cash consideration received for the sale of GP2U.

Net financing cash inflows for the quarter were £2.4 million (A\$4.5 million), which was primarily due to the draw down of the £2.5m third tranche of the AXA loan facility. This facility is now fully drawn at £10m.

The overall cash inflow for the business in Q3 2023 was £0.7 million (A\$1.3 million), up by £3.2 million (A\$6.0 million) from Q2 2023 largely due to the financing from the AXA loan facility received in the period and improvements in operating cash flows.

The Company exited the quarter with £6.9 million (A\$13.0 million) of cash on hand as at 30 September 2023. The Board expects this to be sufficient to see the business to profitability in Q1 2024.

Activities since previous market update

Following the market update issued as part of the Appendix 4C release on 20 July 2023 and interim financial report on 30 August 2023, an update is provided below on key matters:

DCA's relationship with AXA Health evolves

DCA has been working with AXA Health since 2015; DCA has developed a range of services to support AXA Health's members, and AXA Health has supported DCA's development both as its primary customer and, through the December 22 Loan facility, as a provider of funds.

DCA and AXA Health's shared intent is that DCA should have the opportunity to diversify its client base and sources of revenue, so that it can be a resilient long-term provider of high quality healthcare services to AXA Health.

To support DCA's continuing development and diversification, AXA Health and DCA have agreed the following changes to their contractual relationship:

- DCA and AXA Health are removing their exclusivity obligations so that DCA may now provide its services to other health benefits and healthcare providers (including other private medical insurers and cashplan providers), while ensuring that this does not compromise the quality and availability of its service to AXA Health
- AXA Health has confirmed its continuing commitment to DCA as its provider of virtual primary care consultations, subject to ongoing contractual rights
- DCA will continue to manage diagnostic referrals for AXA Health members; but the joint venture structure will be unwound. The existing contractual arrangements, through which AXA Health and DCA share the benefits of managing patients through a diagnostic pathway, will continue to operate under the Master Services Agreement
- The Joint Venture Agreement will be terminated and the joint venture company, Doctor at Hand Diagnostics Limited ("JVCo"), will be wound up
- The intellectual property owned by JVCo (consisting principally of the technology that enables diagnostic referral pathway management) will be transferred to DCA
- DCA and AXA Health are working together to finalise the detailed amendments to be made to the Master Services Agreement, Joint Venture Agreement, Development Agreement and Loan Facility Agreement

DCA has received numerous approaches from potential new customers; following this change, DCA is now in a position to pursue these opportunities.

Other operational and financial update

- Following the successful launch of the Company's Mixed Clinical Workforce proposition in mid-June 2023, DCA's Advanced Nurse Practitioners (ANPs) have continued to increase DCA's capacity to serve patients, whilst reducing DCA's cost to serve. Our ANPs have been well received by our patients, with an average NPS score of 77 since launch indicating satisfaction with the service.

Guidance

As at the date of this report, DCA is on track to meet the remainder of its guidance issued in February 2023 (summarised below, and subject to the assumptions and dependencies accompanying that guidance).

Metric	Guidance
Gross margin of 50-55%	To be achieved in 2H23
Contribution margin of 35-40%	To be achieved in 2H23
EBITDA positive	To be achieved in 1Q24

Other

As required by ASX Listing Rule 4.7C.3, the Company discloses that payments to related parties in the period totalled £0.08 million, representing payment of Director Fees to Non-Executive Directors (including pension and payroll tax payments), a decrease of £0.01 million on the prior quarter.

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.

Corporate Overview

- 366,771,846 shares in issue
- Market capitalisation of A\$21.6m at date of report release
- £6.9m (A\$13.0m) cash at 30 September 2023
- £10.0m (A\$18.9m) in drawn down debt at 30 September 2023

- ENDS -

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

About Doctor Care Anywhere:

Doctor Care Anywhere Group PLC is the UK's largest private provider of telehealth services. The Company works with insurers, healthcare providers and corporate customers to provide patients with a range of digitally-enabled telehealth services on its proprietary platform. DCA is committed to delivering the best possible patient experience and clinical care through digitally enabled, joined up, evidence-based pathways.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity		
Doctor Care Anywhere Group PLC		
ARBN	Quarter ended ("current quarter")	
645 163 873	30 September 2023	
Consolidated statement of cash flows	Current quarter £'000	Year to date (9 months) £'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,986	29,342
1.2 Payments for		
(a) research and development	(710)	(2,012)
(b) product manufacturing and operating costs	(6,766)	(20,311)
(c) advertising and marketing	(75)	(227)
(d) leased assets	-	-
(e) staff costs	(2,698)	(7,328)
(f) administration and corporate costs	(2,753)	(6,798)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	23
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	504	700
1.8 Other (provide details if material)	155	749
1.9 Net cash from / (used in) operating activities	(1,343)	(5,867)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(24)	(152)
(d) investments	-	-
(e) intellectual property	(357)	(1,927)

Consolidated statement of cash flows		Current quarter £'000	Year to date (9 months) £'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(g) entities	90	90
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(291)	(1,989)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	2,500	10,000
3.6	Repayment of borrowings	(134)	(549)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,366	9,451

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,243	5,406
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,343)	(5,867)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(291)	(1,989)

Consolidated statement of cash flows		Current quarter £'000	Year to date (9 months) £'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,366	9,451
4.5	Effect of movement in exchange rates on cash held	(57)	(84)
4.6	Cash and cash equivalents at end of period	6,917	6,917

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter £'000	Previous quarter £'000
5.1	Bank balances	6,917	8,793
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,917	8,793

6.	Payments to related parties of the entity and their associates	Current quarter £'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	80
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end £'000	Amount drawn at quarter end £'000
7.1	Loan facilities	10,000	10,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	10,000
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>The loan facility is as announced by the Company on 12 December 2022:</p> <p>https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02611642-2A1419999?access_token=83ff96335c2d45a094df02a206a39ff4.</p> <p>The lender is AXA PPP Healthcare Group Limited (AXA).</p> <p>The interest is 5%, accruing quarterly and payable in full on the Maturity Date. The loan is guaranteed by Doctor Care Anywhere Group Limited (DOC) and a number of its subsidiaries. To secure the loan, the subsidiaries have granted AXA a debenture creating fixed and floating charges over all their assets and undertaking and DOC has granted AXA a pledge over all its shares in the subsidiaries.</p> <p>Maturity date is 30 November 2026.</p>		

8.	Estimated cash available for future operating activities	£'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,343)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,917
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,917
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: </div>	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: </div>	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 18 October 2023

Authorised by: Board of Directors