



Kooth 2022 Full Year Results

We provide a welcoming space for effective, personalised digital mental healthcare, accessible to all

4 April 2023



Tim Barker
Chief Executive Officer



Sanjay Jawa
Chief Financial Officer

Mental health is the defining public health crisis of our time

1-in-5 of the population have a diagnosable mental health condition every year
The global cost of mental health will reach **\$6trn by 2030¹** (Now: **\$467bn² US, £118bn³ UK**)

Healthcare systems cannot keep up with growing demand
To address this, they need to move “upstream” to tackle issues before they escalate

Downstream-focused

Demand for treatment outstrips supply ⁴

Reactive treatment
Condition-centric
Episodic
Place-based
Expensive



Upstream-focused

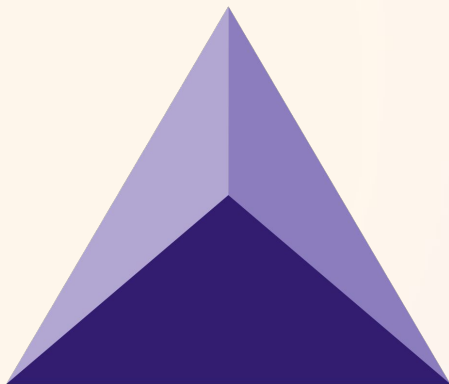
Tackle issues before they escalate

Proactive, early and responsive help
Person-centric
Ongoing, alongside you
Digital
Economic (ROI: 3x UK, 12x US)

Kooth was founded in 2001 to digitally transform mental health care

Grow access

No barriers
Safe space
Health equity



Early intervention & responsive support

Self-determination
Person-centric
Strengths-focused

Innovation in outcomes

Therapeutic, social, and economic outcomes




~16.7 million people have access

1-in-36 average usage, up to 1-in-7

Over 1 million hours professional support

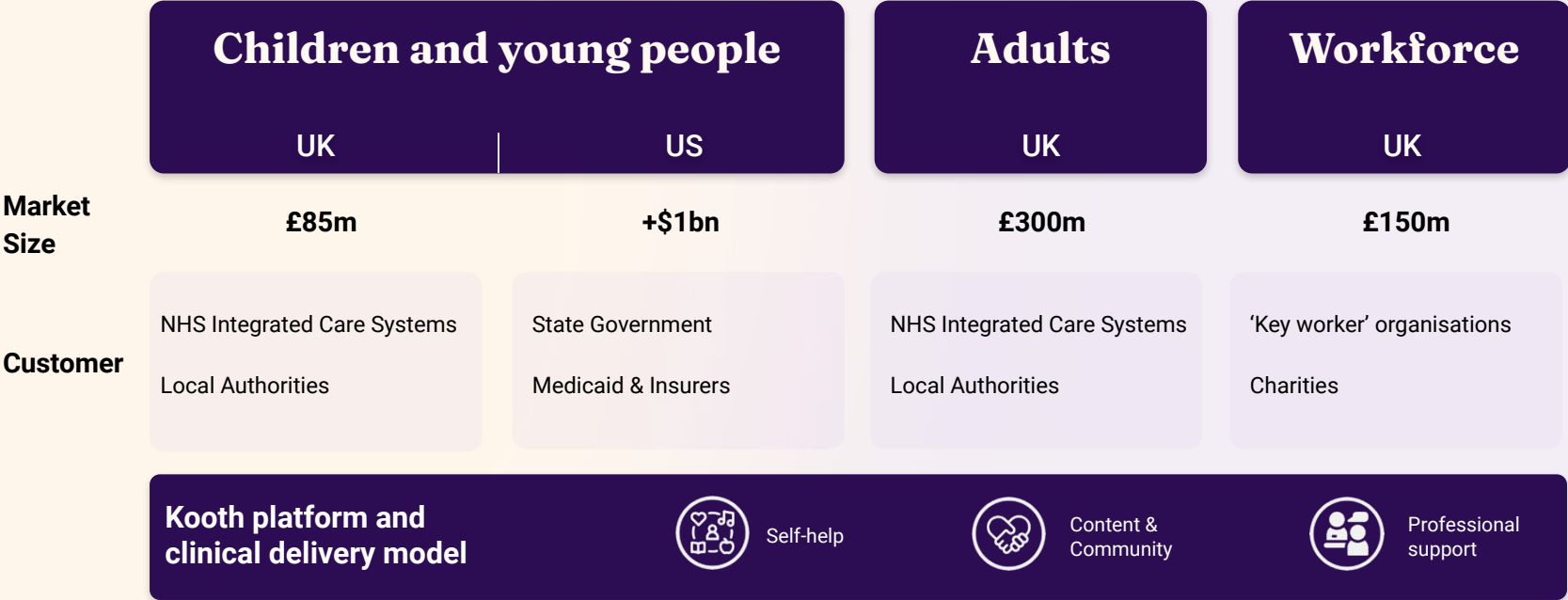
460+ employees


Providing NHS services

bacp | Accredited Service



Products and growth pillars



Strategic highlights

| | | |
|-------------------------|----|--|
| Children & Young People | US | March 23: State of California awarded Kooth a contract to support all 13-25 year olds, launch January State of Pennsylvania \$3 million pilot contract for up to 30 (of 500) school districts |
| | UK | Over 60% of UK 10-25 year olds have free access to Kooth New commissions in Scotland, expanding from 4 to 9 contracts |
| Adults | | 76% ARR revenue growth to £3 million, 8 new regions added First commission to help reduce burden on A&E by referring individuals to Kooth |
| Workforce | | Focus on key workers and charities that support them New wins include Help for Heroes, MOD, multi academy trusts |
| Platform / Technology | | Kooth deployed in US data centres. HIPAA trained staff Artificial intelligence 'auto moderation'. Development of personalised mobile app underway |

Financial highlights

21% revenue growth in line with market expectations, continuing adoption of digital-first healthcare

95% of revenue from contracts of 12+ months

107% Net Revenue Retention (2021: 109%)

76% ARR growth to £3.0m for Kooth Adult

Gross margin 0.6ppt down with increase in staff costs (including NI social care levy) and end of covid projects offset by positive mix impact from US revenue ramp up

£8.5m net cash, strong, debt-free balance sheet with net cash generated from operations of £4.1m offset by capitalised development costs of £3.0m

2023 Outlook: Finalisation of California contract expected in Q2 following which we will be ahead of 2023 market revenue expectations

Revenue

£20.1m | £16.7m

2022

2021

Net Cash

£8.5m | £7.1m

2022

2021

Annual recurring revenue

£21.1m | £16.9m

2022

2021

Adjusted EBITDA

£1.6m | £2.1m

2022

2021

Gross margin

68.9% | 69.5%

2022

2021

Adjusted EBITDA margin

8.0% | 12.5%

2022

2021

Income statement

| Financial year to 31 December | | | |
|---|--------------|--------------|--------------|
| £m | 2020 | 2021 | 2022 |
| ARR | 14.1 | 16.9 | 21.1 |
| Revenue | 13.0 | 16.7 | 20.1 |
| YoY growth | 50% | 28% | 21% |
| Direct Costs | - 3.9 | - 5.1 | - 6.3 |
| Gross Profit | 9.1 | 11.6 | 13.8 |
| Gross Profit Margin | 69.8% | 69.5% | 68.9% |
| Other operating income | 0.5 | - | - |
| Administrative Expenses | - 8.7 | - 9.5 | - 12.2 |
| Adjusted EBITDA | 0.9 | 2.1 | 1.6 |
| Adjusted EBITDA Margin | 7.2% | 12.5% | 8.0% |
| Amortisation and Depreciation | - 1.5 | - 2.3 | - 2.2 |
| Exceptional items/Share based Payment | - 1.0 | - 0.5 | - 0.3 |
| Operating Loss | - 1.6 | - 0.7 | - 0.9 |
| Capitalised R&D | - 1.5 | - 2.5 | - 3.0 |
| Adj. EBITDA less capitalised R&D | - 0.6 | - 0.4 | - 1.4 |

21% revenue growth in line with market expectations this has been driven by US expansion (contributing £1.5m), fee uplifts from existing clients and new business in Adult and Children and Young People. Adult increased to just under 15% of annual recurring revenue at the year end.

ARR grew by 25% to £21.1m. **76% increase** in Adult ARR to £3.0m (2021 £1.7m)

Over 90% of revenue from contracts of 12 months or longer.

Net revenue retention was 107% (2021: 109%) highlighting the depth and longevity of our customer relationships. Whilst we continue to see opportunities with the consolidation to ICS's despite a slowdown in decision making, there has also been some impact on churn as customers look for efficiencies from merged contracts. We also saw a reduction in one contract to resize with demand where we were not responsible for promotion of the contract.

Near 70% gross margin was marginally lower as a result of increased staff costs with the temporary increase during the year of the 1.25% Health and Social Care levy tax and the end of some COVID-19 related projects at the end of 2021. This was slightly offset by a positive mix impact as our new US contracts ramped up. Direct costs are the costs of our practitioners. We added more than 30 during the year to reach 267 heads.

Administrative costs up 28.8% whilst ahead of revenue growth was in line with our strategic plan. This reflects a full year cost of the US and was driven by staff and commission costs as we strengthened the business development, clinical, HR and customer success teams. Excluding the US investment, administrative expenses in the UK grew by 13.3%.

Exceptional items in 2020 were predominantly IPO-related costs, 2021 and 2022 relates to share-based payments.

Rapid progress in the US within our first 18 months

A crisis in US youth mental health

22% of high school students seriously considered suicide in the past year

10% attempted suicide one or more times

57% of teen girls feel "persistently sad or hopeless"

40% parents are very or extremely worried about the mental health of their children

Over \$6 billion was announced in 2022 by Federal and State governments to transform access to youth mental healthcare

Mar 22

State of the Union: National strategy announced

Jun 22

Bipartisan Communities Act to invest **\$1bn** over five years

Jul 22

\$300m FY22 increase in school-based mental health access

Aug 22

\$4.7bn California "Master plan for Kids' mental health"

Oct 22

Pennsylvania selects Kooth for \$3 million pilot

Mar 23

California selects Kooth for statewide rollout to all 13-25 year olds

California contract will have a highly material impact on revenue and ARR from 2024 onwards

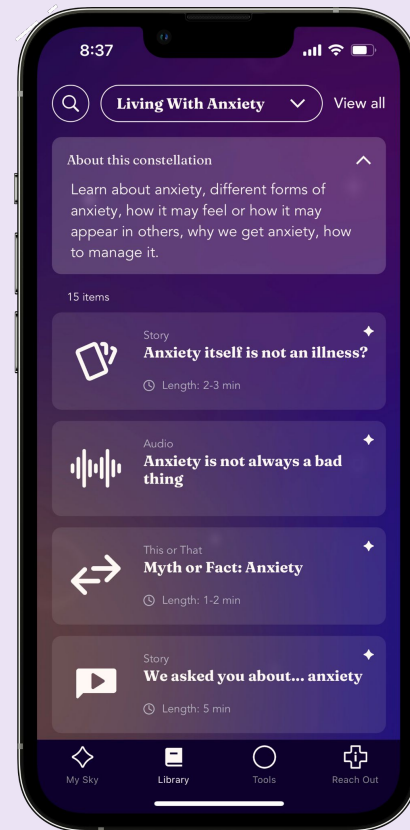
Forms part of a 5-year, **\$4.7bn investment plan**, one of 15 workstreams

The California Department of Health Care Services (DHCS) vetted **450 mental health vendors** and content providers in awarding to Kooth

Kooth will provide free behavioral health care to **all 13-25 year olds** (~6 million)

Kooth will further develop its platform in readiness for launch in **January 2024**

Contract win subject to definitive legal documentation, **expected Q2/23**



UK market landscape: Supporting the NHS as it undergoes changes and challenges

Reorganisation into Integrated Care Systems

Focus on population-health and early intervention

Tackle health inequity

Drive transformation incl digital and data/insights

Long-term opportunity

Short-term slowdown in decision making

Spring Budget: £400m / 5 year additional spending on digital mental health & musculoskeletal support

Post-pandemic impact, services under strain

4.3 million people referred for mental health services in 2021 (15% YoY increase)

A&E, GPs, Ambulance services under pressure

Growing trend of supporting a higher level of need and safeguarding risk in population

Commissions to reduce A&E attendance

UK children & young people (10-25 years): Expanding into new regions. Growing level of need and risk in the population

>60%

of 10-25 year olds
can access

15%

increase in logins

80%

moderately
severe/severe level
of need

54%

present with
suicidal thoughts or
self-harm

Growth in commissions in Scotland a key highlight (from 4 to 9 contracts)

Investments in safeguarding, clinical team and training in response to the growing level of need and safeguarding risk from individuals that use Kooth.

Kooth Adult: Taking the strain off NHS services by providing early help and responsive mental health support

New commissions

County Durham and Tees Valley
Devon
Greater Manchester
Norfolk
Northumberland
North West London
Rotherham
Warwickshire

Focus on providing whole-population access to early and responsive support

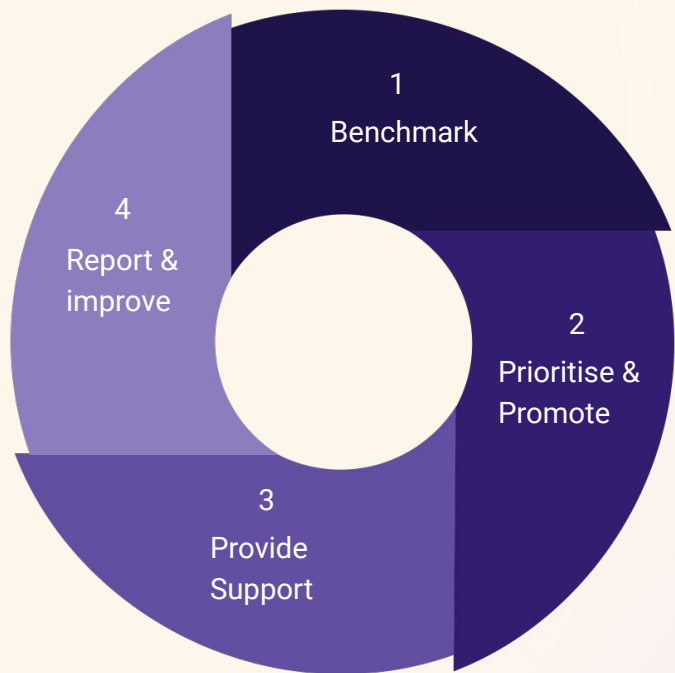
230% increase in access to 8.8 million adults (2021: 3.8 million)

76% ARR growth to £3 million (2021: £1.7 million)

First contract win focused on reducing A&E attendance

2023 Spring Budget to invest an additional £400 million in digital mental health and musculoskeletal apps, putting the NHS at forefront of digital innovation

Kooth Work: In a competitive market, from meditation to medical insurance, our focus is key workers in high stress, low pay, often traumatic roles



What is already available isn't working

>70% of businesses offer an Employee Assistance Program (EAP)

~5% of employees use them, 2% will qualify for 1:1 support

>50% of work absenteeism is due to poor mental health

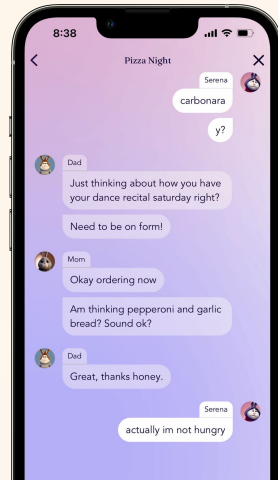
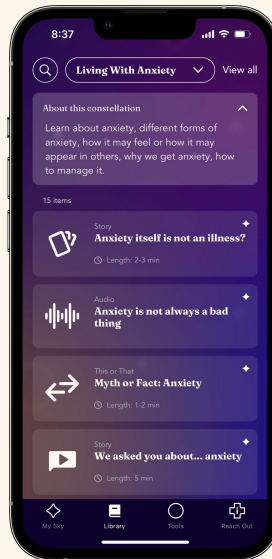
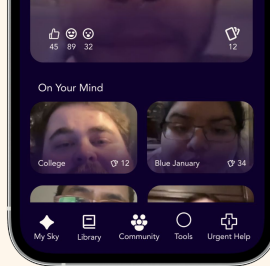
Kooth Work enables an insights-driven approach to wellbeing

Benchmark the mental health of the workforce

Prioritise the key issues, promote Kooth in the organisation

Provide support anonymously, >50% of employees won't discuss at work

Report on trends, use insights to improve your workplace



Future: Personalisation drives engagement and outcomes

California acts as a catalyst to deliver on our vision

Personalisation: Kooth has a large corpus of anonymised mental health data, >1 million users

Experience: Deliver an engaging mobile app with content, activities, peer-support

Digital therapies: Innovate in new digital therapies (e.g. group support) that enable us to scale to support more people, more cost effectively

Summary and outlook

Finalisation of California contract expected in Q2 following which **we will be ahead of 2023 market revenue expectations**

US: Continuing to deliver on Pennsylvania pilot to renew/expand, additional opportunities in other States

UK: Focused on ICS relationships and expansion as they form their population-wide mental health strategies

2022 Net cash £8.5m at year end, no debt. Sufficient, dependent on final terms, to fund California expansion



Strategic highlights

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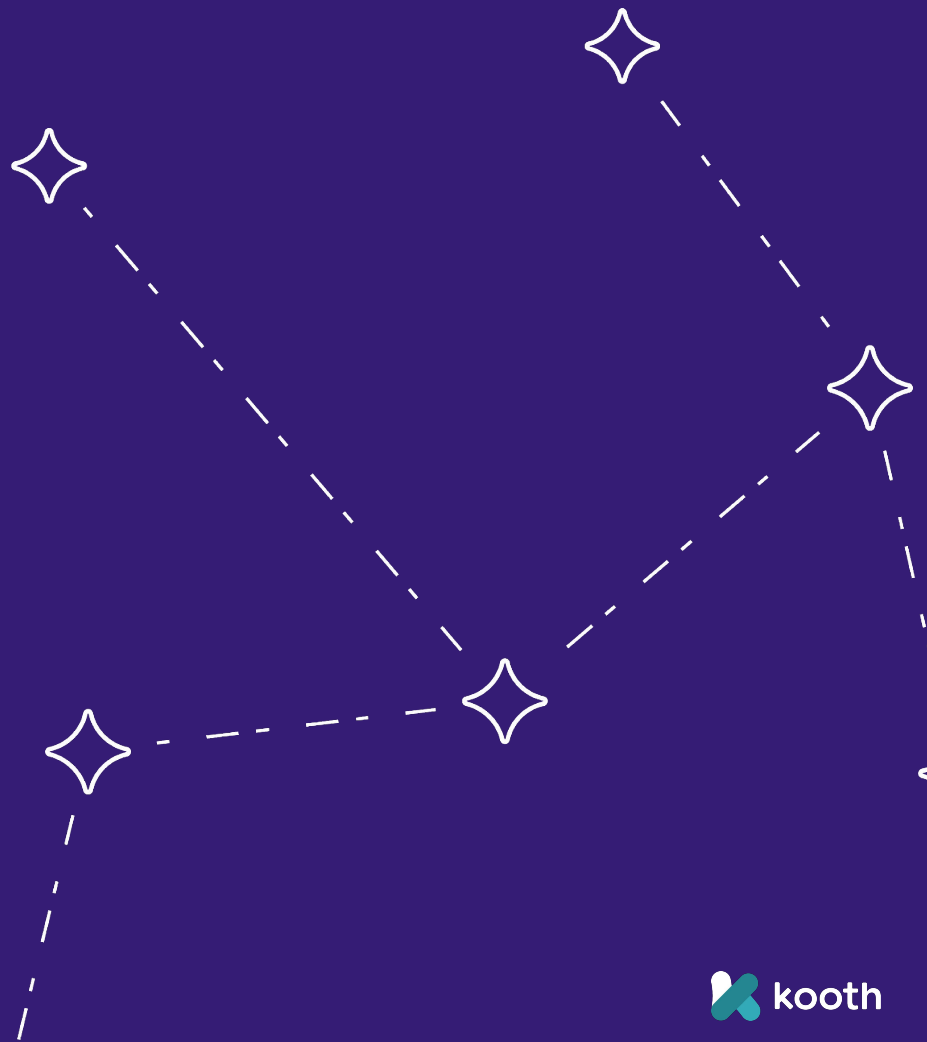
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Appendix



Balance sheet

| £m | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022 |
|----------------------------------|-------------|-------------|-------------|
| Goodwill | 0.5 | 0.5 | 0.5 |
| Development costs | 2.6 | 2.9 | 3.7 |
| Other non-current assets | 0.4 | 0.6 | 0.2 |
| Total non-current assets | 3.5 | 4.0 | 4.4 |
| Trade and other receivables | 2.2 | 2.7 | 3.2 |
| Cash and cash equivalents | 7.8 | 7.1 | 8.5 |
| Total current assets | 10.0 | 9.8 | 11.7 |
| Total assets | 13.5 | 13.8 | 16.1 |
| Borrowings | 0.0 | 0.0 | 0.0 |
| Other current liabilities | 2.6 | 2.8 | 5.6 |
| Total current liabilities | 2.6 | 2.8 | 5.6 |
| Total liabilities | 2.6 | 2.8 | 5.6 |
| Net assets | 10.9 | 11.0 | 10.5 |



Strong debt-free balance sheet with **£8.5m** net cash and **£10.5m** net assets.

Development costs capitalised of **£3.0m** in 2022 (2021: £2.5m). Amortised over three years.

Trade receivables reduced to £1.1m (2021: £1.6m) following good cash collection with debtor days at the year end of 20 (2021: 33)

Cashflow

| £m | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2022 |
|--------------------------------------|-------------|-------------|-------------|
| Adjusted EBITDA | 0.9 | 2.1 | 1.6 |
| Movement in Net Working Capital | -0.3 | -0.3 | 2.5 |
| Operating Cashflow | 0.6 | 1.8 | 4.1 |
| Capital Expenditure | -1.6 | -2.6 | -3.1 |
| Net Cashflow from Operations | -1.0 | -0.8 | 1.0 |
| Corporation Tax | 0.3 | 0.0 | 0.3 |
| Net Cashflow before Financing | -0.7 | -0.8 | 1.3 |
| Exceptional items | -0.2 | 0.0 | 0.0 |
| Financing and Other | 8.5 | 0.0 | 0.1 |
| Net Cashflow | 7.6 | -0.8 | 1.4 |

Cash generated from continuing operations **£4.1m**. This performance was a combination of advance payments from clients and strong cash collections significantly reducing year end receivables

An expected R&D tax credit of **£0.6m** relating to 2021 was received just after the year end in early 2023.

Dependent on finalisation of the California contract, cash reserves are expected to provide sufficient capital to fund current planned product, software development and working capital as the business continues to grow.

Sustainable growth: Comparable industry metrics

% Recurring Revenue

95% | 94%

2022

2021

Net Revenue Retention

107% | 109%

2022

2021

Annual Contract Value

£141k | £112k

2022

2021

Customer Lifetime Value

£1.2m | £1.4m

2022

2021

Cost of Customer Acquisition

£62k | £20k

2022

2021

Average Revenue per Staff

£53k | £47k

2022

2021

Group-level comparison. No US revenue in 2021.

Digital mental health is still nascent in the NHS for CYP

£1.2bn NHS budget for CYP mental health 22/23

~1.25% of that is spent on Kooth CYP

Today: 60% of population have access, 1-in-36 use,

15% annual increase in logins.

If we scaled to the full TAM (100% have access, 1-in-5 used) it would only represent ~7.5% of NHS CYP mental health spending

