10 December 2020

Induction Healthcare Group PLC

(“Induction”, the “Company”, or the “Group”)

Half year results

First year of revenue; strong momentum for recurring revenue

Induction, a leading healthcare technology company that helps achieve digital efficiencies for hospitals, their front-line clinicians and patients, announces results for the six months ended 30 September 2020.

Financial highlights

- First full year of revenue
- Strong momentum in sales and Annual Recurring Revenue (ARR) run rate across all its subscription-based software products
- Revenues of £0.6m, includes first revenue generated by Induction Switch (as previously indicated)
- Robust balance sheet, with net cash of £5.0 million; prudent management of costs and cashflow
- Deferred revenue at £0.6m (H1 2020: nil)

Strategic progress

- Induction Zesty (leading provider of patient portals to NHS Hospitals in the UK):
    - Strategic collaboration with Cerner to resell Induction Zesty patient portal platform to Cerner customers in UK and Ireland
    - Platform ‘go live’ at the Royal Free London NHS Foundation Trust[1]
    - Collaboration with Apple, Cerner and Milton Keynes University Hospital NHS Trust to enable Health Records on iPhone, a ‘first of type’ NHS innovation for patients
    - Selected for NHSX Spark Dynamic Purchasing System to support organisations procure remote monitoring solutions
- Induction Switch (number one healthcare collaboration app in the UK)
    - Accepted on to NHSX Clinical Communications Framework to help NHS Trusts phase out pagers and procure communication services
    - First commercial contract with South Wales Trauma Network enabling multiple clinical teams to communicate via messaging and share resources
- Induction MicroGuide (platform enabling medical organisations to create and publish medical guidelines)
    - Achieved first large-scale international commercial contract in Mexico
    - As previously announced, achieved earn-out ahead of schedule
- Strong user growth and engagement (YoY)
    - Induction Switch: users up 64%, directory calls up 34%
    - MicroGuide: users up 32%, guideline page views up 40%
    - Induction Zesty: users up 190%
- Continuing investment in product development to support new features and additional services

Current trading and outlook

- Sales momentum and recurring revenue provides a foundation for future growth
- Strong pipeline of orders with multi-year contracts
- Healthy acquisition pipeline targeting new and complementary products and geographies, supporting the strategy to add solutions that deliver value to patients, doctors and other clinicians

[1] https://www.royalfree.nhs.uk/my-rfl-care-patient-portal/

- Growth of registered users and user engagement across Induction's product suite, and progress with key frameworks and collaborations such as NHSX Clinical Communication Framework and Cerner creates a strong foundation for continued growth in recurring revenue in the year ahead

Dr Hugo Stephenson, Joint-CEO of Induction Healthcare, said:
"The Group has generated excellent commercial momentum in the first half of the current financial year and has delivered its first full year of revenues. I am particularly excited by our momentum with customers, such as the first NHS contract in South Wales for Induction Switch, and admission onto the NHSX Clinical Communications Framework. We are proud to work in collaboration with Apple and Milton Keynes Hospital NHS Trust on a 'first of type' NHS innovation, enabling patients to view their Health Records on their own iPhone. Our acquisitions continue to perform and integrate well, as shown by MicroGuide achieving its earn out ahead of schedule. We have an exciting and active pipeline of acquisition opportunities which will further enhance the product offering of the Group.

"Ongoing growth in user engagement, amongst doctors and patients alike, is testament to the value healthcare stakeholders are getting across the range of Induction products. This progress, allied to our robust balance sheet, future contracted revenue, a major collaboration with Cerner and NHSX Clinical Communications framework, supports confidence of further progress in the remainder of the financial year."

ENDS

ENQUIRIES

Induction Healthcare Dr Hugo Stephenson, Joint Chief Executive Officer James Balmain, Joint Chief Executive Officer	Via FTI Consulting
Numis Securities (Nominated Adviser and Broker) James Black / Freddie Barnfield / Huw Jeremy / Matthew Jones	+44 (0) 207 260 1000
FTI Consulting Jamie Ricketts / Elena Kalinskaya / Sam Purewal	+44 (0) 203 727 1000

About Induction

Induction (INHC.LSE) is a UK based health IT company with leading user traction enabling the digital transformation of secondary care. This is done by rolling up smaller solutions that are loved by doctors, staff and patients and giving those solutions the infrastructure, credibility and interoperability they need to achieve commercial success at scale. Induction Switch is the number one healthcare collaboration app in the UK, used by the majority of hospital doctors. Over 190,000 doctors across multiple territories, including the UK, Ireland, Australia and South Africa - as well as a rapidly growing cohort of over 140,000 patients - choose to use Induction products over traditional methods of managing care.

CEO REVIEW

Induction has performed strongly, once again, in the last six months. We have grown user engagement substantially and established strong commercial momentum. Not only have we generated our first full year of revenues, we are seeing revenue growth across all of our platforms.

We continued to be user-led, focused on growing our core user base across the Switch, MicroGuide and Induction Zesty platforms, delivering a range of new features and additional services to support users' work during the challenges of the COVID-19 pandemic.

In the reporting period, the Group's revenue increased to £0.6m (H1 2020: nil). MicroGuide continued to build recurring revenue through the longer term nature of its contracts. The six month period saw revenue generation from Induction Switch for the first time. The Group has created a new sales team building strong foundations that we expect to deliver sustained growth in both annual recurring revenue and future contracted revenue in the coming six months, particularly via our partnership with Cerner and our acceptance onto the centrally funded NHSX Clinical Communications framework.

The growth in our platforms has increased our reach across our key NHS markets. Induction products are growing into 'digital utilities' used multiple times a day by healthcare professionals and patients, saving them valuable time and helping drive better outcomes for patients.

As the NHS 'restarts' following the intense and ongoing disruption of COVID-19, there is significant focus on using digital platforms to streamline care and we believe the Group is well placed to support our NHS customers achieve their objectives during and after the current COVID-19 pandemic. Our people have adapted well to the challenges of working from home and reduced customer face to face meetings while in parallel successfully integrating the pre-existing Induction and Zesty businesses.

Induction Zesty is well positioned to deliver solutions to NHS hospitals in response to a growing demand for remote monitoring and online triage tools. Induction Switch and MicroGuide, continue to allow multi-disciplinary teams to communicate, collaborate and share clinical guidelines in a secure and locally administrated environment.

Strategy execution

In the last six months we have continued to execute our 'buy and build' strategy successfully, evidenced by the Zesty acquisition in June 2020 and Horizon Strategic Partners Limited achieving their earnout ahead of schedule. As a consequence, the Group is benefitting from the economies of scale as well as the synergies derived from operating across a similar customer base.

Outlook and current trading

The business has created new commercially focused teams to accelerate sales as we look to capitalise on the Cerner VAR partnership and Induction Switch's inclusion in the NHSX Clinical Communication Framework. We aim to drive revenues from the ongoing development of Switch and MicroGuide through the loyal MicroGuide customer base.

Sales momentum, recurring revenue, our pipeline of orders with multi-year contracts, and a healthy acquisition pipeline provide a foundation for future growth. This allied to growth in registered users and user engagement underpins our confidence of further progress in the remainder of the financial year.

FINANCIAL REVIEW

The first half of the financial year has been a period of operational resilience, revenue growth, and integration of the Zesty acquisition. While the COVID-19 pandemic saw the business adapt to the "new normal" of operational practices and the joining of two businesses and cultures, the Group was able to focus on building a new organisational structure that has set the foundations for the business to drive commercial performance.

We have prudent management of costs and cashflow while the business drives revenue and invests in further development of its apps. Overall, the business delivered a good performance in the period as it successfully executed on its strategy of complementary acquisitions and organic revenue growth. As a consequence of this active investment the Group recognised £0.6m of sales in the period (H1 2020: nil) and has deferred revenues on the balance sheet of £0.6m (H1 2020: nil).

Switch secured its first contract that also contributed to revenue in the period. The Group recurring revenue for the period accounted for 78.7% of the total revenue, with the remaining 21.3% being one off service fees to implement the Zesty app. The MicroGuide app had revenue for the period of £0.3m, which delivered growth of 100% against prior year. Since the acquisition of Zesty in June 2020, the platform has increased its annually recurring revenue run rate by 54% to September 2020.

Loss before Tax at £3.2m (H1 2020: loss before tax £2.2m), increased on last year primarily reflecting the combined investment in product development following the acquisition of the Zesty. The adjusted loss before tax for the Group was £2.3m (H1 2020: adjusted loss before tax £1.9m) having adjusted for the amortisation of acquired intangibles of £0.6m (H1 2020: £0) and acquisition costs of £0.3m (H1 2020: £0.3m) The Group also capitalised software development expenditure of £0.7m (H1 2020: £0.2m) during the period.

To maintain its strong financial position, the Group is focused on tight cash and working capital management as one of its key priorities. Cash at 30 September was £5.0m (H1 2020: £13.6m). During the six month period the Group used £2.4m in its operating activities. In addition, the Group invested £2.0m in acquisitions, consisting £1.5m relating to the final earnout payment for MicroGuide (Horizon Strategic Partners Limited) and £0.5m being the cash component of the Zesty acquisition. The Group had no borrowing at 30 September 2020, having repaid in full a high interest bearing loan of £0.5m inherited as part of the Zesty acquisition.

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30 September 2020

	Note	30 September 2020	30 September 2019 (Restated)
		£000	**£000**
Revenue from contracts with customers	3	582	-
Cost of sales		(304)	(48)
Gross Profit/(loss)		**278**	**(48)**
Other Income		-	-
Sales and marketing expenses		(296)	(76)
Development expenses		(991)	(518)
Administrative expenses		(2,087)	(1,583)
Other operating expenses		(91)	-
Operating loss		**(3,187)**	**(2,225)**
Finance Costs		(4)	-
Finance Income		2	17
Loss before tax		**(3,189)**	**(2,208)**
Taxation	5	7	-
Loss for the financial year/period		**(3,182)**	**(2,208)**
Attributable to:			
Equity holders of the parent		(3,182)	(2,208)
		(3,182)	**(2,208)**
Loss per share from operations			
- Basic	6	(0.09)	(0.10)
- Diluted	6	(0.09)	(0.10)

Amounts presented for the period 30 September 2019 have been restated, refer Note 1.

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30 September 2020

	Note	30 September 2020	30 September 2019
			(Restated)
	Note	£'000	£'000
Loss for the year/period		**(3,182)**	**(2,208)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		(4)	(1)
Reclassified to profit and loss during the period		(7)	0
Other comprehensive income for the financial year/period		**(11)**	0
Total comprehensive loss for the financial year/period		**(3,193)**	**(2,209)**
Attributable to:			
Equity holders of the parent		(3,193)	(2,209)
		(3,193)	**(2,209)**
Loss per share:			
Basic loss per share (£)	6	(0.09)	(0.10)
Diluted loss per share (£)	6	(0.09)	(0.10)

Amounts presented for the period 30 September 2019 have been restated, refer Note 1.

Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Note	30 September 2020	31 March 2020
		Unaudited	**Audited**
		£'000	**£'000**
Non-current assets			
Goodwill	9	9,928	1,553
Intangible Assets	9	6,550	2,349
Property, Plant and Equipment		18	-
Deferred tax assets	5	871	97
		17,367	**3,999**
Current assets			
Trade and other receivables	10	396	140
Contract Assets		171	23
Cash and cash equivalents	11	5,014	10,718
		5,581	**10,881**
Total assets		**22,948**	**14,880**
Non-current liabilities			
Contract liabilities		274	38
Deferred tax liabilities		1,088	321
		1,362	**359**
Current liabilities			
Trade and other payables	12	820	402
Contract liabilities		298	263
Loans and borrowings	14	-	-
Other financial liabilities	14	-	1,409
		1,118	**2,074**
Total liabilities		**2,480**	**2,433**
Net assets/(liabilities)		**20,468**	**12,447**
Equity attributable to equity holders of the parent			
Share capital	13	210	148
Share premium	13	29,321	18,432
Translation reserve		(4)	7
Other reserves		356	94
Merger reserve		(10)	(10)
Accumulated deficit		(9,405)	(6,224)
		20,468	**12,447**

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Note	Share Capital £'000	Share Premium £'000	Translation reserve £'000	Other reserve £'000	Merger reserve £'000	Accumulated deficit £'000	Total equity £'000
Balance at 1 April 2020		148	18,432	7	94	(10)	(6,224)	12,447
Total comprehensive loss for the period								
Loss for the period		-	-	-	-	-	(3,182)	(3,182)
Other comprehensive loss for the period		-	-	(11)	-	-	-	(11)
Total comprehensive loss for the period		**-**	**-**	**(11)**	**-**		**(3,182)**	**(3,193)**
Transactions with owners, in their capacity as owners								
Issue of ordinary shares as consideration for a business combination		62	10,953	-	-	-	-	11,015
Share-issue costs		-	(64)	-	-	-	-	(64)
Equity-settled share-based payments		-	-	-	262	-	-	262
Total contributions by and distributions to owners		**62**	**10,889**	**-**	**262**	**-**	**-**	**11,213**
Balance at 30 September 2020		**210**	**29,321**	**(4)**	**356**	**(10)**	**(9,405)**	**20,468**

	Share Capital	Share Premium (Restated)	Translation reserve	Other reserve	Merger reserve (Restated)	Accumulated deficit (Restated)	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 April 2019	66	-	(1)	-	-	(2,707)	(2,642)
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	-	(2,208)	(2,208)
Other comprehensive loss for the period	-	-	1	-	-	-	1
Total comprehensive loss for the period	**-**	**-**	**1**	**-**	**-**	**(2,208)**	**(2,207)**
Transactions with owners, in their capacity as owners							
Reserves arising on acquisition of subsidiaries	-	-	-	-	(10)	10	-
Pre-IPO shares issued	9	1,991	-	-	-	-	2,000
Shares issued to settle loan notes	9	1,991	-	-	-	-	2,000
Issue of ordinary shares as consideration for a business combination	2	398	-	-	-	-	400
IPO shares issued	62	14,521	-	-	-	-	14,584
Share-issue costs	-	(469)	-	-	-	-	(469)
Equity-settled share-based payments	-	-	-	39	-	-	39
Total contributions by and distributions to owners	**82**	**18,432**	**-**	**39**	**(10)**	**10**	**18,554**
Balance at 30 September 2019	**148**	**18,432**	**-**	**39**	**(10)**	**(4,905)**	**13,705**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Note	For the period ended 30 September 2020	For the period ended 30 September 2019 (Restated)
		£000	**£000**
Cash flows from operating activities			
Loss for the financial year/period		(3,182)	(2,208)
Adjustments for:			
Amortisation and impairment of intangible assets		561	21
Finance costs		4	-
Finance income		(2)	(17)
Share-based payment expense		262	-
Net foreign exchange differences		(10)	-
Fair value adjustment of contingent consideration		91	-
Taxation		(7)	-
		(2,283)	(2,204)
Decrease / (Increase) in trade and other receivables and contract assets		(75)	165
(Decrease) / Increase in trade and other payables and contract liabilities		(79)	(395)
Interest received		2	17
Interest paid		(4)	-
Income taxes received		-	-
Income taxes paid		-	-
Net cash used in operating activities		**(2,439)**	**(2,417)**
Cash flows from investing activities			
Payments for acquiring businesses, net of cash acquired		(1,987)	-
Payment of software development costs		(687)	-
Acquisitions of property, plant and equipment		(3)	-
Net cash from investing activities		**(2,677)**	-
Cash flow from financial activities			
Repayments of loans and borrowings		(514)	-
Share issue costs		(64)	-
Share issue proceeds		-	15,809
Net cash from financing activities		**(578)**	**15,809**
Net increase in cash equivalents		**(5,694)**	**13,392**
Cash and cash equivalents at the beginning of the financial year/period		10,718	169
Effects of exchange rate changes on cash and cash equivalents		(10)	-1
Cash and cash equivalents at the end of the financial year/period		**5,014**	**13,560**

Amounts presented for the period 30 September 2019 have been restated, refer Note 1.

Notes to the Condensed Consolidated Interim Financial Statements

1. General Information

Reporting entity

Induction Healthcare Group PLC ("Induction" the "Parent" or the "Company") is publicly listed on the AIM market of the London Stock Exchange ("LSE") incorporated, domiciled and registered in the United Kingdom. The registered number is 11852026 and the registered address is 20 St. Dunstan's Hill, London, United Kingdom, EC3R 8HL. Induction is a leading healthcare technology company helping to streamline delivery of care by providing software to healthcare professionals.

As of 30 September 2020, Induction Healthcare Group PLC comprised of six legal subsidiaries, that are majority owned and controlled, and therefore fully consolidated in the Company's consolidated financial statements. Details of the Company's subsidiaries are included in note 8.

Basis of preparation

These interim financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial information included in the annual report and accounts as of and for the year ended 31 March 2020.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent obtained control and continue to be consolidated until the date when such control ceases. The financial information of the subsidiaries is prepared for the same reporting period as the Parent, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Changes in the Parent's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Parent loses control over a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

These interim financial statements are unaudited and were approved by the Board of Directors and authorised for issue on 26 November 2019 and are available on the Company's website at www.inductionhealthcare.com under "Investors – Financial reports & publications".

Going concern

For the period ended 30 September 2020, the group made a loss of £3,188,355 and had net current assets of £4,462,519. The Board of Directors have reviewed the projected cash flow forecasts to 31 March 2022 and other relevant information, together with considering the severe yet plausible downside scenarios of COVID-19 and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Restatement of prior period

During the year ended 31 March 2020, and after the condensed consolidated financial statements for the 6-month period to 30 September 2019 had been reported, the Group finalised the purchase price allocation for the acquisition of Podmedics Limited under IFRS 3, within the measurement period of one year. This resulted in a restatement of the period to 30 September 2019.

On 7 May 2019, Induction Healthcare Limited exercised the option to acquire the share capital of Podmedics Limited which was acquired in September 2018 for £100,000 (refer Note 16). Subsequently, Dr Edward Wallitt, Induction Healthcare Limited and Podmedics Limited entered into a share purchase agreement pursuant to which Induction Healthcare Limited acquired the entire issued share capital of Podmedics Limited (06840040) from Dr Edward Wallitt. The consideration payable under the share purchase agreement was £400,000 which was satisfied following Admission by the issue by the Company to Dr Edward Wallitt of 347,826 Ordinary Shares in the capital of the Induction Healthcare Group PLC. Pursuant to the share purchase agreement, Dr Edward Wallitt granted customary warranties and a tax deed to Induction Healthcare Limited. The primary reason for the acquisition was to bring under the Group's control all of the assets and intellectual property relating to Induction Switch.

An intangible asset of £500,000 was previously recognised in the condensed consolidated interim financial statements for the period ended 30 September 2019. As part of the completion of the purchase price allocation, this was allocated to individually identifiable intangible assets, with the remainder of the consideration being allocated to goodwill. In addition, the individually identified intangible assets were amortised from the date of acquisition.

The impact of the restatement on the period to 30 September 2019 is as follows:

	Period to 30 September 2019
	£000
Increase to goodwill	417
Decrease to intangible assets	(417)
Increase to amortisation expense	12

In addition, on 1 April 2019, Induction Healthcare Group plc acquired 100% of the share capital of Induction Healthcare Limited, the previous parent company of the Group, in a share for share exchange transaction. This was accounted for as a common control transaction in the financial statements for the year ended 31 March 2020 and resulted in a negative merger reserve of £10,388. The results for the 6 month period to 30 September 2019 have been restated for the effect of recognising the merger reserve. The impact is a decrease in the merger reserve of £10,388, and a corresponding decrease in accumulated deficit. The impact is net Nil on total equity.

2. Accounting policies

2.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial information of subsidiaries is included in these financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Change in subsidiary ownership and loss of control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

2.2 Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is initially measured at the acquisition date at cost, being:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

2.3 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4 Fair value measurement

The Group measures financial instruments at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities measured at fair value are classified into a fair value hierarchy based on the valuation technique used to determine fair value as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.5 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The functional currency of the Company is Sterling. The assets and liabilities of foreign operations with functional currencies other than Sterling, including fair value adjustments arising on consolidation, are translated to the Group’s presentational currency, Sterling, at foreign exchange rates ruling at the consolidated statement of financial position date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

2.6 Financial instruments

Classification of financial instruments

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in Induction Healthcare Group plc's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of Induction Healthcare Group plc's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of Induction Healthcare Group plc's own shares, the amounts presented in the financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Recognition and initial measurement

Non-derivative financial instruments comprise other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. All financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value plus, for items measured at amortised cost, transaction costs directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets – classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss ("FVTPL"). The Group has no financial assets measured at fair value through other comprehensive income ("FVOCI"). A financial asset is measured at amortised cost if it is both: held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise to cash flows that are solely payments of principal and interest on the amount outstanding.

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition, and "interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument, including any terms which may affect the timing or amount of contractual cash flows. All financial assets not measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value with net gains and losses, including any interest or dividend income, recognised in profit or loss.

Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the consolidated cash flow statement.

Derivative financial instruments and other financial assets

Other financial assets comprise call options. Options are initially classified as FVTPL and recognised at fair value based on the consideration paid for the option. Subsequently, the options are measured at fair value and the gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way the business is managed, and information provided to management. The assessment includes consideration of the stated objectives of the portfolio, the performance of the portfolio, the risks that affect the performance of the business model, and the frequency, volume and timing of sales of financial assets.

Impairment

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs, except for cash and cash equivalents which is measured using 12-month ECLs. ECLs are a probability-weighted estimate of credit losses and are measured as the present value of all cash shortfalls expected on financial assets, using the effective interest rate of the financial asset. Lifetime ECLs are the ECLs which result from all possible default events over the expected life of a financial instrument. When determining ECLs, the Group considers reasonable and supportable qualitative and quantitative information that is relevant and available without undue cost or effort. The Group considers a financial asset to be in default when the borrower is unlikely to pay its obligations to the Group in full without recourse by the Group to actions such as realising security (if any held) or when the financial asset is more than 90 days overdue.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

The Group derecognises a financial asset when the contractual rights to receive cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership are transferred.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development

Expenditure on research activities is recognised in the consolidated income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes direct labour and directly attributable expenses such as hosting fees. Other development expenditure is recognised in the consolidated income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the consolidated income statement as an expense as incurred. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in a business combination

During the 6-month period to 30 September 2020, the Group acquired trade and brand names, users and technology as part of business combinations.

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each statement of financial position date. Other intangible assets are amortised from the date they are available for use.

A summary of the policies applied to the Group’s intangible assets are as follows:

	Technology	**Users**	**Trade Name**	**Capitalised development costs**
Useful life	3 – 10 years	3 – 10 years	3 -10 years	3 years
Amortisation method	Straight line over the expected life of the asset	Straight line over the expected life of the asset	Straight line over the expected life of the asset	Straight line over the expected life of the asset
Internally generated or acquired	Acquired	Acquired	Acquired	Internally developed

2.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”).

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.9 Employee benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised if the Group has a present legal or constructive obligation to pay an amount as a result of past employee service and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market and non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Group receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each statement of financial position date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

2.10 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.11 Revenue

The Group is in the business of providing access to the Group's proprietary applications. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The transaction price is determined based on the standard list price in line with the Group's pricing policy. Revenue is therefore shown net of value added tax and trade discounts and is reported for healthcare institutions, whereby healthcare institutions are charged a subscription fee for making the applications available to users.

Control is transferred, and performance obligations are satisfied over time over the subscription period and therefore this revenue is recognised rateably over the period of the subscription.

Payment is due within 30 days of date of invoice.

The Group did not enter into any transactions with variable consideration, rights of return, volume rebates or significant financing components during the period. The Group does not have any warranty obligations.

A contract asset is initially recognised for renewals of subscriptions, where the customer continues to have access to the applications but has not been invoiced for the subscription renewal. Upon receipt of a purchase order from the customer and invoicing by the Group, the balance is reclassified to trade receivables.

A contract liability is recognised if a payment is received from a customer in advance of the subscription period to which that payment relates.

The Group has not incurred any costs to obtain or fulfil contracts with customers during the period.

The Group has elected to use the practical expedient to disregard the significant financing component for contracts with a subscription period of 12 months or less

2.12 Expenses

Cost of sales
Cost of sales consists of the direct costs associated with the Group's proprietary applications, including costs incurred for server hosting and data population.

Lease payments

Payments made under leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense.

Financial income

Financial income comprises interest received on cash balances held by the Group and is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2.13 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Expenses and assets are recognised net of the amount of sales tax, except:

• When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

• When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Research and Development Expenditure Credits ("RDEC") to be received in cash are recorded in other income in the period in which the qualifying expenditure was incurred, once the underlying claim methodology has been agreed with HM Revenue & Customs. No RDEC were recognised during the 6-month period ended 30 September 2020 due to the fact that this year is the first year of submission of a claim, and there is therefore uncertainty over the amount and timing of the amount to be received in cash.

Research and development tax credits claimed from HM Revenue & Customs are taken as a credit in the period in which the qualifying research and development costs are incurred. No credits have been recognised due to the uncertainty over the amount and timing of the credits.

3. Revenue

Disaggregated revenue information

	Period to 30 September 2020 £000	Period to 30 September 2019 £000
Geographical markets		
United Kingdom	529	-
Europe	4	-
United States	13	-
Rest of World	37	-
Total Revenue from contracts with customers	**582**	**-**

4. Share Based Payments

On the admission to the AIM market 22 May 2019, the Group established the Company Share Option Plan ("CSOP") that awarded executive directors, management and other employees share options. The award is granted in the form of share options over ordinary share of 0.5pence each with the intent of normal vesting after a minimum period of three periods from the date of grant. Vesting is subject to continued services of the participant and may be subject to performance conditions. No options issued during the period had any vesting conditions other than service conditions attached. The Group accounts for the plan as and equity settled plan. There were no cancellations or modifications to the awards in the 6-month period to 30 September 2020.

The fair value of share options is estimated at the grant date using a Black-Scholes-Merton model, taking into account the terms and conditions on which the options were granted.

The expense recognised for employee services received during the period is:

	Period to 30 September 2020	**Period to 30 September 2019**
	£000	**£000**
Expense arising from equity settled share base payment transactions	262	39
Total expense arising from share-based payment transactions	**262**	**39**

Movements during the period

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period.

	Period to 30 September 2020	**Period to 30 September 2020**
	Number	**WAEP (£)**
Outstanding at 1 April 2020	767,402	0.005
Granted during the period	1,753,651	0.005
Forfeited during the period	(104,347)	0.005
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at 30 September 2020	**2,416,706**	0.005
Exercisable at 30 September 2020	-	-

	Period to 30 September 2019	**Period to 30 September 2019**
	Number	**WAEP (£)**
Outstanding at 1 April 2019	-	-
Granted during the period	405,821	0.005
Forfeited during the period	(26,086)	0.005
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at 30 September 2019	**379,735**	0.005
Exercisable at 30 September 2019	-	-

The weighted average remaining contractual life for the share options outstanding as at 30 September 2020 was 3 years.

The weighted average fair value of options granted during the period was £1,081,543.

All options issued during the period have an exercise price of £0.005.

The inputs used in the Black-Scholes-Merton valuation model for the period ended 30 September 2020 are:

	Period to 30 September 2020
Dividend yield (%)	0%
Expected volatility (%)	50%
Risk-free interest rate (%)	0.62%
Expected life of share options (periods)	3.94
Weighted average share price (£)	0.92

The expected life of share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. Due to the fact that the Induction Healthcare Group plc does not have listed share data for the same period as the expected life of the share options, the expected volatility is based on an average of the volatilities of comparable companies in the same industry and of the same market capitalisation as the Group. This volatility reflects an assumption that the volatility is indicative of future trends, which may not necessarily be the actual outcome.

5. Taxation

	30 September 2020 £000	30 September 2019 £000
Current Tax:		
UK corporation tax on losses of year	-	-
Deferred Tax:		
Origination and reversal of temporary differences	7	-
Tax on loss on ordinary activities	**7**	**-**

Reconciliation of effective tax rate

	30 September 2020 £000	30 September 2019 £000
Profit / (Loss) on ordinary activities for the period, before tax	(3,189)	(2,198)
Tax at the UK corporation tax rate of 19%	619	418
Non-deductible expenses	(47)	(2)
Share-based payments	(49)	
Current year losses for which no deferred tax asset was recognised	(530)	(416)
Total tax credit	**7**	**-**

A net deferred tax liability of £214,552 has been recognised in relation to intangible assets acquired in a business combination.

A deferred tax asset of £2,223,743 has not been recognised due to uncertainty that the asset will be utilised in future as the Group is still in a loss-making position. The unrecognised deferred tax asset includes those in relation to tax losses of £10,967,497.

Deferred tax balances have been recognised at the rate expected to apply when the deferred tax is forecast to be utilised based on substantively enacted rates at the balance sheet date.

6. Earnings per share

The calculation of basic and fully diluted earnings per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Loss attributable to ordinary shares (basic and diluted)

	30 September 2020 £000	**30 September 2019 £000 (Restated)**
Loss attributable to ordinary shares (basic and diluted)	(3,182)	(2,208)
	(3,182)	**(2,208)**

Amounts presented for the period 30 September 2019 have been restated, refer Note 1.

Weighted average number of ordinary shares (basic and diluted)

	Period to 30 September 2020	**Period to 30 September 2019**
Shares in issue on 1 April	29,626,201	65,591
Share split on 7 May 2019		13,052,609
Shares issued on 7 May 2019		3,826,086
Shares issued on 22 May 2019 on IPO		12,681,915
Shares issued in a business combination	12,424,527	
Issued ordinary shares as at the end of the period	**42,050,728**	**29,626,201**
Weighted-average number of ordinary shares (basic and diluted)	**37,366,070**	**22,609,605**

Basic loss per share	**(0.09)**	**(0.10)**
Diluted loss per share	**(0.09)**	**(0.10)**

7. Business Combinations

Acquisition of Zesty Limited

On 8 June 2020, Induction Healthcare Group plc acquired 100% of the share capital of Zesty Limited for a consideration comprising £500,000 in cash, plus the issue of 12,424,527 New Ordinary Shares. The New Ordinary Shares represent approximately 41.9 per cent. of the issued share capital of the Company pre the acquisition of Zesty Limited and represent approximately 29.5 per cent of the Company's current issued share capital. The New Ordinary Shares will rank pari passu with the Existing Ordinary Shares in the Company.

Zesty Limited is a digital healthcare patient engagement platform company. Zesty's platform provides an integration layer with a hospital's electronic patient record ("EPR") or patient administration system ("PAS") and a portal that allows patients to manage their hospital outpatient appointments, read their administrative and clinical correspondence, attend a video-based consultation and store a personal copy of their clinical record, through this integration layer.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Zesty Limited at the date of acquisition were:

	Note	Fair Value recognised on acquisition
		£000
Assets		
Non-current assets		
Intangible Assets	9	4,072
Other non-current assets		791
Current assets		
Cash		13
Other current assets		310
		5,186
Liabilities		
Non-current liabilities		417
Current liabilities		1,630
		2,047
Total identifiable net assets at fair value		3,139
Goodwill arising on acquisition		8,375
Purchase Consideration transferred		**11,514**

Purchase consideration

	£'000
Cash consideration	500
Equity consideration	11,014
Total consideration	**11,514**

Analysis of cash flows on acquisition

	£'000
Cash consideration	(500)
Transaction costs of the acquisition (included in cash flows from operating activities)	(269)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	13
Transaction costs attributable to the issuance of shares (included in cash flows from financing activities, net of tax)	(64)

Net cash flow on acquisition	(820)

8. Investments in subsidiaries

Company	Registered number	Principal activities	Country of incorporation	Ownership 30 September 2020	31 March 2020
Induction Healthcare Limited	11232772	Investment Holding Company	United Kingdom	100%	-
Induction Healthcare (UK) Limited	11237890	Provision of software to healthcare providers	United Kingdom	100%	100%
Induction Healthcare Pty Ltd	625119397	Provision of software to healthcare providers	Australia	100%	100%
Podmedics Limited	6840040	Dormant	United Kingdom	100%	100%
Horizon Strategic Partners Limited	6285278	Provision of software to healthcare providers	United Kingdom	100%	100%
Zesty Limited	08294659	Provision of software to healthcare providers	United Kingdom	100%	-

9. Intangible assets

	Goodwill	Technology	Users	Tradename	Development costs	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost						
Balance at 31 March 2020	1,553	313	919	264	1,187	4,236
Recognised on acquisitions	8,375	2,245	379	369	1,998	13,366
Internally developed	-	-	-	-	687	687
At 30 September 2020	9,928	2,558	1,298	633	3,872	18,289
Amortisation						
Balance at 31 March 2020	-	42	53	15	224	334
Recognised on acquisitions	-	2	-	-	917	919
Provided during the year	-	104	77	27	350	558
At 30 September 2020	-	148	130	42	1,491	1,811
Net book value						
At 31 March 2020	1,553	271	866	249	963	3,902
At 30 September 2020	**9,928**	**2,410**	**1,168**	**591**	**2,381**	**16,478**

10. Trade and other receivables

	30 September 2020	31 March 2020
	£000	**£000**

Receivables from third-party customers	240	80
Other receivables	148	53
Prepayments	8	7
	396	**140**

11. Cash and cash equivalents

	30 September 2020 £000	31 March 2020 £000
Cash at banks and on hand	1,014	671
Short-term deposits	4,000	10,047
Cash and cash equivalents per the statement of financial position and cash flow statement	**5,014**	**10,718**

12. Trade and other payables

	30 September 2020 £000	31 March 2020 £000
Trade payables	202	39
Accruals	495	299
Social security and other taxes	84	49
Related parties	-	-
Other payables	39	15
	820	**402**

Included within trade and other payables is £nil expected to be settled in more than 12 months.

13. Capital and Reserves

Share Capital

	No. of shares (‘000)
In issue at 1 April 2020	29,626,610
Issue of ordinary shares as consideration for a business combination	12,424,527
In issue at 30 September 2020	**42,051,137**

Share Premium

	£'000
At 1 April 2020	18,433
Issue of ordinary shares as consideration for a business combination	10,952
Transaction costs on issue of shares	(64)
At 30 September 2020	**29,321**

14. Financial Instruments

Loans and Borrowings

As part of the purchase agreement with the previous owners of Zesty Limited, the Group acquired the loans and borrowings of Zesty Limited.
The loans were repaid in full during the period. Early repayment penalties of £50,000 were incurred upon settlement and have been included in administrative expenses.

	£000
Balance at 1 April 2020	-
Acquired in business combination	514
Settled during the period	(514)
Balance at 30 September 2020	-

Financial Liabilities at fair value through profit and loss

During the period, the Group settled the contingent consideration liability arising in the prior year from the acquisition of Horizon Strategic Partners Limited. Losses on remeasurement of £91,000 were included in administrative expenses.

	£000
Balance at 1 April 2020	1,409
Loss on remeasurement to fair value recognised in other operating expenses	91
Settled during the period	(1,500)
Balance at 30 September 2020	-

15. Related Parties

Transactions with key management personnel

The compensation of key management personnel (directors) is as follows:

	30 September 2020 £000	30 September 2019 £000
Short-term employee benefits	431	260
Post-employment pension and other benefits	25	27
Termination benefits	-	-
Share based payment transactions	148	12
Key management remuneration including social security costs	**604**	**299**
Total compensation paid to key management personnel	**604**	**299**

16. Subsequent Events

Strategic Collaboration

On 12 October, the Group announced a strategic collaboration with Cerner Corporation (Nasdaq: CERN), a global health care technology company.

Zesty, Induction's market-leading patient portal for hospitals, and Cerner will develop a joint patient engagement solution to help NHS trusts deliver an easier, quicker and more efficient service for patients. This collaboration will closely align existing patient facing technology in the UK and Ireland, building on the benefits of Cerner's patient portal solution Healthelife℠ and Zesty's integration capability with Cerner's electronic health record (EHR), Cerner Millennium®.

As part of the value-added reseller (VAR) agreement, NHS Trusts that are already Cerner clients will have access to Zesty's market-leading patient portal under their existing contractual arrangements.