

Building on the partnership and impact we have made in working with the NHS, we are delighted to have the opportunity to bring our services to the US.

Peter Whiting
Non-Executive Chair

Chair's Statement

Dear Shareholders,

This year's annual report illustrates the huge efforts that have been made by everyone at Kooth towards our vision of expanding access to digital mental healthcare at a population-wide scale. I want to thank all members of our team for their continued hard work and dedication in helping to make this vision a reality.

In 2022 we began our international expansion, with a focus on the US. Our progress so far has exceeded our expectations. In September we announced our first large-scale deployment in the State of Pennsylvania – a \$3 million pilot contract. After the year-end, in March, we announced that we had been selected by the California Department of Health Care Services to provide our service to every 13-25 year old in the State. This contract, which is still in the process of being finalised, is part of California's \$4.7 billion 5-year plan to transform access to youth mental healthcare.

Turning to the UK, in 2022/23 the NHS budgeted £15.6 billion for mental healthcare. We estimate that digital services represent less than 3% of this spending today, a reminder that the UK is still very much in the early stages of the digital transformation of mental healthcare and that significant opportunities remain in our home market.

Our offering for children and young people continues to grow. Kooth is now available to over 60% of 10-25 year olds across the UK, with new commissions demonstrating our potential to become a near-nationwide service in the future.

Momentum for Kooth Adult continues, with the addition of eight new regions in 2022, including Greater Manchester, Norfolk, and Devon, growing ARR 76% to £3.0 million (2021: £1.7 million), and expanding free access to 8.8 million (2021: 3.8 million) adults nationwide.

I am pleased to report that our financial performance has been in line with market expectations, with revenue growing by 21% to £20.1 million (2021: £16.7 million). As previously highlighted, we are focused on growing our

business to ensure that we can take full advantage of the global opportunities currently available to Kooth. This increased investment saw adjusted EBITDA decrease from £2.1 million to £1.6 million with a consequent reduction in adjusted EBITDA margin to 8.0% (2021: 12.5%).

Kooth's recurring revenue, which we define as contracts with a duration of 12 months or more, contributes over 95% of our revenue. As a subscription-based business, this not only gives us strong forward revenue visibility, but also allows our growth plans to be financed with confidence.

We enter 2023 with a solid financial position, significant growth opportunities in both the US and the UK, £8.5 million in cash, no debt, and a proven business model.



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Non-Executive Chair

3 April 2023

