Physitrack PLC

JANUARY - DECEMBER 2023

ANNUAL REPORT AND ACCOUNTS 2023

Contents

Chief executive officer review

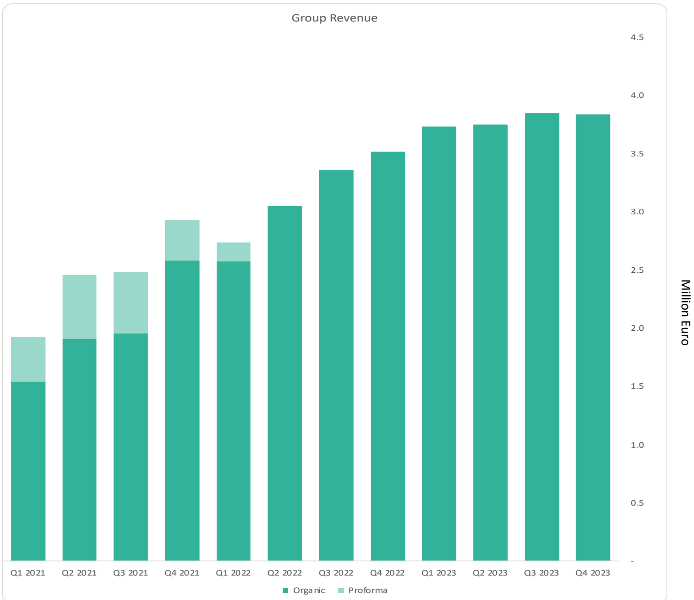
2023 has been another important year for Physitrack as we consolidate and integrate the key strategic acquisitions as part of our M&A strategy into the Wellness and Lifecare divisions. Despite the Group experiencing rapid growth during the previous two financial years, I am proud the Group in the post pandemic world continues to deliver results far exceeding historical performance. This financial year has seen the Group return to the bootstrap business ethos that established Physitrack as a successful and sustainable business. The Group has had a strong focus on profitability during the financial year and ensures that all decisions made are accretive to the bottom line and not solely focussing on revenue growth at any costs. I am proud that this focus culminated in the Group exiting the final quarter of the year generating a cash inflow of EUR 0.4m (2022: cash outflow EUR 0.4m).

Artificial Intelligence “AI” has been a major disruptor to how many businesses operate. To ensure that we are ahead of the curve in terms of productivity, third party software integrations and maintaining a competitive advantage, the Group continued to embrace AI as the cornerstone of our business, both operationally and in product innovation. Among many AI initiatives across all the Group’s teams, it's especially gratifying to witness the rapid development of our AI co-pilot tool in Physitrack, paving the way for new user growth in existing and new market segments that need a helping hand with recommended exercise programs via a powerful Large Language Models-based engine “*LLM*”, both for B2B and, down the line, B2C. Alongside this, AI has expedited our ability to localise various platforms across the Group, as well as speeded up and enhanced workflow throughout most of our teams. This progress is very exciting, and I can’t wait to see what lies ahead for us.

The Group exits the year with strong foundations and a number of initiatives in place to ensure that this growth trajectory continues into the foreseeable future.

Henrik Molin, CEO Physitrack

2023 performance



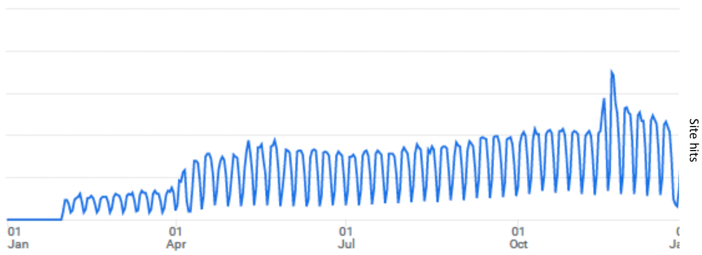
During the year, the Group achieved EUR 15.2m in revenue, marking a substantial increase from 2022's EUR 12.5m. This represents a 21 per cent year-on-year growth and a 22 per cent organic pro-forma growth (as defined in note 5). While our focus remains on revenue growth, we prioritise sustainable business expansion, emphasising both profit and free cash flow. To achieve this, we have been ensuring contracts which are margin enhancing are prioritised. This strategy has led to a decrease in one-off revenue sales in the year, notably in Wellness, and is the predominate driver behind the decline against our medium term targets.

Despite the shift away from one-off revenue in the Lifecare division, the user base and recurring revenue of the platform continue to grow quarterly. The Wellness division maintains a robust sales pipeline, with several contracts with high-profile global brands expected to close in H1 2024.

Closing the year, we report an Annual Run Rate (ARR) of recurring subscription revenue at EUR 12.0m, up from EUR 11.0m in 2022. The annualised revenue exit for the year stands at EUR 15.4m (2022: EUR 13.7m), with EUR 9.6m attributed to Lifecare and EUR 5.8m to Wellness, showcasing continued growth compared to 2022.

As the Group enters the next phase of its growth cycle and matures, management continues to focus on targeting only revenue contracts with strong working capital and margin profiles, we expect this focus to continue into 2024. This this has resulted in growth below our medium term targets. We are however confident that in the medium term these targets are still achievable.

Being early adopters of AI in our Digital Health niche, the Group leverages AI tools to enhance our platform and websites, optimising SEO and gaining a deeper understanding of user behaviour. This strategic use of AI has significantly increased Physitrack site traffic, reaching a record 90,000 site visits in December 2023.



This deeper understanding enables more targeted marketing initiatives across various segments, ensuring efficient and sustainable growth.

Profitability focus

During the year, the Group achieved an adjusted EBITDA of EUR 3.9m (2022: EUR 3.4m) with a 26 (2022: 28) per cent margin, indicating steady growth compared to the prior period. One-off items, including the revaluation of deferred contingent consideration, impacted this year's profit. We are required annually to assess the fair value of this deferred contingent consideration. We revised the expectation of deferred contingent consideration pay-outs to better align with considerations for top-line growth and profitability, given our increased understanding of underlying businesses and progress through earn-out periods. The release of this liability resulted in EUR 7.3m being recognised within the P&L.

As of year-end, total available liquidity (Cash plus available facility) stands at EUR 2.4m (EUR 5.4m). Changes since 31 December 2022, include deferred contingent consideration payments and additional investments in our underlying platform.

Supported by our revolving credit facility and a continued focus on profitability and cash generation, we foresee no need for additional capital or debt funding to sustain our organic growth ambitions.

Structural changes across the Group

In line with our focus on profitability, as part of the integration of recent acquisitions into the Lifecare and Wellness divisions, we are focused on finding efficiencies and synergies within the underlying businesses.

During the year we appointed Jack Goodwin as Head of People. Jack oversees everything People and HR related and provided the Group with an opportunity to streamline the Company at a Group level as well as implementing a range of tools for attracting and retaining top talent. A number of key roles advertised have rendered hundreds of applications for most roles, and these tools and processes are invaluable to us. Following Jack's recruitment, for both operational and financial efficiency, the Group reduced its C-Suite, where those roles overlap significantly with that of the Head of People function. As a result, Andrew Knox (Group Chief Operating Officer) and Ryan Ebert (Chief Commercial Officer – Wellness) departed Physitrack in the summer of 2023.

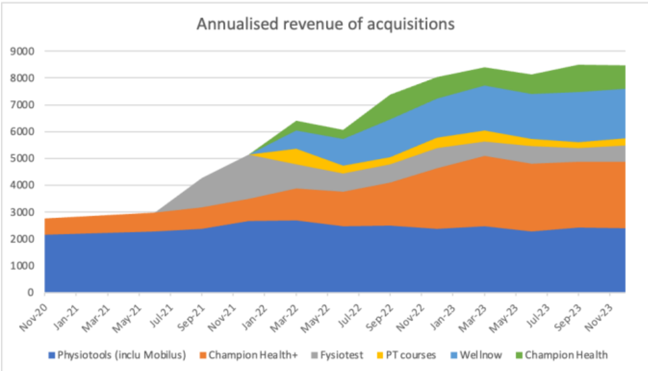
The Group continuously seeks to optimise administrative efficiencies and looked at ways to reduce administrative costs during the financial year. This included the merger of Tanila Holding with Physiotools (Tanila is Physiotools holding company) and the continued transfer of customers within the Physitrack Sweden AB (Previously Mobilus Digital Rehab AB) business to Physitrack. We have been pleased with the retention rates of customers transferring and over time as existing Physitrack Sweden customers contracts come to an end we expect Physitrack Sweden to be wound down.

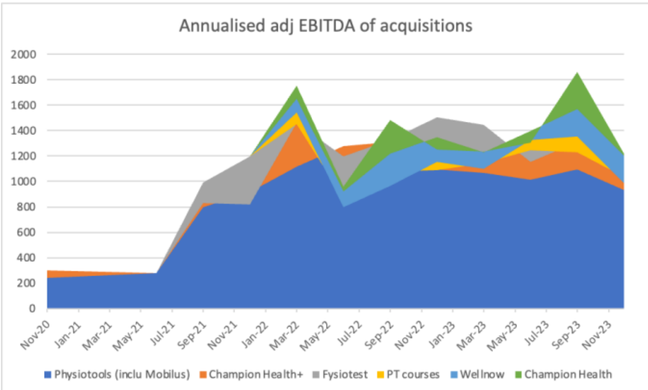
The M&A program – celebrating three successful years of enhancing our offering

During the year we marked the third anniversary of the Group's M&A programme. Over this period the group has added a number of interesting complementary businesses to expand the Lifecare division, alongside diversifying from its core service offering with the creation of the Wellness division.

Our priority over the financial year has been to consolidate these acquisitions into two clear divisions, ensuring controls and processes are optimised and consistent across all businesses, to support the rapid growth of these businesses in both the current and future financial years. Both the Lifecare and Wellness have seen top-line organic revenue growth of 13 and 44 per cent respectively. Whilst there has always been a focus on revenue growth, during the financial year these divisions reflected on how they could return to the original bootstrapped ethos of Physitrack by growing the underlying bottom line. Through a number of different incentives, the Group ended the final quarter of 2023 generating a positive cash-flow.

Overall, the success of the M&A program can be seen through the growth in the combined ARR of EUR 5.5m at point of acquisitions to over EUR 8.5m at December 2023 and how continuous profitability growth patterns have started to emerge in later quarters.





AI becoming the cornerstone of the Group

To ensure we maintain our competitive edge and to support various initiatives to support driving efficiencies across the Group, during the financial year we have invested heavily in AI.

Through implementing a number of AI tools within our businesses processes we have been able to automate a number of processes, both saving considerable time and effort and ensuring a standardised approach across the group.

AI has also allowed the rapid acceleration in product and content development. Areas where AI has been used to enhance this include the following:

- Multiple AI-powered parallel workstreams for day-to-day tools utilisation in Physitrack, Physicourses and Champion Health;
- Enhancement of the Physitrack Library with wide ethnic diversity in new and existing exercises as well as new AI-based course production in Physicourses based on the existing PDF library;
- Introduction of LLM-based Co-pilot in Physitrack to simplify workflow and grow the total addressable market; and
- Localisation of the Champion Health platform and library into multiple languages.

Outlook

- **Growth:** Physitrack aims to achieve annual organic sales growth exceeding 30 per cent in the medium term, further supplemented by impact from future add-on acquisitions.
- **Margin**: Physitrack targets an EBITDA margin of 40-45 per cent in the medium term, with potential short term margin contractions due to add-on acquisitions impacting margins negatively.
- **Distribution**: Physitrack has a favourable outlook on the distribution of profits to shareholders via dividends in the medium term but does not foresee this taking place in the short term.

The focus in H2 of 2023 on targeting only revenue contracts with strong working capital and margin profiles has resulted in growth below our medium term target. We will maintain this focus into 2024 while remaining confident that our medium term growth target is achievable.

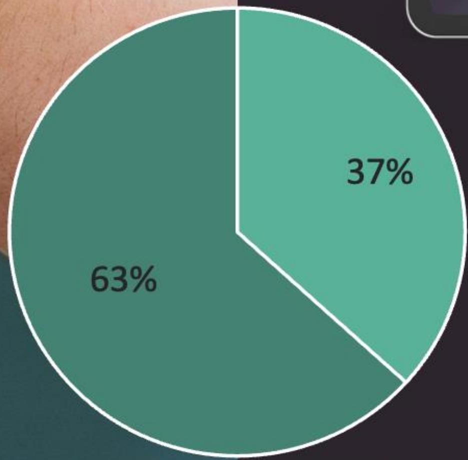
Henrik Molin (Feb 28, 2024 20:55 GMT+1)

Henrik Molin
Director / CEO & co-founder
28 February 2023

Our two business lines have us well-positioned to capitalize on increasing digital healthcare demand and corporate wellbeing challenges

Lifecare
Seamless and Efficient care Solutions

Technology for healthcare providers



Consolidated revenue

Wellness
One platform, All areas of employee wellbeing

Technology for employers

How it all comes together - investing in Physitrack

Market outlook and position

Growing market supported by underlying macro trends

Strong position, successfully meeting customer needs and solving problems

Market leading and scalable products, powered by top-of-the-line tech

Focus Areas

1. Market growth dynamics
2. Organic growth levers
3. M&A initiative

Executing a clear, tangible growth plan around the world

High-reaching financial goals

Top-line growth

Physitrack aims to achieve annual **organic sales growth exceeding 30%** in the medium term, further supplemented by impact from future add-on acquisitions

Profit margins

Physitrack targets an **EBITDA margin of 40-45%** in the medium term, with potential short term margin contractions due to acquisitions impacting margins negatively

Value and cash creation

Physitrack aims to reinvest profits and cash flows in organic growth initiatives to support further value and cash creation, paving the way for a strong dividend culture in the long run

Our unique value proposition

Holistic offering, powered by top-of-the-line tech

- **True product market fit**
  Prices in relation to the market rather than growth expectations
- **Catering to consumer trends**
  Improved patient outcomes, through more personalized, data-driven care

Positioned to capitalize on growth drivers

- **Offering supported by the macro environment**
  Investing in employee wellbeing is an important potential cost saving for many companies, paving the way for less employee turnover and higher efficiency
- **Profitable growth is part of our DNA**
  Our organisation is cost optimized – smart spending has always been a core value

A robust business model, able to withstand headwinds

- **Balanced portfolio**
  Our geographical diversity and varied revenue streams make the business robust – dramatic changes in the world do not necessarily affect all parts of our business
- **All weather product**
  Wellness initiatives prioritized by many companies during tough times

Our strategy

A robust business model, able to withstand headwinds

Balanced portfolio
Our geographical diversity and varied revenue streams make the business robust - dramatic changes in the world do not necessarily affect all parts of our business

Profitable growth is part of our DNA
Our organisation is cost optimized – smart spending has always been a motto

All weather product
Wellness initiatives still prioritized by many companies during tough times

True product market fit
Prices in relation to the market rather than growth expectations

Champion Health, supported by the macro environment
Investing in employee wellbeing is an important potential cost saving for many companies, paving the way for less employee turnover and higher efficiency

Attentive to our surroundings
We aim to continue to grow the way we have done until now – organic as well as through acquisitions – but keep in touch with our surroundings to stay ahead of the curve

Purpose

The purpose of Physitrack is to elevate the world's wellbeing and being at the forefront in the evolution of the digital global healthcare market with innovative technology for healthcare providers and corporates.

Strategy

Physitrack's strategy includes growing both the Lifecare and Wellness divisions through organic growth and M&A, with a healthy balance between risk and ROI.

Lifecare

Physitrack sees significant potential in its Lifecare offering and continues to win market share while adding new markets. Between 2021 and 2022 the M&A strategy for the Lifecare division included the acquisition of one of Physitrack's largest competitors, Physiotools alongside the acquisition of Physiotherapy and Occupational health practitioner continued education provider PT Courses. During the financial year Physitrack continues to bring these brands in-line with the Group alongside rejuvenating and expanding these brands to ensure continued growth of the division.

The markets where Physitrack aims to grow can be divided into foothold markets, where it is already present, and new markets. Physitrack aims to drive continued penetration in foothold markets through four principles:

- Integration and partnerships with Electronic Medical Records *"EMRs"* and other channel systems to market "bundled" services.
- Adoption of AI to expand the content library and enhance the user experience.
- Continue to develop features and functions based on user feedback to increase value proposition for customers.
- Active PR strategy to continue to drive high-quality search engine optimisation traffic, including partnership with national research / industry bodies, active PR publications, strategic partnerships, and collaboration with industry influencers.

Physitrack will also continue to pursue new market entries focusing on markets with a growing population above one billion people.

The targeted markets are based on size of the total market opportunity, the resource requirement for the execution and general attitude towards digital health and the level of adoption of technology. Physitrack sees a significant growth potential in targeting large population markets with increasing digital adoption and a rising middle class.

Physitrack considers two aspects of its offering to be important for entry into lower income jurisdictions.

- Prevention and Wellness Care – Addressing general emotional and physical health and wellness in a pro-active and positive way, helping employers build healthy cultures that increase productivity and employee retention and reduce the need for invasive treatments.
- Acute and Chronic Care – Addressing MSK conditions that are usually non-surgical, but cause significant pain, high costs and widespread productivity loss.

Wellness

During the 2021 and 2022 financial years the M&A strategy of the Group was to diversify form its core product offering and to build the Wellness division. The acquisition of Champion Health in 2022, allowed the division to bring and operate under one brand - Champion Health.

The Wellness offering focuses on delivering care in distinct but related employee wellness as well as patient and insurance plan member need areas, where employers and payers currently expend the greatest resources to address. These areas are:

Underpinning the Wellness division is the Champion Health platform. This combines the use of Champion Health's engagement tools for emotional and physical wellbeing with Telehealth-specialised healthcare coaches and licensed clinical specialists guiding patients/members through established proprietary wellness and treatment pathways. All the while tracking satisfaction and standardised functional outcomes to support efficacy and user stickiness.

M&A capabilities

M&A has played an important role in the recent growth of Physitrack, however in the short term there are no plans for any further mergers or acquisitions.

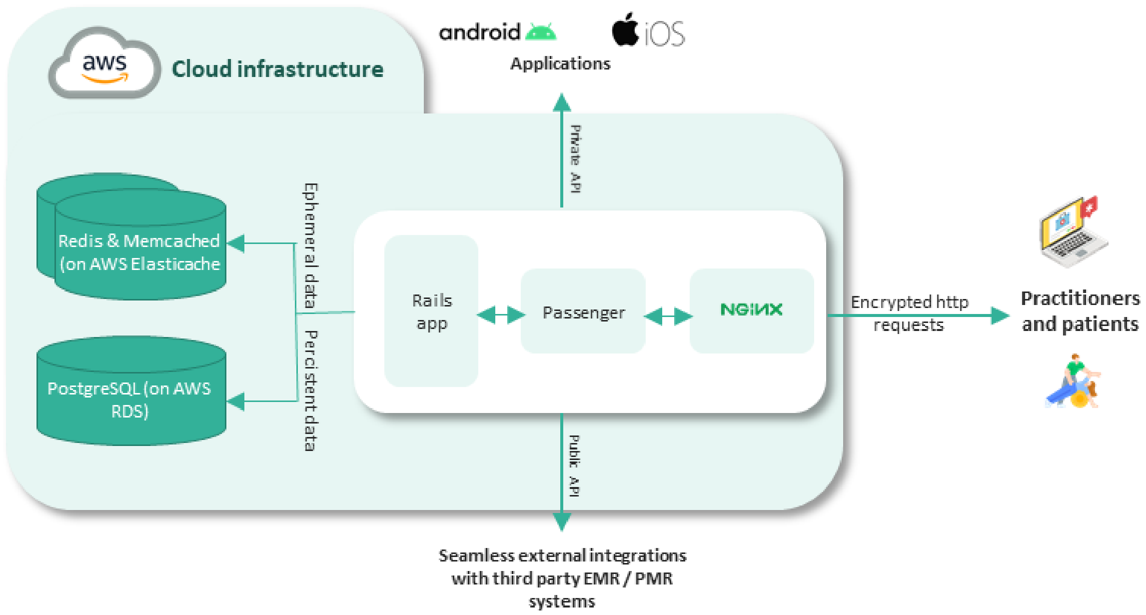
Our technology

The Physitrack Lifecare offering is based on an in-house developed Amazon Web Services "*AWS*" cloud infrastructure enabling effective scale up with little need for additional investment. Physitrack estimates that adding additional AWS capacity would increase AWS related costs at a rate of 7-10 percent for each additional EUR 1 million in revenue.

The software platform offers a flexible API with seamless integration to Electronic Media Records "*EMR*" systems which supports revenue acceleration via distribution agreements. As of 31 December 2023, the platform had integrations with over 60 EMR/ patient management systems "*PMS*" systems.

The platform has been developed to ensure effective, safe, and cost-effective operations. New functions and features are largely developed based on customer feedback. Going forward, Physitrack expects to invest about EUR 2.5 million per year in the tech platform.

Tech platform / architecture



Physitrack's platform infrastructure is scalable and robust. This was well demonstrated in the first half of 2020, when the utilisation of the data-heavy Telehealth functions increased from a few consultations per week to up to 100,000 consultation per week compared to 2019.

In 2023, the Telehealth function was used a total of 2.9 million minutes.

The platform is compliant with patient data security laws globally.

Information security

Cybersecurity is one of Physitrack's top focus areas. Our security team is committed to implementing a certified information security management system ("ISMS") that meets the International Organization for Standardization ("ISO") ISO27001:2013, ISO27018:2020 frameworks and complies with all federal, state and many international regulatory standards.

Physitrack's information security strategy is built on industry-known frameworks such as ISO 27001, focused on the optimization of security processes across all our operations and protecting the most critical processes and information and ensuring protection of customers' data in the cloud environment. The company's holistic controls framework includes mechanisms to protect, detect, react to and monitor any threats and attacks to the business. The main areas to ensure a safe digital environment from a patient and practitioner perspective are the sensitivity of patient data and fraud prevention. Regulations in these areas are very strict and the main focus is to comply with the complex framework and keep partners up to date on changes.

The Information Security Manager at Physitrack is responsible for implementing the corporate Information Security policy, reporting to the Ops and IT Director. The Information Security Manager manages risk assessments and status updates and sets action plans, budgets and targets. Progress is monitored through security protocols and penetration tests, and any incidents are reported to the management team.

Information security strategy

Physitrack's strategy for information security is as follows:

- Build a security culture within our organisation and improve information security awareness.
- Annually verify compliance through ISO27001 audit.
- Reduce potential vulnerabilities for the organisation and lower the probability of successful breach.
- Maintain strong authentication mechanisms and audit log management.
- Maintaining strong controls into the storage and handling of patient data to comply with patient data security laws globally.

In addition to compliance with ISO frameworks, the Group also utilises HIPAA and GDPR compliant technology.

Chief Financial Officer's review

In this financial review reference is made to key performance indicators "*KPI's*" that are not defined in accordance with IFRS. These measures, in the opinion of the Directors can provide additional relevant information on our future or past performance where equivalent information cannot be presented using financial measures using IFRS. The Directors have identified EBITDA, Adjusted EBITDA, EBITDA margin and Adjusted EBITDA margin, Operating profit and adjusted operating profit, operating profit margin and adjusted operating profit margin, Adjusted earnings per share, operating cashflow before adjustment items, subscription revenue as a percentage of total revenue and churn percentage as KPI's. For definitions of these measures please refer to Note 5.

Group key performance indicators

	Year ended	
EUR (€), *unless otherwise stated*	**31 Dec 23**	**31 Dec 22**
Revenue	**15,176,582**	**12,510,371**
Prior period revenue growth (%)	**21**	**57**
Organic revenue / Proforma revenue growth (%)	**22**	27
EBITDA	**7,061,822**	2,543,318
Operating profit	**3,441,464**	109,387
Adjusted EBITDA	**3,906,832**	3,446,475
Adjusted EBITDA margin (%)	**26**	28
Adjusted operating profit	**286,474**	1,012,544
Adjusted operating margin (%)	**2**	8
Adjusted earnings per share	**0.00**	0.06
Operating cashflow before adjusting items	**3,517,099**	2,897,554
Free cash flow	**(1,052,182)**	(3,072,360)
% of revenue which is subscription	**74**	71
Churn (%)	**1**	1.2

KPI's are defined within note 5.

Divisional performance

The operations of the Group comprise two reporting operating segments. These segments are Lifecare and Wellness. Performance of these segments for the year ended 31 December 2023 and prior year is as follows:

	Lifecare	Wellness	Group	Total
Year ended 31 December 2023				
Total revenues	9,518,252	5,658,330	-	15,176,582
Operating profit	1,979,497	145,174	1,316,793	3,441,464
Amortisation and depreciation				
Intangibles recognised on acquisition	-	-	961,900	961,900
Internally generated intangibles and depreciation	2,422,093	236,365	-	2,658,458
	2,422,093	236,365	961,900	3,620,358
Items affecting comparability[1]	-	-	(3,154,990)	(3,154,990)
Adjusted EBITDA	4,401,590	381,539	(876,297)	3,906,832
Adjusted EBITDA Margin	46%	7%		26%
Finance cost	(49,345)	(6,311)	(295,202)	(350,858)
Profit before tax	1,930,152	138,863	1,021,591	3,090,606
Year ended 31 December 2022				
Total revenues	8,648,545	3,861,826	-	12,510,371
Operating profit	2,657,386	32,070	(2,580,069)	109,387
Amortisation and depreciation				
Intangibles recognised on acquisition	-	-	765,661	765,661
Internally generated intangibles and depreciation	1,612,801	55,469	-	1,668,270
	1,612,801	55,469	765,661	2,433,931
Items affecting comparability[1]	-	-	903,157	903,157
Adjusted EBITDA	4,270,187	87,539	(911,251)	3,446,475
Adjusted EBITDA Margin	49%	2%	-	28%
Finance cost	(53,543)	(4,729)	-	(58,272)
Profit/(loss) before tax	2,603,843	27,341	(2,580,069)	51,115

[1]Items affective comparability are explained further in note 5 of the financial statements.

Expenses classified as Group represent those costs associated with the Group's merger and integration activities, amortisation of intangibles recognised on acquisition, impairment of intangibles, revaluation of deferred contingent consideration to fair value, and senior management salary. These costs have been classified as Group as they either cannot be allocated appropriately to a segment or do not represent costs associated with the underlying businesses within the operating segment.

Divisional review - Lifecare

	Year ended 31 December		Absolute		Organic pro-forma revenue
€'000	**2023**	**2022**	**Var**	**%**	**%**
Revenue	9,518	8,649	869	10	13
Adj EBITDA	4,402	4,270	132	3	
Adj EBITDA margin	46%	49%			

Trading performance

In the year ended 31 December 2023, Lifecare saw a 10 percent increase in revenues, or EUR 0.9 million to EUR 9.5m. When considering organic revenue, which reflects revenue at prior year exchange rates, the growth was even more substantial at 13 percent.

This organic revenue, defined in note 5, ensures a consistent basis for comparison by translating current year revenue into the group's presentation currency (Euro) at prior year exchange rates, mitigating the impact of currency fluctuations.

Lifecare's revenue is primarily influenced by three factors: the number of licenses, license prices, and revenue-enhancing products like custom apps, integrations, and Physidata.

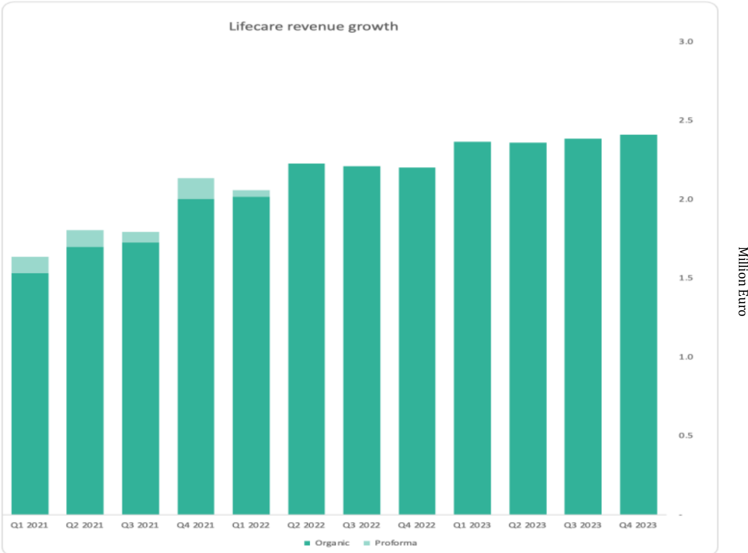
During the year ended 31 December 2023, Lifecare had an average of 61,000 subscription licenses, compared to 53,000 for the year ended 31 December 2022, indicating substantial growth in our user base.

The Lifecare revenue stream is predominantly recurring, with subscription income accounting for 90 per cent of total Lifecare revenue, up from 86 per cent in December 2022.

The increase in recurring revenue from prior year reflects management's focus in the current year on profit making contracts, resulting in a reduction in one-off sales, but an increase in stickier subscription revenue which yields much greater returns.

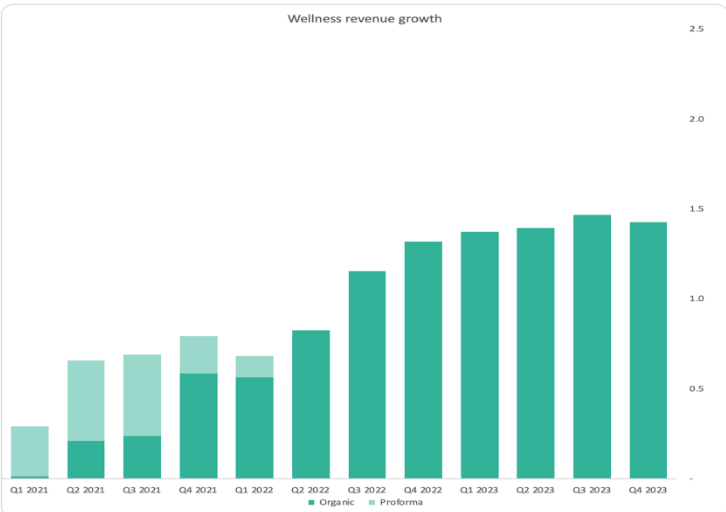
Rolling 12 month churn levels remained low at 1.0 per cent for the year ended 31 December 2023, a significant decline compared to the prior year churn of 1.2 per cent.

In the division, adjusted EBITDA increased by 3 per cent to EUR 4.4m, with an EBITDA margin of 46 per cent. The slight decline compared to the previous year is attributed to variations in investments and relatively minor cost factors.



Divisional review – Wellness

	Year ended 31 December		Absolute		Organic pro-forma revenue
€'000	**2023**	**2022**	**Var**	**%**	**%**
Revenue	5,658	3,862	1,796	47	44
Adj EBITDA	382	88	294	325	
Adj EBITDA margin	7%	2%			



Trading performance

In the year ended 31 December 2023, Wellness revenues increased by EUR 1.8m (47 per cent) to EUR 5.7m. Of this revenue 47 per cent (2022: 43 per cent) was subscription revenue. This increase was primarily as a result of the realisation of revenue synergies post acquisition, alongside the continued organic growth of these business which are still in their relative infancy.

Adjusted EBITDA in this division increased from EUR 88k to EUR 382k. This increase was primarily reflective of the focus management of these divisions have on the composition of client portfolios and cost structures to expand margins as revenue grows.

Divisional review – Group

	Year ended 31 December		Quarter ended March	
€'000	2023	2022	Var	%
Revenue	-	-	-	-
Adj EBITDA	(876)	(911)	35	-4
Adj EBITDA margin	-%	-%		

Group Adj EBITDA includes head office expenses like executive remuneration and costs related to the group's listing. These expenses are unique to the group's structure and are reported separately to show the divisions' independent performance.

These costs are relatively consistent with prior year, with the slight decrease reflecting seasonal variations in these costs.

Financial performance – Group

Revenue

The Group generated consolidated revenue of EUR 15.2m (2022: EUR 12.5m), growth of 21 per cent from the prior year comparative and 22 per cent on an organic proforma basis.

This growth was driven by both the Lifecare and the Wellness segments, which grew by 13 per cent and 44 per cent on a proforma basis respectively.

Operating expenses before amortisation, depreciation and adjusting items

Operating expenses before amortisation, depreciation and adjusting items were EUR 11.3m (2022: EUR 9.1m). The increase primarily reflects the acquisitions of Wellnow acquired in February 2022 and Champion Health acquired in May 2022 which were not included within the prior year comparative on a like for like basis.

Additionally, the increase in revenue has driven an increase in costs, primarily in the Wellness division where some product offerings incur a cost of delivery.

Operating profit ('EBIT')

In the year ending 31 December 2023, the Group reported an operating profit of EUR 3.4m (2022: EUR 0.1m).

This operating profit was primarily driven through exceptional items of EUR 3.2m. Exceptional items were made up of the revaluation of deferred contingent consideration to fair value, a credit of EUR 7.3m. This was offset by impairment of Fysiotest goodwill of EUR 3.3m recognised at 31 December 2023.

Other exceptional items adjustments of EUR 0.8m during the year are in relation to integration activities in the Wellness segment, costs associated with the Fysiotest/Champion Health Nordic restructure, and the executive team reorganisation. It's worth noting that these costs have decreased considerably in comparison to the prior year, with management anticipating this trend to continue into 2024.

Amortisation and depreciation increased by EUR 1.2m to EUR 3.6m (up from EUR 2.4m in 2022). Amortisation for the year includes both the amortisation of internally generated intangibles and depreciation amounting to EUR 2.6m (2022: EUR 1.7m), alongside the amortisation of intangibles recognised from acquisitions in 2021 and 2022, totalling EUR 1.0m (2022: EUR 0.8 million).

Adjusted EBITDA

Adjusted EBITDA of EUR 3.9m was achieved in the current year, up from EUR 3.4m, resulting in an Adjusted EBITDA margin of 26 per cent (2022: 28 per cent). This composition included EUR 4.4m from the Lifecare division, EUR 0.4m from the Wellness division, offset by EUR 0.9m in group-level expenses.

Finance costs

Net finance costs year to date are EUR 0.4m compared to EUR 0.1m in the prior year. This increase is a result of the interest costs, non-utilisation fees and unwind of arrangement fees associated with the GBP 5m revolving credit facility entered into in July 2022.

Profit / Loss before tax

The above movements result in a profit before tax of EUR 3.1m compared to a profit of EUR 0.1m in the prior year. The increase is primarily driven by the aforementioned adjusting items (fair value movement on deferred contingent consideration offset by goodwill impairment) alongside increases in EBITDA offset by an increase in amortisation and finance costs.

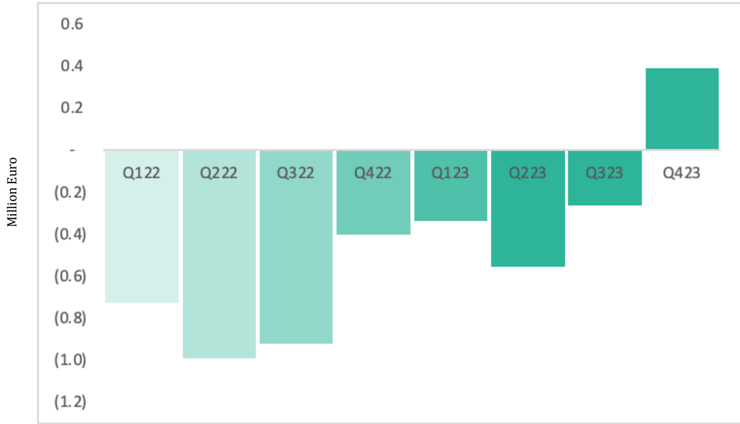
Taxation

Taxation is a credit of EUR 114k in the year compared to a credit of EUR 41k in the prior year. In our UK entities we are able to successfully claim on the UK government's R&D tax credit scheme, which, alongside the release of the Deferred Tax Liability in line with the amortisation of intangibles recognised on acquisition has resulted in a reduction in the taxation charge between the two periods.

Financial position and cashflow

Including the available undrawn facility, total available liquidity to the Group was EUR 2.4m. The reduction from 31 December 2022 primarily reflects the deferred contingent consideration payment of EUR 1.6m and cash invested in the underlying platform.

Free cash flow



Cash generated from operations, before adjusting items, totalled EUR 3.5m (2022: EUR 2.9m), with the increase in EBITDA offset by timing differences in working capital. Cash spent on adjusting items decreased from EUR 1.4m in the previous year to EUR 0.8m this year as integration activities related to our acquisitions slowed. This led to net cash from operating activities of EUR 2.6m, up from EUR 1.5m in the prior year comparative. After deducting EUR 3.4m (2022: EUR 4.5m) spent on developing the Lifecare and Wellness platforms and interest expenses of EUR 0.3m (2022: EUR 0.0m) for year-to-date 2023, there was a net free cash flow ('FCF') deficit of EUR 1.1m, compared to EUR 3.1m in the prior year comparative.

In the current quarter, free cash flow showed a net generation of EUR 0.3m, compared to an outflow of EUR 0.4m at the same point in the previous year. The improvement from Q3 2023 (Q4 2022: FCF spend of EUR 0.3m) is related to the timing of certain significant payments typically made during H1, alongside our focus on entering into higher margin contracts with shorter payment terms. Management is confident that the business will achieve a full year's positive free cash flow in 2024.

Cash used in investing activities amounted to EUR 5.0m (compared to EUR 14.8m), primarily consisting of deferred contingent consideration payments to existing shareholders of Wellnow and Champion Health Plus, totalling EUR 1.6 million, as well as the development costs mentioned above.

The Group's total assets stand at EUR 38.7m (2022: EUR 41.3m), with net assets at EUR 25.6m (2022: EUR 22.4m) and net current liabilities of

EUR 1.4m (2022: net current liabilities of EUR 3.4m).

The changes in total assets since 31 December 2022, can be attributed to variations in working capital, capitalisation of expenses related to the underlying platforms as intangible assets, impairment losses, and foreign exchange fluctuations recognised against goodwill.

Deferred contingent consideration is assessed at fair value. The changes from 31 December 2022, result from the payment of deferred contingent consideration associated with acquisitions, totalling EUR 1.6m, and a fair value revaluation of Fysiotest, Wellnow and Champion Health deferred contingent consideration balances of EUR 7.3m.

Working capital balances have increased since December 31, 2022, primarily due to the seasonality of collections and payments as well as a result of the underlying growth of the business.

Risk management

Principal risks and uncertainties

Operating as a Lifecare and Wellness business on a global scale presents several risks and uncertainties that continue to be the focus of the Board's ongoing attention.

Risk management approach

The Group's approach to risk management and internal control is designed to manage risk at all levels. Where possible, the Group has implemented appropriate mitigation strategies to reduce the overall risk exposure in line with the Board's risk appetite.

Principal risk assessment

The Board has undertaken a robust assessment of the principal risks facing the Group during the year, including those that would threaten its business model, future performance, solvency and liquidity alongside those risks which are emerging. Their potential impacts are presented to and monitored by the Board. The time-frame horizon for consideration of the principal risks is aligned to the five-year period used when considering the future viability of the Group.

After the Board's review of existing risk and potential emerging risk, the Board believes the existing principal risks reflect the Group's risk profile.

Appetite

The Group's approach is to minimise exposure to reputational, financial and operational risk, whilst accepting and recognising a risk/reward trade-off in the pursuit of its strategic and commercial objectives.

The provision of solutions primarily to the Governance, Risk and Compliance markets means that the integrity of the business and its brands is crucial and cannot be put at risk.

The business, however, operates in a challenging and highly competitive and innovative marketplace that is constantly changing.

It is therefore part of day-to-day planning to make certain financial and operational investments in pursuit of growth objectives, accepting the risk that the anticipated benefits from these investments may not always be fully realised. Its acceptance of risk is subject to ensuring that potential benefits and risks are fully understood and sensible measures to mitigate risk are established.

Viability

The Directors perform a viability assessment on an annual basis. This takes into consideration the potential impact of the principal risks in the business model, future performance, solvency and liquidity.

Principal risks

Risks	Likelihood	Impact	Owner
Innovation in a competitive landscape	Medium	Medium	CEO
Clinical malpractice	Low	Medium	CEO
Reliance on key third party and supplier relationships	Medium	Medium	CEO
Technology security	Low	High	Head of Engineering
Exposure to fluctuations in currency exchange rates	Medium	Low	CFO
Political, regulatory and compliance	Low	Medium	CEO
IP protection is not sufficient	Low	Medium	CEO / Head of Engineering
People	Low	Medium	CEO / Head of People
Personal data	Low	Low	Head of Engineering
Integration of acquisitions which place high demands on management and internal processes	Medium	Medium	CEO

There has been no increase or decrease in the likelihood or probability of these risks over the past financial period, other than the integration of acquisition placing high demands on management and internal processes which has been moved back to medium given that we are now over twelve months from our last acquisition Champion Health in May 2022.

Physitrack PLC principal risks and uncertainties

Risk	Mitigating activity
Innovation in a competitive landscape The Group operates in a specialised market which is highly competitive and constantly evolving to meet the needs and preferences of customers. These factors mean that if the Group does not continually innovate and invest in the underlying business, the Group will be unable to deliver the organic growth expected and would lose customers to competitors.	Product management is a key area of focus for the progression of the Group's strategic objectives. The senior leadership team, with input from the customer success team and product team, is continually evaluating the service offerings of the Group's competitors to understand their features, where there are gaps in the market and how the underlying platform can provide the market with the best service and features. As a result of the above, the technology development team is constantly updating the platform and launching new features to attract new customers and retain existing customers. Through the launch of the Wellness division under the Champion Health brand, the Group has been able to diversify the business, whilst allowing cross-selling between different operating units and reduce reliance on the Lifecare division as a single source of revenue.
Clinical malpractice The Physitrack platform is a tool used by healthcare practitioners and it is essential that the content is high quality and clinically validated. Within the wellness division we provide Physiotherapy services to our customers there's a risk	For the Lifecare platform and Wellness businesses all content is produced in coordination with medical professionals to ensure that this is in-line with medical best practice. Practitioners that use our platforms are required to use their own professional

that we compromise the quality of our care provision through non-compliance with national guidance or local policy, inappropriate operating procedures, inadequate environment and/or lack of capability. The risk of a breach of clinical requirements could result in damage to existing relationships the Group has with major customers leading to a loss or reduction of revenue and a reduction or loss in reputational capital globally.	judgement in relation to diagnosing and treating patients and our platform is not a substitute for this. For specific business units within the Wellness business there is a requirement for practitioners to remain accredited. This includes maintaining continuous professional development, ensuring that high levels of clinical governance are continuously maintained.
Reliance on key third party and supplier relationships Physitrack depends upon a number of key suppliers to maintain its technology. There is a risk that reliability of the service provided is interrupted and the customer cannot access the required services for the duration of the outage, which may lead to dissatisfaction and potential loss of confidence in the system, resulting in a loss of reputation and an adverse impact on the ability to maintain growth in the affected segment of the market. Alongside this there is the risk that the measures taken by the third-party service suppliers to prevent security breaches are inadequate and a loss of confidential information, patient information and intellectual property may result.	The Group during the prior year brought its technology team in-house from a key third party therefore reducing the risk of reliance on key third party suppliers. Whilst some third parties are used for the hosting of the platform, the significant majority of technology development and maintenance is now performed in-house. Significantly reducing the reliance on third-parties which we had in previous years. The Group maintains a pro-active communication plan in place to update its customer base on any planned service outages, or should there be a unplanned outage expected time-lines for returning to service. Any third party supplier relationship entered into, will include clauses in regards to upholding service level agreements and appropriate continuity controls in place should there be an outage. Before entering into an agreement with a third-party provider, the Group ensures that they are compliant with HIPAA, PHIPA, GDPR and are ISO 27001-audited.
Technology security Physitrack's IT infrastructure supplies the means to deliver Physitrack's products to consumers. Physitrack suite of services may be exposed to interruption of services due to an unreliable IT system provider, physical damage from a natural or human based disaster, fire or flooding, systemic delivery failure due to cyber threats, inadequate maintenance or unreliable transmission provision.	The Group performs periodic cyber-attack simulation to ensure that the current security infrastructure is sufficient to withhold an attack. The Group requires mandatory staff training on a regular basis, requiring certification which aims to inform staff of the advances on fraud. Spoof phishing attacks are performed regularly and randomly, to ensure staff do not disclose sensitive information or allow the IT systems to be hacked. The Group maintains ISO 27001 certification which requires an annual audit ensuring our IT security is maintained to a high standard. No significant findings or improvements occurred within the 2023 audit.

Exposure to fluctuations in currency exchange rates The Group undertakes transactions denominated in several currencies and consequently, exposures to exchange rate fluctuations arise which can impact the Group's earnings and equity. The Group's main operating currencies are: GBP, EUR, AUD, USD and CAD. The Group's reporting currency is EUR.	Give the Group's global operations, where possible payments in a specific currency are made from receipts in that currency, ensuring that the business is naturally hedged.
Political, regulatory and compliance The Group operates within an evolving regulatory environment globally and this presents a risk to the continuity of the business if the Company is unable to adapt to the rapid shifts in legislation across multiple jurisdictions or fails to in due time incorporate new legal provisions that are introduced on existing markets or which already exist in markets to which the Company expands to. These regulatory risks extend to regulations established associated with the Climate emergency which currently are not in place. There is a risk that the Group fails to comply with such requirements and as a result, may be exposed to statutory action, loss of registrations, permits and fines, litigation and compensation claims from patients or customers.	The Group has compliance programmes and committees, which regulate the Group's most important risks and the Group conducts assurance activities for each key risk area. The engagement of leadership and senior management is critical to the successful management of this risk area. We have established structured communication plans to provide a clear tone from the top.
IP protection is not sufficient The Group's ability to effectively compete is dependent on the Group's ability to register, protect and claim right to its intellectual property rights ("**IP**"). In particular, the rights attaching to the software on which the Group has developed its technological platform is important for the Group to protect. There is a risk that the measures undertaken by the Group to protect its IP proves to be insufficient, and if so, the Group may not be appropriately protected from an IP point of view in order to maintain its competitive edge.	The Group educates staff on what IP is and how to identify potential breaches or where the Group's IP protection is not sufficient. The Group seeks professional advice where there are instances of where a competitor may have used Physitrack IP illegitimately, or where we may launch a new product or features which impinges existing IP rights in place.
People Physitrack relies on a highly skilled and competent employee cohort. There is a risk that key employees leave the Company through either active targeted recruitment from external sources including competitors, dissatisfaction with the existing employment arrangements and/or natural attrition. A further risk is the ability of Physitrack to attract new employees of the required calibre if competition for resources increases. The business depends on successfully retaining key employees in management, operations, sales and marketing, technology innovation, IT development and system maintenance areas. The Group requires skilled employees, including qualified medical personnel, to generate revenue and maintain	The Group places the wellbeing and development of our people at the forefront of the way we operate as a business. The flexible arrangements which we offer are attractive to employees and act as a retention tool. The Group operates a competitive remuneration package and is investigating other ways this can be enhanced now the Group has listed which would further align the interests of employees and shareholders.

customer relationships to ensure Physitrack remains a leading innovator in the healthcare sector. If the Group is unable to attract and retain its executive management and key employees and consultants, the Group may not be able to achieve its strategic objectives, growth strategy and its business could be adversely impacted. Thus, loss of key employees and consultants or failure to attract new employees or consultants could have a material adverse impact on the Group's ability to grow to new markets and further develop its services.	The Group has recently hired a new head of people who has implemented a number of processes and procedures to maintain high levels of employee engagement and satisfaction.
Personal data Physitrack does not store patient records but does have access to sensitive information pertaining to basic user information and treatment protocols. The personal data of the patients are, in the meaning of the law, typically of sensitive nature as the personal data may relate to the patients' state of health, which place higher demands on the handling of that personal data and also potentially higher sanctions for the Group if the personal data is incorrectly handled.	The Group has implemented specific tools, controls and protocols to detect, report and respond to security incidents. The Group maintains a robust IT security policy, which includes the regular induction, awareness and refresher courses for Group employees of the Group's data security and privacy obligations, alongside the evolving ways data could be unlawfully accessed.
Integration of recently acquired businesses places high demands on management and internal processes To support its ambitious growth plans, the Group acquired a number of businesses over the past 3 years. The integration of these businesses into either the Group's Lifecare or Wellness divisions places high demands on the management team and the Group's operational and financial infrastructure. Further demands will also be placed on the design and implementation of planning and management processes in the operations. Expansion to new jurisdictions always comes with uncertainties and risks, such as increased uncertainty as to the general regulatory environment in healthcare related matters, stricter requirements regarding processing and storing personal data, as well as tax processes different to those the Group currently applies. The company must take these risks into consideration particularly when designing, planning, and managing processes, and there is a risk that the Company will not be able to consider every relevant risk associated with the expansion in and to existing and new jurisdictions.	The Group continues to follow its implementation plan to integrate all recent acquisitions into either the Lifecare or Wellness divisions. During the financial year we have rebranded Wellness entities under the "Champion Health" brand and begun unifying all policies and procedures. We continued the transition of specific Physiotool's customers to Physitrack. During the year the group concluded its roll out of a new finance system (NetSuite) to all subsidiaries bar one which has a high level of customisation for the market in which it operates. This centralises and standardises reporting across all companies within the Group and provides access to real-time information to make better informed decisions. NetSuite has also allowed the ability for the Group to utilise other automated systems across it's businesses which integrate with NetSuite such as Tipalti an automated payables system. This strengthens the financial controls in place and ensures these are homogenous across the group. NetSuite has also allowed several Wellness entities to automate its invoicing.

Emerging risks

As well as assessing ongoing risks the Directors consider how the business could be affected by any emerging risks over the long term. Emerging risks are those which may develop but have a greater uncertainty attached to them. Bi-annually the senior management team are asked to highlight any new or emerging new risks, these are then reported to the Audit Committee and monitored on an ongoing basis.

The market for the Physitrack share on Nasdaq First North Premier Growth Market may be illiquid and the share price volatile

It is difficult to predict the amount of trading of the share. The price at which the share is traded and the price at which investors can make and realise their investment will be affected by a number of factors, some of which are specific to Physitrack and its business, while others are of a general nature applicable to all listed companies and out of the Company's control.

There is a risk that the price of the share will be highly volatile or liquid trading does not develop or does not prove sustainable, this could make it difficult for shareholders to sell their share and the market price could differ considerably from the price of the share within the initial offering.

Future sales of large blocks of shares

The share price may be significantly impacted by sales of large blocks of shares, in particular from members of the Board of Directors, the executive management, larger shareholders or.

Viability statement

The Directors have voluntarily complied with Provision 31 of the UK Corporate Governance Code, wherein they are required to assess the viability of the Group over an appropriate period. As part of this assessment, the Directors have issued a Viability statement declaring that they believe the Group can continue to operate on normal terms and meet its liabilities for a five-year period from December 2023, taking into account its current and forecast financial position, the global healthcare and wellness industry, and its principal risks.

Assessment Period

In considering the viability of the Group, the Directors focused on the five-year period from December 31, 2023, to December 31, 2028, aligning with the Group's strategic planning and forecast periods. This duration exceeds that used for assessing the going concern but is examined on a sufficiently detailed level, considering, where reasonable, the anticipated development and growth of the underlying markets and territories. Given the relatively early stage in the corporate lifecycle and the rapid pace of change in our business, the Directors have concluded that a five-year time horizon is the most appropriate for the viability review.

Performance

Over the last three years, the Group has grown revenue from €3.1m in 2020 to €15.2m in 2023, representing a 70.6 per cent compound annual growth rate ("CAGR").

Long-term Prospects

Within the five-year time horizon of the viability assessment, we expect to continue delivering on our strategic plan and mid-term targets, as outlined on page 6.

Planning Process

The Group's overall strategy and business model, outlined on pages 10 to 11, are fundamental in driving growth in the business and, therefore, future prospects.

The Group's future prospects are assessed through the strategic planning process, involving a detailed review of each business within the group by the CEO and CFO. This is done in conjunction with the Executive Team and each subsidiary's leadership team, culminating in a presentation and discussion with the Board. Progress against the budget is then reviewed monthly by management and reported to the Board quarterly. The output of this process reflects the Directors' best assessment of the Group's future prospects over the next five years and represents a reasonable expectation of results, rather than fact.

Stress Testing
The Directors' viability assessment also considers the covenants attached to the Group's revolving credit facility, which provides cash over the forecast period to support investments that drive forecast growth and deferred contingent consideration payments. As part of the viability assessment, the Directors performed sensitivity analysis and applied a downside scenario to the model, factoring in reasonable downside revenue and cost scenarios over the five-year period. The Directors identified that one covenant related to liquidity could be breached but concluded that the likelihood of this occurring was remote.

Additionally, there are controls in place, such as cost reduction exercises, which would minimise the impact of any downturn.

Viability
As of December 31, 2023, the Group had net assets of €25.6m (2022: €22.4m), along with an available facility of €2.4m (2022: €5.4m). The Group maintains a strong financial position and access to sufficient cash reserves to draw down as needed. Furthermore, the Directors believe that the risk management and internal control systems in place allow them to monitor key variables impacting liquidity and solvency, with a reasonable expectation that the Group will be able to meet liabilities as they fall due over the coming five-year period.

Sustainability report

At Physitrack Group our mission statement is to 'Elevate the world's wellbeing'. Sustainability and generating social value are at the core of our business in both of our divisions. Under the umbrella of our business mission, we have identified four key priority sustainability topics for the Physitrack group, namely:

- Innovation and education: Supporting innovation and education in our sector.
- Workforce: Providing good jobs and career opportunities with fair pay and conditions and building a diverse, inclusive and equal workforce.
- Carbon emissions: Reducing carbon emissions in the healthcare industry as well as acting responsibly in our own business activities.
- Safeguarding users' data and privacy: Adhering to the highest security standards to ensure our customers, and their patients, data is safe.

Further information on our key sustainability topics is outlined below:

Our business mission - Elevating the world's well being

Lifecare
The use of Physitrack and Physiotools empowers practitioners, mainly Physiotherapists, to enhance the care that they offer to their patients. A number of clinical studies, many using Physitrack, have identified that digital exercise apps improve adherence to and engagement with treatment[1].

[1] https://www.physitrack.co.uk/clinical-studies

Physitrack also allows for streamlined patient engagement and remote on-demand care. Increased flexibility reduces the need for set times and limits the need for preparation between patients as all relevant patient information is available on demand through the platform. By treating patients more effectively, more time can be allocated to care as opposed to administration.

Societal Discrepancies and Rural areas

A recent study reported that 8.5 percent of US citizens do not have access to a vehicle[2]. In addition, healthcare costs in the US are among the highest worldwide. The healthcare costs per person is 2.5 times higher in the US compared to the UK, amounting to USD 11,582 per person in 2019[3]. For this vulnerable group, care becomes both costly and difficult to attain and patients may postpone seeking care.

The disparity is particularly evident in rural areas with a higher prevalence of chronic diseases and related mortality. In the US, about 57[4] million people live in rural areas and 20 percent of the population do not have access to healthcare[5].

Physitrack promotes more effective and as a result more affordable care. Furthermore, remote care enables for a wider range of treatment options for individuals living in remote areas and eliminates the need to travel long distance. Limited transportation is positive from an environmental perspective; however, it is also positive for the individual as health conditions that would otherwise be ignored because of the unavailability of care can now be effectively diagnosed and treated remotely.

There are a number of examples of where Physitrack has been utilised in a rural setting to improve the reach of patients to healthcare practitioners including in Australia through Physitrack being used by the Royal Flying Doctors, or through our partnership with Business Finland where Physitrack is used to improve the accessibility of healthcare services to patients in remote regions of Rwanda and Indonesia.

Wellness

The Champion Health 2024 Workplace Health report was released in January 2024 and can be accessed through the following link: https://championhealth.co.uk/insights/guides/the-workplace-health-report-2024/

The report includes insights from over 4,300 employees and over a million data points. Similar to the platform itself, the report identifies the challenges employees are current facing both inside and outside of work. By taking a realistic look at the data and its implications, only then can we know how to truly make a positive impact on the lives of those we work with.

With a rise in the amount of people suffering from mental health issues, we have seen more receiving a diagnosis for such issues. More men are reaching for help and there has been a huge increase in the number of people feeling content with their current physical and mental health. The report show progress and a way through and highlights the efforts in bettering the wellbeing of our colleagues is not in vain.

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[2] Valuepenguin: Car Ownership Statistics

[3] Online Doctor: 40 surprising facts about the Medical Healthcare Industry

[4] Statista: Size of the urban and rural population of the United States from 1960 to 2020

[5] Digital Optometrics: Interesting Telemedicine Statistics

Innovation and education

Support innovation and education in our sector

Physitrack's Lifecare business has long held links with the education sector. Across the world Physitrack offers complimentary access to its home exercise prescription software to universities. More than 50 universities worldwide have registered for free access for their students for use in exercise program modules, academic projects or during placements. https://www.physitrack.co.uk/universities-and-research-institutions

Physitrack has also been used in many academic studies proving the effectiveness of home exercise programmes and telerehabilitation: https://www.physitrack.co.uk/clinical-studies

PTcourses, our continued education business offers quality continued education in our sector to qualified Physiotherapists and Occupational Health Therapists in the US, extending our commitment to learning after graduation.

Developing new service models to rehabilitation

Physitrack's subsidiary, Physiotools has started rehabilitation and business development project called 'Developing new service models to rehabilitation'. This project is partly financed by Business Finland and the Foreign ministry of Finland.

Transforming access to rehabilitation through Project Inclusion

Did you know that in Europe there are on average 13 Physiotherapists for every 10,000 people, while in Asia it is only 2 Physiotherapist per 10,000 people on average?

Project Inclusion aims to overcome this challenge by ensuring that everyone can get the help they need through the power of digital health innovation. Physitrack, along with Business Finland and partners, is actively developing digital tools to make rehabilitation services more accessible in Rwanda and Indonesia.

Our initial experiences indicate that, thanks to digital tools, one physiotherapist can now assist up to 40 times more end-users than before.

This transformation wouldn't be possible without our technology and the invaluable contribution of community health workers, who play a significant role in healthcare in both pilot countries.

Carbon emissions

Reduce carbon emissions in the healthcare industry as well as acting responsibly in our own business activities.

Healthcare is a significant contributor to global carbon dioxide emissions with the healthcare sector in the largest economies making up 4 percent of global emissions[6]. Physitrack enables for less travel through remote care, which contributes to reduced emissions. Furthermore, the company's solution can be used to offer care in regions affected by climate change. A tangible example of this is the use of the Physitrack offering in Haiti - Physitrack provided Telehealth technology to physiotherapists in Haiti. The technology is used to provide expert care from global specialists.

The Physitrack Group is committed to operating in an environmentally sustainable manner, we continually strive to implement energy-efficient technologies and practices in our operations to reduce energy consumption and greenhouse gas emissions. Our workforce operates predominantly a virtual-first model where possible working from home to reduce emissions from travel and maintaining office space.

Data Centres and Cloud Services: As a provider of digital health solutions, Physitrack recognizes the energy consumption and carbon footprint associated with data centres and cloud services. We will work with our technology partners to ensure that our data centres are operated in an energy-efficient manner and that our cloud services are powered by renewable energy.

Workforce

Providing good jobs and career opportunities with fair pay and conditions and building a diverse, inclusive and equal workforce.

Our wellbeing products support employers to improve their employee's wellbeing. With this being at the core of our business we are continually focussed on the wellbeing of our own employees. The Champion Health platform is provided to our own employees and management have access to the data dashboard which is used to identify risks to wellbeing and opportunities to improve these. We hold regular wellbeing 'sessions' throughout the year.

Diversity and inclusion is part of who we are, below is the Physitrack diversity policy:

At Physitrack, we are all different. And that's our greatest strength. We draw on the differences in who we are, where we live, what we have experienced, and how we think. In order to build solutions that serve everyone - we believe in including everyone.

Our company and team are committed to creating and managing an environment of inclusion, and one that always strives to be inclusive of people of all genders, colours, cultures and religions. Physitrack is a diverse company with customers in over 100 countries around the world. Our team of Physitrack collaborators is diverse and spans more than ten nationalities, with representatives of various cultures, sexual orientations and ethnic backgrounds.

For our exercise library, which we film in England, we cast the most suitable models and athletes for the specialties that we need, and this process is independent of gender, sexual orientation, ethnic background and skin colour.

Our online coaches include active and inactive professional athletes, professional dancers, choreographers, war veterans, all with unique onscreen performance skills. With the diversity of

[6] CarbonBrief: Healthcare in the world's largest economies' accounts for 4% of global emissions

these models, we want to offer you the clearest exercise performance and on screen guidance you can find.

Safeguarding users' data and privacy

Adhering to the highest security standards to ensure our customers, and their patients, data is safe.

The safeguarding user's data topic is addressed in full in the Information Security section of this report on page 13.

Directors' duties and stakeholder engagement

Section 172(1) of the Companies Act (2006) requires directors to act in a way that they consider, in good faith, would be most likely promote the success of a company. In doing so, directors must take into consideration the interest of various stakeholders, the impact of its operations on the community and the environment, take a long-term view on consequence of the decisions they make as well as aim to maintain a reputation for high standards of business conduct and fair treatment between the members. In order for the Company to succeed, the Directors understand that each Stakeholder is important to the Company, either through employees driving the innovation and growth of the business, maintaining goodwill with customers to maintain and grow subscription levels or suppliers whose support is integral to the foundations of the business.

In complying with the requirements of Sections 172(1), the directors should be able to ensure all decisions are made in a responsible and sustainable way for the benefit of all stakeholders. Whilst not meeting the qualification criteria of the Companies (Miscellaneous Reporting) regulations 2018, the Directors have decided to explain how the Directors have discharged their duties under Section 172(1). This section services the Company's Section 172(1) Statement.

The Group's stakeholders are considered to comprise its employees, customers, suppliers and shareholders. Details of how the Board seeks to understand the needs and priorities of the Company's stakeholders and how these are considered during all of its discussions and as part of its decision-making are set out below:

Employees

Our people are the engine room of the business supporting the overall growth. Engaging with our people ensures the culture the Board wants to foster is embedded throughout the Group, promotes open, two-way communication and encourages innovative and collaborative working.

In return employees expect fair treatment (including pay), security of employment and access to training and personal development.

Engagement with and involvement of employees in key decisions comprises team meetings, employee surveys, performance appraisals and development plans. As part of these activities, employees have the opportunity to provide feedback to the Company, including any concerns which is then further incorporated into departmental strategic plans.

Outcomes of employee engagement includes the establishment of training schemes to ensure the group continues to invest in the development of staff to foster a culture of continuous improvements.

During the current year the board of directors made operational changes to the management structure by creating a Head of People role, ensuring that appropriate focus is made to enhancing employee engagement and satisfaction.

Customers

Our customers are the heart of the business, and the longevity can only be secured by maintaining and expanding our customer base.

In return our customers expect access to a platform with minimal disruption, competitive pricing and a product which is easily useable. The Director's set the businesses long-term strategy with our customers in mind to strive that processes and the businesses operates with a customer centric mindset.

We believe by listening and being responsive to our customer feedback, we can consistently deliver enhanced experiences and enhancements to the underlying platform. Obtaining customer feedback is the key way in which we engage with our customers. We have an active social media presence, allowing the Company to have a face to its customers and providing multiple channels in which we can engage with customers rather than by traditional means.

In 2022 we established a customer success team, expanded our customer services team and launched a churn and retention project to ensure we are providing the best service to our customers. This team through customer deep dives has allowed us to understand our customers in much more detail such as how they use the platform and what improvements would benefit them. By having access to this data, we able to make decisions on platform enhancements which best serve our customers and ensuring they are obtaining value for money from the platform. The success of this team and ensuring we meet our customers' needs can be seen through our average monthly churn retention rates reducing from 1.2 per cent in 2022 to 1.0 per cent in 2023.

Suppliers

Our suppliers are integral to the delivery of our service offering.

In return our suppliers expect to be treated fairly and receive payment in accordance with agreed terms.

We listen carefully to the concerns of our suppliers and act accordingly. We have regular meetings at both operational and strategic level, with clear service agreements in place.

In responding to feedback from suppliers, the Group worked collaboratively with them to enhance the overall platform.

Shareholders

Shareholders were a key source of funding to the business to provide it with capital to fund its ambitious growth plans. In return shareholders require long term value creation from their underlying shareholding,

Key financial and non-financial information is shared with shareholders on a regular basis through our interim reporting released on a quarterly basis alongside regular press releases of development of the business. In responding to feedback from Shareholders, the Group has revised the format of the interim reports to ensure that meaningful information is presented to them. The CEO and CFO have held meetings with several shareholders during the year to address questions they have and provide them with further information on the growth strategy of the Group.

Corporate Governance report

Overview and regulatory framework

Physitrack PLC ("Physitrack" or the "company") is listed on Nasdaq First North Premier Growth Market Sweden from June 18, 2021, with the Company registered in England and Wales and its operations are governed by the UK Companies Act.

Physitrack is subject to the rules derived from Nasdaq First North Premier Growth Market's Rulebook for issuers and has to comply with generally acceptable behaviour in the Swedish Securities market (Sw. *God sed på aktiemarknaden*).

As part of the Nasdaq First North Premier Growth Market's Rulebook Physitrack is required to apply either the Swedish Corporate Governance code or the Corporate Governance code of the country that it is incorporated in, the Board of Directors has resolved to apply the requirements of the UK Corporate Governance Code ('the Code'), as last published in July 2018 by the UK Financial Reporting Council (the "Code").

This summary is not, and does not purport to furnish, a comprehensive outline of all the applicable laws and internal rules and guidelines and is intended to briefly sum up the most relevant aspects of corporate governance of Physitrack. In this context, it should be read subject to the detailed provisions of the Companies Act, company's memorandum and articles of association, and other laws and regulations applicable to the company.

Compliance with the 2018 UK Corporate Governance Code

In July 2018, the Financial Reporting Council ('FRC') published the latest edition of the Code. This included changes which impact the guidance on the independence of Directors, the tenure of the Chair of the Board, Board and Committee composition, workforce and other stakeholder engagement and remuneration. The Code applies for periods beginning on or after 1 January 2019. In the case of Physitrack it became applicable from 18 June 2021 when the IPO was completed and has been adopted accordingly. The Board has put in place provisions to ensure compliance with the revised Code such that it believes it complies except for the following matters:

i) Since the adoption of the Code a formal evaluation of the Board using an external evaluator has not been performed. The Board will continue to assess the requirement for such an evaluation as the company grows and becomes more complex. An internal evaluation was performed in March 2023 and did not identify any deficiencies.

ii) The Board of Directors has not established a Remuneration Committee in accordance with Provision 32 of the Code, and consequently does not also comply with provisions 33, 35, 36, 40 and 41 of the Code. In light of the size of the company and its simple remuneration structure, which does not include any formulaic bonuses or share incentive schemes, all matters related to director and senior management remuneration will be considered by the Board as a whole, rather than delegated to a sub-committee (subject to the requirements of the Articles and the UK Companies Act).

iii) The Code recommends that the Chair of the Board should not be a member of the Audit committee, the Board currently believe given the size of the Board and the Chair's experience it is appropriate that the Chair be a member of the Audit Committee. This decision will be assessed annually.

iv)

Articles of association

The articles of association of Physitrack, contain regulations on the management of the company's affairs and conduct of its business and serve as an important tool to supplement the statutory corporate governance provisions. The articles of association are available in their entirety on the company's website (https://www.physitrackgroup.com/governance).

Shareholders' meetings

Shareholders' influence in the company is exercised at the shareholders' meeting, where the shareholders decide on matters which fall within their competence. The shareholders' meetings are planned and conducted in such a way as to enable shareholders to exercise their ownership role in an active, well-informed manner.

There are two types of shareholders' meetings: annual general meetings and extraordinary general meetings. Physitrack must hold an annual general meeting once every year, within six months of the end of each financial year, and not later than fifteen months after the previous meeting. All other general meetings are extraordinary general meetings.

In accordance with the articles of association of the company and subject to the conditions stated in the articles, each shareholder enjoys a number of rights in connection with general meetings, including the right to participate in the shareholders' meeting and to vote according to the number of shares owned, the right to receive a notice of a general meeting, and the right to demand a poll at the meeting. Shareholders may exercise their rights at the general meetings by proxy.

Furthermore, each shareholder is entitled to have a resolution put before a general meeting, provided that the Board has received such a request at least seven weeks prior to the distribution of the notice convening an annual general meeting, or four weeks prior to the distribution of the notice convening an extraordinary general meeting.

Physitrack's Annual General Meeting (the "AGM") was held in London on May 3, 2023. The following resolutions were adopted:

To receive and adopt the Annual Report and Accounts.
The AGM resolved to receive and adopt the Company's Annual Report and Accounts for the period ended 31 December 2022, together with the reports of the Directors and Auditor.

Re-election of Directors

The AGM resolved to re-elect Elaine Sullivan, Per Henrik Molin, Arup Paul, Jasper Zwartendijk and elect Anne-Sophie D'Andlau as a Director of the Company.

Appointment and Remuneration of Auditor
The AGM resolved to re-appoint Mazars LLP as Auditor to the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the remuneration of the Auditor until the conclusion of the next Annual General Meeting.

Authority to allot Ordinary Shares
The AGM resolved, in accordance with the Board of Directors' proposal, that the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006, in substitution for all existing authorities, to exercise all the powers of the Company to allot 1,626.077 Ordinary Shares of £0.001 each in the capital of the Company ("Ordinary Shares"), and to grant rights to subscribe for or to convert any security into Ordinary Shares for any purpose, up to a maximum aggregate nominal amount of £1,626.08 (being 10% of the Company's issued share capital) such authority to apply until the end of next year's annual general meeting (or, if earlier, until the close of business on 31 May 2024) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require Ordinary Shares to be allotted or rights to subscribe for or convert securities into Ordinary Shares to be granted after the authority ends and the Board may allot Ordinary Shares or grant rights to subscribe for or convert securities into Ordinary Shares under any such offer or agreement as if the authority had not ended.

Authority to dis-apply pre-emption rights.
The AGM resolved that, in accordance with the board of directors' proposal, subject to the passing of Resolution 8, the Directors be empowered pursuant to section 570 Companies Act 2006 to allot equity securities (within the meaning of section 560(1) Companies Act 2006) of the Company for cash pursuant to the authority conferred by Resolution 9 as if section 561 Companies Act 2006 did not apply to the

allotment, such power to expire at the end of next year's annual general meeting (or, if earlier, until the close of business on 31 May 2024) unless renewed, varied or revoked by the Company prior to such a date.

Share Repurchases
The AGM resolved, in accordance with the Board of Directors' proposal, that the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of its Ordinary Shares, provided that:
a. the maximum number of Ordinary Shares authorised to be purchased shall be 1,626.077 (representing 10% of the Company's issued Ordinary Share capital at the date of this notice of Annual General Meeting);
b. the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is £0.001;
c. the maximum price (exclusive of expenses) which may be paid for each Ordinary Share must not
be more than the higher of (i) an amount equal to five per cent above the market value of an Ordinary Share for the five business days immediately preceding the day on which that share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out, in each case exclusive of expenses;
d. the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held after the date of the passing of this resolution or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed to such time; and
e. the Company may make a contract to purchase Ordinary Shares under the authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

Shareholder structure

At 24 January 2023, Physitrack had 1,432 shareholders, holding in total 16,260,767 shares. The largest shareholders were Henrik Molin with 24.8 per cent of the issued share capital, Nathan Skwortsow with 16.73 per cent, Consensus Asset management with 11.88 per cent, Dankea Ou with 6.15 per cent, Breht McConville with 5.10 per cent, Ocampo International SA with 3.97 per cent, Kjetil Holta with 3.99 per cent, Avanza Pension with 3.12 per cent, Mathias Johansson with 2.29 per cent, and Martin Larsson (Chalex, AB) 1.92 per cent. The ten largest shareholders held an aggregate of 77.74 per cent of total number of shares in issue at 31 December 2023.

Further details on the company's largest shareholders and ownership structure can be found on the page 101 of this report.

2024 Annual General Meeting

The forthcoming annual general meeting ('AGM') of Physitrack will be held on Friday May 3, 2024, it will be a hybrid physical and virtual meeting as permitted in the articles of association.

Information about the 2024 Annual General Meeting, with all relevant documentation, is published on Physitrack's website, www.physitrackgroup.com. The notice of meeting for the AGM will be posted on this website no later than 21 days before the date of the meeting.

Nomination Committee

The nomination committee assists the board in reviewing the structure, size and composition of the board of directors. It is also responsible for reviewing succession plans for the directors, including the Chairperson and CEO and other senior executives.

The UK Corporate Governance Code recommends that a majority of the nomination committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment.

The current members of the nomination committee in Physitrack are:

- Henrik Molin
- Arup Paul

- Jasper Zwartendijk
- Anne-Sophie D'Andlau

The nomination committee met once during the current financial year to appoint Anne-Sophie D'Andlau as chairman.

Physitrack PLC adopted the UK Corporate Governance Code in June 2021, since the adoption a formal evaluation of the Board using an external evaluator has not been performed. The Board will continue to assess the requirement for such an evaluation as the company grows and becomes more complex.

Board of directors

The Board is ultimately responsible for the governance of the company, its proper administration and management, and general supervision of its affairs. Among the purposes of the Board are to enhance the value of the company, promote the well-being of the company, and serve the legitimate interests of the company including on matters of sustainability.

The Board determines the strategy, targets and fundamental management policies, and supervises the affairs of the company. The Board continuously oversees the performance of the duties of the CEO and executive management and evaluates Physitrack's financial position and results. Furthermore, the Board ensures that the company has appropriate policies and procedures in place to ensure that the company, its management and employees adhere to the highest standards of corporate conduct and comply with applicable laws, regulations and ethical standards. Board members are accountable for their performance to the shareholders of Physitrack.

The company's board of directors consist of four directors including the chairperson, who are appointed for the period until the end of the next annual shareholders' meeting.

Subject to the UK Companies Act, the articles of association and to any directions given by special resolution of the company, the business of the company will be managed by the board of directors, which may exercise all the powers of the company, whether relating to the management of the business or not. The directors have a fiduciary duty owed to the company.

In summary, directors owe a duty to:

- Act within the powers conferred by the company's constitution;
- Promote the success of the company; and
- Exercise independent judgment, reasonable care, skill and diligence, avoid conflicts of interest, not accept benefits from third parties and declare interests in (proposed) transactions or arrangements.

Directors also owe a duty of confidentiality to the company, and the terms on which they are engaged by the company, especially in the case of executive directors, may impose or give rise to further duties and obligations.

In accordance with the articles of association, a director must declare to the directors any potential conflict of interest, so the directors can decide on how to address the conflict. The directors may decide to authorise matters presented by a director that would, if not authorised, involve a breach under the UK Companies Act. If authorised to act in conflict of interest, the director will be obliged to conduct him/herself in accordance with any terms and conditions imposed by the directors.

Subject to the company's articles of association, the company may by ordinary resolution appoint a person who is willing to be a director. The board of directors also have the power at any time to appoint any person who is willing to act as a director.

In line with the UK Corporate Governance, at each annual general meeting every director shall retire from office and each retiring director may offer himself for re-appointment by the members. A director that is re-appointed will be treated as continuing in office without a break until the next annual general meeting where he shall again be eligible for re-election.

The roles and responsibility of each board director is set out within the Director's terms of reference.

Refer to page 40 to 42 for further information on members of the board.

Chair of the Board

The Chair of the Board is responsible for organizing and leading the work of the Board, presiding over the meetings of the Board and ensuring that the Board operates in an organized and efficient manner and fulfils its legal obligations. In consultation with the CEO and other Board members, the Chair is responsible for drawing up proposed agendas for Board meetings and ensures that the Board receives sufficient information and documentation to conduct its work. The Chair is elected by the shareholders of the company and holds office no longer than the end of the next annual general meeting.

Board meetings

The work of the Board is organized in accordance with the rules set under the UK Corporate Governance Code, the Companies Act and the company's articles of association. All Board meetings follow an agenda which, together with other materials which may be prepared for a meeting, is distributed to the Board members and other invitees (if any) prior to the meetings. The work of the Board is organized in such manner to ensure that all matters requiring Board's attention are addressed at the meetings and that the Board receives all relevant information. The Chairperson of the Board leads the meetings and supervises the work of the Board. During the current financial year, the Board of the company held 6 Board meetings during 2023, with all board members present. In addition to the Board members, the Board meetings were regularly attended by a secretary and the chief financial officer (CFO) of the company. The Board from time to time invited other persons to deliver presentations or participate in discussions on certain topics when such persons had the required expertise to make a valuable contribution to the Board's work.

The Board meetings are regularly convened to manage and oversee the company's business, set the overall goals and strategy of the company, and continuously monitor financial performance, major developments and the company's key performance indicators.

The company's interim reports are reviewed and approved quarterly, while the Annual Report, the budget and the yearly business plan are considered and approved at Board meetings convened for this purpose each year. The Board members regularly discuss the strategic initiatives to ensure the long-term sustainable growth of the company, which includes consideration of the initiatives to improve the company's offering, potential acquisitions and other investment opportunities, and strategic partnerships and other major projects of the company. Key developments within the company and industry are regularly discussed at the Board meetings, including regulatory developments and the company's compliance with applicable regulations, opportunities to expand the customer base, consideration of sustainability initiatives, risk assessments, consideration of the company's financing arrangements, and reviews of existing and potentially new markets.

The Directors also have substantive communication between meetings, which include meetings without the CEO being present.

As outlined within the Director's biographies on pages 40 to 41, the Director's also have other external appointments. The Directors have confirmed that their time commitments for these other external appointments do not prejudice their ability to perform their Physitrack director role.

Board committees

The Board is empowered through the articles of association of the company to delegate any of its powers, authorities or discretions to any committee or committees as it sees fit. In accordance with such authority, the Board has established two committees: the Audit and nomination Committee (established in June 2021).

Audit committee

Refer to the Audit Committee Report on page 38.

Remuneration committee

The Board of Directors has not established a Remuneration Committee in accordance with Provision 32 of the Code and consequently does not also comply with provisions 33, 35, 36, 40 and 41 of the Code.

In light of the size of the company and its simple remuneration structure, which does not include any formulaic bonuses or share incentive schemes, all matters related to director and senior management remuneration will initially be considered by the Board as a whole (subject to the requirements of the Articles and the UK Companies Act). All of the current Board and Senior Management remuneration arrangements were in place before the company became subject to the requirements of the UK Corporate Governance code. The company will keep the decision whether to establish a Remuneration Committee under review in light of its existing and potential future remuneration structure.

CEO and management

The Chief Executive Officer (CEO) and co-founder of Physitrack is primarily responsible for the company's day-to-day management and reports to the Board. The CEO is responsible for leading, organizing and developing the business of the company in such ways that the strategic targets set by the Board are achieved and that the value of the company is enhanced. The CEO must prepare and present issues that are outside the scope of day-to-day management to the Board and the Board may instruct the CEO on how certain matters are to be handled or decided.
The CEO is required to keep the Board and the Chair informed of the company's performance, financial position and important developments. The CEO is also responsible for preparing budget proposals, business plans, financial reports and is generally responsible for preparing materials for the Board meetings as required by the Board to take decisions on matters falling within its area of responsibility.

The company's CEO heads and leads the work of the management team, currently consisting of two members:

the CEO and Chief Financial Officer (CFO). The CEO and management of Physitrack are presented in the Annual Report on page 4 and the company's website

https://www.physitrackgroup.com/about#founders

Remuneration and incentive programs

Board Remuneration

The ordinary remuneration of the Board is in accordance with the articles of association of the company determined by the Board, provided that such remuneration does not exceed an aggregate annual amount as determined by an ordinary resolution of the shareholders.

The Board's remuneration can be divided among the Board members as they agree, unless specified by an ordinary resolution by the shareholders. The articles of association of the company further stipulate that any Board member who holds any executive office (including for this purpose the office of chairman or deputy chairman, whether or not such office is held in an executive capacity), or who serves on any committee of the Board, or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Board member, may be paid such extra remuneration or may receive such other benefits as the Board may determine.

CEO and Management Remuneration

As outlined within note 24 remuneration of the CEO is by way of a monthly fee charged by a third party company Camelot Solutions, a Company incorporated in Monaco. Additional performance bonuses are charged periodically based on both individual and company targets. Remuneration to other senior executives consists of market-based salary, variable remuneration (mostly in the form of performance bonuses) on both a quarterly and annual basis, customary fringe benefits and other benefits and pension. The balance between fixed and variable remuneration is generally proportionate to the executive's responsibilities, seniority, authority expertise, experience and performance.

A summary of the CEO remuneration alongside the other senior management during the year ended 31 December 2023 is as follows:

	EUR
CEO	305,541
Total senior management remuneration (including all directors)	739,318

Internal controls and risk management

Physitrack's internal control system has been designed to provide assurance that approved principles for financial reporting are applied, and that the company's financial reports are accurate, reliable, and produced in accordance with legislation, applicable accounting standards and other requirements for listed companies. Soundly devised internal control not only creates conditions for reliable financial reporting and compliance with applicable laws and regulations, but also contributes to a healthy and sustainable business, with greater profitability as a result.

Control environment

The Board is ultimately responsible for internal control and risk management of Physitrack PLC. The Audit Committee has been established to support the Board on matters relating to financial reporting, auditing and risk management, including reviewing and monitoring the integrity of the company's financial statements and the effectiveness of the company's internal controls.

The Audit Committee consists of non-executive Board members who are appointed by and are responsible to the Board for carrying out their duties.

While the Board bears overarching responsibility for establishing an efficient internal control system, certain responsibilities have been delegated to the CEO and the management team reporting to the CEO. The CEO, together with the CFO and the Group's finance department, is responsible for ensuring that the necessary internal controls and adequate monitoring are conducted. This includes the control of the company's and the Group's organisation, procedures, policies and practices.

The Group's finance function reports to the CFO, while the CFO in turn reports to the CEO, the Board and the Audit Committee. The Board continuously evaluates the information provided by the company's management. The process includes monitoring profits and revenues versus budget and plans, analysis of key figure and developments, and reporting at Board meetings.

The CEO and CFO regularly provide the Board with the information required to monitor the company's financial position and compliance with the laws in the countries where the company's subsidiaries operate. The annual report and interim reports are reviewed and approved by the Board prior to publication. The objective of the internal control measures is to ensure that reliable and accurate financial reporting takes place, that the company's and the Group's financial reporting is prepared in accordance with law and applicable accounting standards, that the company's assets are protected and that other related regulatory requirements are met.

In addition to ensuring compliance with the regulatory requirements, the system for internal control is also intended to monitor compliance with the company's internal policies and instructions. Internal control also includes risk assessment and implementation of corrective measures.

Risk assessment

Physitrack conducts a structured annual risk assessment to identify, assess and mitigate or manage the risks that affect the company and its business. The risk assessment is conducted with the aim of identifying and assessing the principal risks that can affect the company and its business, based on the likelihood that they arise and the degree to which such risks would affect the company's objectives and long-term strategy, if they were to occur.

Each identified risk has a risk owner within the company, who has the responsibility of ensuring that measures and controls are in place and implemented. The risk owner is also responsible for monitoring, following-up and reporting changes in the company's risk exposure to identified risks. The risk assessment is updated annually and presented to, and discussed by, the Board of the company.

In addition to the structured annual risk assessment, the principal risks are regularly evaluated and discussed by the Board members during the Board meetings, while the financial risks are also monitored by the Audit Committee. For a more detailed description of the industry and business-related risks that affect Physitrack, see the separate section "Risk management" on pages 19 to 24 of this report.

Monitoring compliance

As part of its internal control activities, the company regularly monitors compliance with the applicable rules and legislation, as well as the internal policies of the company, to ensure that risks have been satisfactorily observed and addressed. This includes ongoing monitoring whether the financial reporting of the company is reliable and done in accordance with the IFRS, applicable laws and regulations, as well as other standards that companies listed on Nasdaq First North Premier Growth Market are required to apply. In connection with the listing on Nasdaq First North Premier Growth Market, the company engaged a certified adviser, approved by Nasdaq, to guide the company through the application process, and to provide support and help the company to ensure that it continuously complies with the applicable Nasdaq First North Premier Growth Market rules and regulations. Physitrack's Certified Adviser is FNCA Sweden AB.

Investor Relations

Physitrack strives to uphold good communication with its shareholders and provide correct, clear, credible, timely and relevant information. Physitrack communicates the relevant information to the market primarily through the annual reports, interim reports, press releases and the company's website (www.physitrackgroup.com). In accordance with the Market Abuse Regulation and Nasdaq First North Growth Market Rulebook. In addition to the disclosure requirements imposed by Nasdaq and those emanating from the Market Abuse Regulation, Physitrack has adopted internal policies and procedures designed to ensure that accurate information is communicated in a timely fashion to shareholders, the market, employees and other stakeholders. The company's obligations with respect to inside information are also regulated in the internal insider policy. Regular interim and annual reports are published in English, while certain publications are released in both English and Swedish.

Company secretary

Physitrack has appointed an external company secretary, which provides the Director's with a reference point for any Company Secretarial advice the Directors may require.

Audit Committee report

Committee membership and meetings

Committee members

Jasper Zwartendijk (Chair)	Independent
Arup Paul	Independent
Sophie D'Andlau	Independent
Elaine Sullivan (resigned September 15)	Independent

The UK Corporate Governance Code recommends that all members of the audit committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment and that one such member has recent and relevant financial experience. The Code recommends that the Chair of the Board should not be a member of the Audit committee, the Board currently believe given the size of the Board and the Chair's experience it is appropriate that the Chair be a member of the Audit Committee. This decision will be assessed annually.

4 audit committee meetings were held during 2023 with all members being present except Elaine Sullivan who resigned on 15 September 2023.

Activities of the audit committee

The Committee has continued to play a vital role in assisting the Board in its oversight responsibility and monitoring of the integrity of the financial information for the benefit of our shareholders.

This included monitoring of the Company's governance framework and providing independent challenge and oversight of the accounting, financial reporting and internal control and risk management processes. The Committee Terms of Reference can be found at https://www.physitrackgroup.com/governance.

The Committee met on four occasions during 2023. Our focus has been on supporting management to continue to improve ways of working and financial/internal control processes and building on progress made since the IPO. Activities in relation to the twelve months ended 31 December 2023, including significant issues considered by the audit committee include:

Financial reporting

- Monitoring the integrity of the annual and interim financial statements, the accompanying reports to shareholders and corporate governance statements including any significant financial reporting judgments contained in them.
- Providing advice to the Board on whether the Annual Report and financial statements, when taken as a whole, is fair, balanced and understandable and provides all the necessary information for shareholders to assess the Company's performance, business model and strategy.

Risk management and internal controls

- In conjunction with the Board reviewing and monitoring the effectiveness of the Group's internal control and risk-management systems, including reviewing the process for identifying, assessing and reporting all key risks. see the separate section "Risk management" on pages 19 to 24 of this report.

External audit

- To review and monitor the external auditors' independence, objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.

Key discussions in the year

The significant areas considered by the Committee were:

Key financial controls

The Committee reviewed the adequacy and appropriateness of the Group's system of controls and the establishment of a risk and control framework.

Internal audit

Based on the size and complexity of Physitrack PLC the Audit Committee determined that an internal audit function was not required. This will be assessed on an ongoing basis.

External Auditor

The auditor of the company is appointed by the Audit Committee and approved by the shareholders at the general meeting. Among other duties, the auditor reviews the company's annual accounts and accounting practices, as well as the management of the company by the Board, the CEO and the management team. According to the Code, the auditor should take part in at least one Board meeting a year without management presence. The auditor participates in the meetings of the audit committee and speaks regularly with members of the Board. Following each financial year, the auditor submits an audit report and a consolidated audit report to the annual general meeting of the company.

In 2023, the remuneration to the company's auditor amounted to EUR 124,183 (2022: EUR 109,810) and related fees amounted to EUR Nil. Physitrack's auditor is Mazars LLP, an international audit, tax and advisory firm, with Alistair Wesson as responsible auditor. Alistair is a Chartered Accountant who has worked with smaller capitalisation listed entities within the entrepreneurial business sector for his entire career.

Mazars LLP
Park View House
58 The Ropewalk
Nottingham NG1 5DW
United Kingdom

In the year the external auditors did not perform any other audit related assurance services.

Board of directors and executive management

Board of directors

At 31 December 2023 Physitrack's board consisted of four directors, including the Chair of the Board of the Directors, elected until the annual general meeting 2024. The board of directors are presented in detail below. The information regarding the directors' current and prior positions does not include any such positions held in Group companies. The information on the directors' respective holdings is provided as at 31 December 2023.

On 15 September 2023, Elaine Sullivan resigned as Chair of the board to consider other opportunities and was replaced by Anne-Sophie D'Andlau. The Group is grateful to Elaine for making it possible for it to transition from a private to public company, bringing it into a new regime for governance and seeing it through some key acquisitions that have helped it on it's mission to elevating the world's wellbeing. We wish her all the best for her future. We welcome the wealth of experience and expertise in the global financial industry, equity markets and governance, that Anne-Sophie can bring to the role as Chair of the Board going forward as the Group transitions into its next phase of dynamic, global expansion, as well as international investor exposure.

			Independent in relation to	
Name	**Position**	**Director since**	**The Company and its management**	**Major shareholders**
Anne-Sophie D'Andlau	Non-Executive Chair of the board	2022	Yes	Yes
Henrik Molin	Executive Director and CEO	2012	No	No
Jasper Zwartendijk	Senior independent Non-Executive Director	2021	Yes	Yes
Arup Paul	Non-Executive Director	2021	Yes	Yes

Anne-Sophie D'Andlau (born 1972)

Non-executive Chair of the board
Member of Physitrack Plc Audit and nomination committee
Background and education: MSc in Finance from Neoma Business School in France
Current positions: Co-Founder & Deputy CEO, CIAM
Prior positions (past five years): Equity Portfolio Manager, Systeia Capital Management (Amundi) Manager in Corporate Finance, PriceWaterhouseCoopers (PwC)
Holdings in the Company (including related parties): 8,000 shares.

Henrik Molin (born 1975)

Executive Director and CEO
Background and education: MSc in Accounting and Economics, Umeå School of Business, Economics and Statistics (Sweden). Co-founder of Physitrack and previously Director of Marketing at SkyBridge Capital A.G. and Head of Business Development of FQS Capital Management (Cayman) Limited.
Henrik has over 20 years of experience in business development and entrepreneurship. He started his career with Reuters Plc where he developed and marketed financial information and risk management systems before moving into banking and finance.
Current positions: –
Prior positions (past five years): –
Holdings in the Company (including related parties): 4,032,701 shares.

Jasper Zwartendijk (born 1977)

Senior independent non-executive Director of the board
Chair of Physitrack Plc Audit committee and member of Physitrack Plc nomination committee
Background and education: MSc in Economics, Erasmus University Rotterdam (the Netherlands). Finance professional with extensive financial management and M&A experience.
Current positions: Chief Strategy and M&A Officer for Creative Clicks
Prior positions (past five years): Director of Virgin Media Ireland Limited, Virgin Media Television Limited, UPC Broadband Ireland Limited, Channel6 Broadcasting Limited, Kish Media Limited, Tullamore Beta Limited, TV Three Enterprises Limited, TV Three Sales Limited, Ulana Business Management Limited, Cullen Broadcasting Limited, Casey Cablevision Limited and PBN Holdings Limited. CFO of Virgin Media Ireland.
Holdings in the Company (including related parties): 6,345 shares.

Arup Paul (born 1977)

Non-executive Director of the board
Member of Physitrack Plc Audit and nomination committee
Background and education: MBBS, BSc in Molecular Medicine and Developmental Neurobiology, King's College London (UK); MSc in Healthcare Commissioning, the University of Birmingham (UK). Extensive experience in the design and delivery of healthcare systems and local, national and international levels
Current positions: Chief Clinical Strategy Officer in an international health-tech start up.
Prior positions (past five years): Deputy Chief Medical Officer at AXA PPP Healthcare; Chief Medical and Operating Officer and Director with Health Case Management Limited. Director of Ballard Investment.
Holdings in the Company (including related parties): Nil

Executive management team


Henrik Molin: CEO


Charlotte Goodwin: CFO

The Company's executive management team is presented in detail below. The information regarding their current and prior positions does not include current or prior positions held in Group companies. The information on the executive management team's holdings is provided as at 31 December 2023.

During the current financial year, due changes in the structure of the Group’s operations team, Andrew Knox (existing Group Chief Operating Officer) left Physitrack.

Name	Position	Employed since
Henrik Molin	CEO	2012
Charlotte Goodwin	CFO	2021

Henrik Molin (born 1975)

CEO

See above under "*Board of directors*".

Charlotte Goodwin (born 1989)

CFO

Background and education: Master's Degree in Natural Sciences, University of Cambridge (UK). Chartered Accountant and member of the Institute of Chartered Accountants of England and Wales. Experience from various positions within Wilmington plc, e.g., as Group Accountant, Group Financial Controller and Director of Group Finance, trained at PwC.

Current positions: –

Prior positions (past five years): Director of Group Finance at Wilmington plc.

Holdings in the Company (including related parties): 4,540 shares.

Other information on the board of directors and senior executives

There are no family ties between any of the board members or senior executives. None of the Company's board members or senior executives have any private interests that could conflict with those of the Company. However, as described above, several board members and senior executives have financial interests in the Company through their shareholdings. None of the board members or senior executives have been chosen or elected as a result of a specific arrangement with major shareholders, customers, suppliers or other parties.

None of the board members or senior executives in the Company have during the past five years, (i) been convicted in relation to fraudulent offences, (ii) been a director of a company that has been subject to bankruptcy, receivership, liquidation or put into administration, (iii) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Directors' report

The Directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2023.

Dividends

No dividends were recommended by the board or paid during the year (2022: nil).

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 21. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

Information shown in the Strategic Report

Information around the Groups performance in the year as well as its developments are shown in the Strategic Report. This information is not shown in the Directors Report in accordance with s414C (11) of the Companies Act 2006.

Research & development

Physitrack team remains committed to strong innovation to make sure we keep staying ahead of the innovation curve in our industry. During 2023 the Company invested heavily in understanding and implementing AI tools in both the platform and to ensure all business processes are efficient. This will provide further enhancements to the platforms and service offerings. Investment in the period into the Group's technology platform was €3.4m (2022: €4,0m)

Financial instrument policy and risk

The Group is exposed to price risk, credit risk, liquidity risk, foreign exchange risk and cash flow risk deriving from the financial instruments it holds. Note 21 details how the Company manages risk in these areas, alongside the financial risk management objectives and policies of the Group.

Events after the reporting period

There were no events after the reporting period.

Directors

The Directors, who served during or throughout the year were as follows:
H P Molin
A Paul
E M Sullivan (resigned September 15 2023)
J A Zwartendijk
AS D'Andlau

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Going concern

The Group has performed its going concern assessment based on board approved detailed trading budgets for the twelve months from date of signing the financial statements, alongside longer-term forecasts through to 31 December 2028, including detailed cash flow forecasts and covenant calculations.

In preparing these models, specific judgements were applied, the most significant being revenue growth rates and EBITDA margins. However, these rates were in-line with targets of medium term revenue growth of 30 per cent and EBITDA margins of 40-45 per cent previously externally communicated. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be in a cash surplus position for at least 12 months from the approval date of the financial statements.

The Directors have, at the time of approving the financial statements, therefore concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As such, the Group continues to adopt the going concern basis of accounting in preparing the financial statements. Further information on the Directors going concern assessment is outlined in note 1.

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as the Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Mazars LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board of Directors on and signed on its behalf by:

HP. Molin
Henrik Molin (Feb 28, 2024 20:55 GMT+1)

Henrik Molin
Director / CEO & co-founder

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The directors are responsible for the maintenance and integrity of the Group's website. Legislation in the UK governing the preparation and dissemination of historical financial information may differ from legislation in other jurisdictions.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.
In preparing the group financial statements, Directors are required to:

- properly select and apply accounting policies.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- provide additional disclosures when compliance with the specific requirements in IFRS Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Group's website. Legislation in the UK governing the preparation and dissemination of historical financial information may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Physitrack PLC

Opinion

We have audited the financial statements of Physitrack PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Company statement of financial position, the Company statement of changed in equity and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, as described in note 1, by reviewing supporting and contradictory evidence in relation to these key assumptions;
- Assessing the historical accuracy of forecasts prepared by the directors;
- Reviewing committed spend against a base revenue scenario and critically assessing if this would result in a profit;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to Physitrack PLC's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Fraud risk on revenue recognition (relating to both the group and parent company) The Group's accounting policy for revenue recognition is set out in the revenue accounting policy note on page 63. For Physitrack PLC we initially see the risk of fraud in revenue recognition as being principally in relation to; 1. Occurrence of subscription income. Subscription income represents roughly 54% of revenue (2022: 57%). This is income that can be billed in advance, deferred and recognised over time in the statement of comprehensive income. This could be manipulated or overstated through the inclusion of non-revenue items. 2. Cut off of non-subscription based income. This represents 46% (2022: 43%) of	Our audit procedures over revenue recognition included general procedures on the methodology adopted and the related control environment, in addition to substantive testing. General procedures included, but were not limited to: • the review of the methodology applied in relation to revenue recognition for services provided under contractual arrangements, and • the assessment of the design and implementation of controls that we considered to be key in the determination of revenue to be recognised. Substantive procedures included, but were not limited to: <u>Subscription income</u> We performed analytical procedures on subscription income to identify any unusual or

revenue and comprises maintenance fees and custom apps. These are monthly or longer fees invoiced manually and can be ad hoc in nature. As such the recognition risk will lie more in the timing of these transactions.	unexpected revenue relationships based on number of clients and the price list. We compared this to the ledger and followed up any discrepancies. We agreed a sample of clients back to Chargebee and performed IT Information Produced by the Entity testing to ensure the inputs for our expectation were appropriate. Non-subscription income We substantively tested a sample of non-subscription-based income back to the invoice and the bank statement to assess whether cut off was appropriate. **Our observations** Based on the results of our procedures performed, we consider revenue recognition is appropriate, and we have not identified material misstatements in the level of revenue recognition in the financial statements.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality

Overall materiality	Consolidated group; €273,000 Parent company; €126,000
How we determined it	This was based on 1.8% of total revenues.
Rationale for benchmark applied	Revenue is considered the most appropriate benchmark for the business and this the performance indicator is used by the board of directors to monitor the group's performance. The threshold of 1.8% is considered a mid-point of a generally accepted range, selected to reflect the fact that the group is newly listed.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at 75% of overall materiality, this equated to the following; Consolidated group; €204,000 Parent company; €94,000

Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit over 3% of overall materiality as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, the three largest components of the group, including the parent company, were subject to full scope audit performed by the group audit team and a component auditor. The component auditor reported to us on Physiotools Oy. The remaining entities were considered insignificant and tested at group level.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with the Nasdaq First Premier Growth Market listing rules, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and

- information about the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with the Nasdaq First North Premier Growth Market listing rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the;

- strategic report or the directors' report;
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with the Nasdaq First North Premier Growth Market listing rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- 'a corporate governance statement has not been prepared by the parent company'; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Physitrack PLC's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 44;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on page 24;
- Directors' statement on fair, balanced and understandable, set out on page 45;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on pages 20 to 24;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 39; and;
- The section describing the work of the audit committee, set out on pages 38 to 39.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 45, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, technology regulations and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Reviewing minutes of directors’ meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006 and the Nasdaq First Growth Market listing rules.

In addition, we evaluated the directors’ and management’s incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the completeness and cut off assertions), and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and

- Substantively testing revenue recognition.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Alistair Wesson (Feb 28, 2024 19:58 GMT)

Alistair Wesson (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Parkview House

58 The Ropewalk

Nottingham

NG1 5DW

28 February 2024

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	Note	Year ended 31 December 2023	Year ended 31 December 2022
		€	€
Revenue	3	15,176,582	12,510,371
Operating expenses		(15,691,691)	(12,904,293)
Impairment of goodwill	5	(3,293,784)	-
Fair value movement on deferred contingent consideration	5	7,250,357	503,309
Operating profit	4, 5	3,441,464	109,387
Net finance costs	6	(350,858)	(58,272)
Profit before taxation		3,090,606	51,115
Taxation	10	114,220	41,204
Profit after taxation		3,204,826	92,319
Other comprehensive income			
Items which may be reclassified to profit/(loss)			
Exchange differences on translation of foreign operations		(2,018)	(1,011,757)
Total comprehensive profit/(loss) for the period		3,202,808	(919,438)
Basic earnings per share	9	0.20	0.01
Diluted earnings per share	9	0.20	0.01

All results in the current financial year derive from continuing operations.

The other comprehensive income figure represents exchange differences on translation.

The accounting policies and notes on pages 57 to 89 form part of the financial statements.

Consolidated Statement of Financial Position as at 31 December 2023

		31 December 2023	31 December 2022
Assets	**Note**	**€**	**€**
Non-current assets			
Goodwill	13	23,882,146	27,245,637
Intangible assets	13	10,187,463	10,296,548
Property, plant and equipment	12	83,623	97,916
Financial assets measured at FVOCI/FVTPL	14	98,264	98,264
Total non-current assets		**34,251,496**	**37,738,365**
Current assets			
Trade and other receivables	15	3,882,323	2,950,196
Inventory	16	34,718	46,540
Cash and cash equivalents		536,029	577,742
Total current assets		**4,453,070**	**3,574,478**
Total assets		**38,704,566**	**41,312,843**
Liabilities			
Non-current liabilities			
Borrowings	17	(3,578,217)	(831,663)
Contract liability	19	(123,435)	-
Deferred tax	11	(1,187,351)	(1,414,271)
Deferred contingent consideration	18	(2,428,910)	(9,700,509)
Total non-current liabilities		**(7,317,913)**	**(11,946,443)**
Current liabilities			
Contract liability	19	(2,077,543)	(2,060,824)
Trade and other payables	20	(2,460,035)	(2,051,661)
Corporation tax payable		(164,424)	(160,397)
Deferred contingent consideration	18	(1,111,574)	(2,723,249)
Total current liabilities		**(5,813,576)**	**(6,996,131)**
Net assets		**25,573,077**	**22,370,269**
Equity			
Share capital	22	64,075	64,075
Share premium	22	24,935,421	24,935,421
Translation reserve		(1,032,938)	(1,030,920)
Retained earnings		1,606,519	(1,598,307)
		25,573,077	**22,370,269**

The accounting policies and notes on pages 57 to 89 form part of the financial statements. The financial statements for Physitrack PLC, Company registration number: 08106661 were approved and authorised for the issue by the Board of Directors and were signed on its behalf on 28 February 2024:

Henrik Molin (Feb 28, 2024 20:55 GMT+1)

Henrik Molin

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

	Share capital	Share premium	Currency translation reserve	Retained earnings	Total
	€	€	€	€	€
Balance at 31 December 2021	**64,075**	**24,935,421**	**(19,163)**	**(1,690,626)**	**23,289,707**
Profit for the year	-	-	-	**92,319**	**92,319**
Other comprehensive income for the year	-	-	(1,011,757)	-	(1,011,757)
Total comprehensive income for the year	**-**	**-**	**(1,011,757)**	**92,319**	**(919,438)**
Balance at 31 December 2022	**64,075**	**24,935,421**	**(1,030,920)**	**(1,598,307)**	**22,370,269**
Profit for the year	-	-	-	3,204,826	3,204,826
Other comprehensive income for the year	-	-	(2,018)	-	(2,018)
Total comprehensive income for the year	**-**	**-**	**(2,018)**	**3,204,826**	**3,202,808**
Balance at 31 December 2023	**64,075**	**24,935,421**	**(1,032,938)**	**1,606,519**	**25,573,077**

The accounting policies and notes on pages 57 to 89 form part of the financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2023

	Note	Year ended 31 December 2023	Year ended 31 December 2022
		€	€
Operating activities			
Profit for the period		3,204,826	92,319
Adjustments for:			
Depreciation and amortisation		3,620,358	2,433,930
Foreign currency losses / (gains)		115,763	(24,775)
Taxation	10	(114,220)	(41,204)
Impairment of goodwill	5	3,293,784	-
Fair value movement on deferred contingent consideration	5	(7,250,357)	(503,309)
M&A and integration costs	5	801,583	1,406,466
Net finance cost	6	350,858	58,272
Operating cash flows before movements in working capital		**4,022,595**	**3,421,699**
Increase in trade and other receivables		(854,231)	(1,082,106)
Decrease in inventory		11,822	20,775
Increase in trade and other payables and deferred revenue		336,913	537,186
Cash generated by operations before adjusting items		**3,517,099**	**2,897,554**
Corporation tax paid		(67,382)	(39,486)
Cash payment of M&A and integration costs		(801,583)	(1,406,466)
Net cash from operating activities		**2,648,134**	**1,451,602**
Investing activities:			
Purchases of intangible assets	13	(3,396,448)	(4,422,283)
Purchases of property, plant and equipment	12	(25,468)	(73,726)
Acquisition of subsidiary net of acquired cash		-	(6,891,898)
Payment of deferred contingent consideration	18	(1,614,124)	(3,397,028)
Net cash used in investing activities		**(5,036,040)**	**(14,784,935)**
Financing activities			
Drawdown of borrowings	17	2,850,665	824,107
Repayment of borrowings	17	(230,151)	(653)
Interest received		24,150	28,413
Interest paid		(302,551)	(56,366)
Net cash generated by financing activities		**2,342,113**	**795,501**
Cash at the beginning of the period		**577,742**	**13,324,598**
Net movement		(45,793)	(12,537,832)
Gain / (loss) on exchange rate		4,080	(209,024)
Cash at the end of the period		**536,029**	**577,742**
Available facility		1,904,367	4,806,587
Available liquidity		**2,440,396**	**5,384,329**

Notes to the Consolidated Financial Statements for the year ended 31 December 2023

1. Accounting policies

General Information

Physitrack PLC ("the Company") is a Company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act and is registered in England and Wales, registration number 08106661. The address of the Company's registered office is Bastion House 6th Floor, 140 London Wall, London, England, England, EC2Y 5DN.

Basis of preparation

The Group financial statements have been prepared and approved by the Directors in accordance with both "international accounting standards in conformity with the requirements of the Companies Act 2006" and "international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union".

The Company has elected to prepare its parent Company financial statements in accordance with FRS 101 Reduced Disclosure Framework and the Companies Act 2006; these are presented on pages 92 to 100.

The accounting policies set out below have been applied consistently to all years presented in these Group financial statements. Information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Chief Executive Officer's Review on pages 3 to 6 and the Principal Risks and Uncertainties section on pages 19 to 24. The financial position of the Group, its cash flows and liquidity position are described in the Chief Financial Officer Review on pages 14 to 19.

In addition, note 21 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk, foreign exchange risk and liquidity risk.

Presentational currency

The financial results of the Group are presented in Euro. The exchange rates used for the report are as follows:

	Balance sheet	Income statement
GBP:EUR	1.154	1.150
SEK:EUR	0.0898	0.0871
USD:EUR	0.905	0.925

Going concern

The lifecare division comprising, Physitrack, Physiotools and PT Courses have been high-margin, cash generative business since their formation and have not relied on raising external capital to fund its day-to-day business. Over the past three financial years, Physitrack started a M&A programme in order to grow and diversify the business.

To support this programme alongside further investment in the platforms, in June 2021 Physitrack went through an IPO on Nasdaq First North Stockholm. Net of fees, Physitrack raised c.€18m.

The IPO proceeds were utilised through the acquisition of Fysiotest, Wellnow and PTcourses in Q3 2021 and Q1 2022, alongside investing further in the Lifecare division as well as providing investment to recent acquisitions to position them for future growth.

In May 2022 Physitrack acquired Champion Health. On 27 July 2022 Physitrack PLC entered into a three-year GBP 5m revolving credit with Santander PLC. This ensured Physitrack could continue to invest in the business and service the Champion health acquisition as well as provide cash headroom for the group. Attached to these borrowings are financial covenants as outlined within note 18. Should one of these covenants be breached then this may cause issues over the Group's ability to continue as a going concern.

The Group has performed its going concern assessment based on board approved detailed trading budgets for the twelve months ended 31 December 2024, alongside longer-term forecasts through to 31 December 2028, including detailed cash flow forecasts and covenant calculations.

In preparing these models, specific judgements were applied, the most significant being revenue growth rates and EBITDA margins. However, these rates were in-line with targets previously externally communicated of 30 per cent revenue growth in the medium term and 40-45 percent EBITDA margin. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be in a cash surplus position for at least 12 months from the approval date of the financial statements.

Given the nature of the business, it is not significantly impacted by the climate change emergency and as outlined within the Sustainability report on pages 25-30, the business operates a platform which can be used as a way of reducing carbon emissions within the healthcare industry.

Despite the current economic and geo-political headwinds, due to the fact the Group operates in a number of territories and is not dependent on a single market, the Group is diversified to withstand these challenges.

As part of this going concern assessment, the directors have considered these factors, however believe that this does not have a significant impact on the conclusions reached in their assessment.

As part of this going concern assessment, the Directors' have applied the following sensitivity scenarios:

Downfall in trading

The directors have identified the minimum liquidity thresholds of EUR 1m as the covenant with the lowest headroom over the forecast period and likeliest to be impacted by negative trading performance. As outlined above the lowest point over the forecast period on this covenant is in September 2024 where there is only EUR 257,393 headroom.

Therefore, over the nine months ended 30 September 2024 there would need to be a negative downward cash movement of over c. EUR 260K for this covenant to be breached.

For this covenant to be breached by a negative cash movement in the Lifecare division, revenue over the 9 month forecast period to 30 September 2024 would need to fall by EUR 260K. This would occur where Physitrack loses a significant number of customers over the forecast period equating to monthly churn of 3.2% (EUR 28k). This churn level is significantly higher than what historical monthly averages of 1%-1.5% (EUR 5-10K). It is therefore a remote possibility that negative trading performance in the Lifecare division would cause a breach of this covenant in September 2024.

Whilst remote if this situation was to occur then the Directors have a number of mitigating actions including cost and technology freezes which could save up to EUR 2.5m per annum, alongside the delaying of earnout payments until sufficient cash was present.

Acquisitions

There are currently no future acquisitions being considered by the Board. Any future acquisitions would require approval from Santander which would involve providing proof of sufficient funds.

All existing acquisition earn outs are built into the cashflow forecasts.

The Directors have, at the time of approving the financial statements, therefore conclude there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As such, the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

Measurement convention

The financial statements are prepared on the historic cost basis except for the following assets and liabilities stated at their fair value: financial instruments classified as fair value through the Statement of Comprehensive Income, or profit or loss.

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. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Equity investments

Equity investments are held in entities which have not been classified as a subsidiary, associate or joint arrangement are accounted for at fair value. These equity investments are not held for trading purposes and represent strategic investments. The Group has elected at initial recognition to present value changes within the fair value through other comprehensive income ("FVOCI") reserve. Any dividends received from these equity investments will be recognised within the Consolidated Statement of Profit or Loss. On disposal of these equity investments, any related balance previously recognised within the FVOCI reserve is reclassified to retained earnings.

Business combinations

The Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the Consolidated Statement of Profit or Loss. Transactions costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with business combinations are expensed as incurred.

Deferred contingent consideration

Deferred contingent consideration arises where an entity agrees to pay additional consideration in the future based on certain conditions being met. The recognition and measurement of deferred contingent consideration require careful consideration to ensure transparency and accuracy in financial reporting. Recognition of deferred contingent consideration occurs when it is probable that the future payment will be made and the amount can be reliably measured.

Measurement of deferred contingent consideration involves estimating the fair value of the obligation at the reporting date. Fair value is determined using appropriate valuation techniques, taking into account relevant factors such as the likelihood of meeting the contingent conditions, time value of money, and any market-based information available. In calculating the fair value the Group assess the forecast results of acquisitions based on board approved budgets over the consideration period, against the consideration details outlined in the purchase agreement, to determine if pay-out hurdles are met. These are then discounted to present value at the implied cost of borrowings of the respective entity, over the consideration period.

Reassessment of the contingent consideration is performed annually at the reporting date, and any changes in the estimated amount is reflected in the profit and loss.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate relevant at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Consolidated Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Profit or Loss. 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 translated at foreign exchange rates ruling at the dates the fair value was determined. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated 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. Translation movements are recognised within the Statement of Comprehensive Income and in the foreign currency translation reserve. As share capital, share premium are denominated in sterling, these are translated into presentational currency at the historic rate prevailing on the date of each transaction.

The functional currencies of some of the Company's subsidiaries differ from the consolidated Group Euro presentation currency. Below is a table showing the functional currencies of each Company:

Physia	GBP	Physiotools	EUR	Fysiotest	SEK	Champion Health	GBP
Physitrack	GBP	Champion Health Plus	EUR	Physitrack Inc	USD		
Tanila	GBP	Physitrack Sweden	SEK	Wellnow	EUR		

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Receivables

Trade receivables and other receivables are measured at amortised cost because the payments are solely payments of principal and interest is held to collect. Impairment is determined by reference to expected credit loss.

Other long-term receivable and investments

The Group previously held a convertible loan note which it subsequently converted to an investment in the current financial period. The convertible loan note was recognised as a financial asset at fair value through profit or loss, with any movements in the fair value of this instrument recognised within the profit or loss. On conversion to an investment, the Group irrevocably elected to recognise this investment at fair value through other comprehensive income, with any movement in the fair value of the investment recognised within other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash amounts in transit due from credit cards which are settled within seven days from the date of the reporting period.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial assets and financial liabilities at FVPL:

Financial instruments in this category are recognised initially and subsequently at fair value. Transaction costs are expensed in the Consolidated Statement of Profit or Loss. Gains and losses arising from changes in fair value are presented in the Consolidated Statement of Profit or Loss. Financial assets and financial liabilities at fair value through profit or loss are classified as current, except for the portion expected to be realised or paid beyond 12 months of the Consolidated Statement of Financial Position date, which is classified as non-current. Embedded derivative features identified within contractual arrangements are separately recognised where it is assessed that they are not closely related to the terms of the contract, where such features are considered closely related, they are not separately recognised.

Financial instruments at FVOCI:

At initial recognition, the Group can make an irrevocable election to classify equity instruments at FVOCI, with all subsequent changes in fair value being recognised in OCI.

These assets are assessed annually for impairment which includes understanding if there are any internal or external factors which could have caused a measurable decrease in the fair value of the asset. Should there be a significant or prolonged decline in the fair value of the asset below its cost, then this indicates impairment. The impairment is determined by comparing the current fair value with its amortised cost. If the fair value is less than the amortised cost, the difference is considered an impairment loss. The impairment loss is recognised in OCI and is not subsequently reclassified to profit or loss. The impairment loss reduces the carrying amount of the asset.

Further details on the Group's financial instruments can be found in note 21.

Impairment of financial assets

The Group measures expected credit losses using a lifetime expected loss allowance for all current trade and other receivables. Loss allowances will be measured on either of the following bases:

i. 12-month expected credit losses ("ECLs") are the ECLs that result from possible default events within 12 months after the reporting date; and
ii. lifetime ECLs which are ECLs that result from all possible default events over the expected life of a financial instruments.

The expected loss rates are based on current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. All assets are classified as Machinery and equipment and depreciated over a useful life of 5 years on a straight-line basis. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

Goodwill and other acquired intangible assets

Identifiable intangibles are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is not amortised but is tested annually for impairment. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the Consolidated Statement of Comprehensive Income 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.

The estimated useful lives are as follows:

- Brands – 5 – 10 years
- Customer relationships – 4 – 10 years
- Development costs and Software – 3 – 7 years

Internally generated intangible assets

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset and use or sell it.
- the ability to use or sell the intangible asset.

- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and measure on a straight-line basis. The useful economic life of an intangible asset is 3 years. Management review for impairment on the intangible asset on a periodic basis. Impairment would be shown within administrative expenses on the statement of comprehensive income.

Impairment

The carrying amounts of the Group's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill assets and other intangibles which have an indefinite useful economic life, the recoverable amount is estimated at each Statement of Financial Position date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit ('CGU') exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit or Loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other intangible assets in the unit on a pro-rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment is reversed when there is an indication that the impairment loss may no longer exist as a result of a change in the estimates used to determine the recoverable amount, including a change in fair value less costs to sell. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the First-In, First-Out ("FIFO") principle. Cost comprises expenditure incurred in acquiring the inventories and bringing them to their existing location and condition, and net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Defined contribution pension plans

Attached to employee's remuneration is a defined contribution. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Profit or Loss in the periods which services are rendered by employees.

Revenue

Revenue represents the total amount receivable for goods sold and services provided, excluding sales-related taxes and intra-group transactions. All the Group's revenue is received from the sale of goods and services. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. No costs are incurred to obtain or fulfil a contract with a customer. The Group disaggregates revenue into the following revenue streams which are made up of the following:

Subscription fee – The Group charges a monthly service fee for access to its platforms for businesses in both the Lifecare (Physitrack, Physiotools and GoMobilus) and Wellness (Champion Health) divisions. The Lifecare platforms include an underlying App and add-on services such as telehealth allowing virtual physiotherapy sessions to take place and data analytics for practitioners to understand a patient's adherence to rehabilitation programmes. Champion Health platform includes an underlying App with access to integrated pathways to other elements of the Wellness division. For all subscription fees customers will lock in their subscription for up to twelve months. Revenue is recognised over the life of the subscription. Refer to early termination section for below in relation to the subscription fee returns policy.

Custom app's – Physitrack's Custom app product is a white label solution which provides customers with additional features. Enhanced personalisation and branding. On delivery of the custom app to the customer, revenue will be recognised as a set-up fee at that point in time. Attached to a custom app, is an on-going maintenance fee. Revenue associated with this maintenance fee will be recognised over time, being the length of the subscription period.

Wellness – With the exception of Champion Health subscription revenue, revenue associated with these businesses relates to the provision of physiotherapy sessions and a holistic health and wellness programme provided to companies. Revenue from the physiotherapy sessions is recognised at the point the service is provided. This results in a contract asset being recognised for each session provided up to the point the rehabilitation course is completed when the customer will be billed for all services provided. Revenue from the provision of the health and wellness programme is recognised over the programme length. Champion also provides wellbeing training to corporates for a one-off fee which is recognised on delivery of the training.

Continued education – Revenue generated from the PT Courses brand relates to the provision of continued education content to both physiotherapy and occupational health practitioners. This is provided through accessing continued educational content through an on-line portal. Access to this content is either through signing up to a twelve month subscription with revenue recognised over the life of the subscription or purchasing specific course content. Revenue from a-la carte sales is recognised on providing the customer with the course material.

Early termination – All customers pay for their subscription in advance. Should a customer wish to terminate their subscription early, the Group will refund the value of the unused subscription. The level of early termination requested has historically not been material and as such no provision in recognised.

Deferred revenue

Deferred revenue represents revenue from subscription fee, custom app maintenance and Wellness service fees which has been received in advance of services not yet provided.

Net financing costs

Net financing costs comprise finance income and expenses as detailed in the note 6.

Items affecting comparability

Items affecting comparability are charges and credits which are a non-recurring item that is outside the Group's normal course of business and material by size or nature. Adjustments have been made for specific costs associated with the impact of the IPO in the prior period, M&A and integration activity, impairment and fair value movement of deferred contingent consideration as detailed in note 5.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income 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 on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the Statement of Financial Position method, providing 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 Consolidated 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 asset can be utilised. At 31 December 2023 no deferred tax asset has been recognised as it is not probable future taxable profits will be available against which the asset can be utilised.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Reporting segments

Reportable segments are the Group's operating segments or aggregations of operating segments.

Government grants

Government grants are included within deferred government grants in the balance sheet and credited to the profit and loss account on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. The Company has elected to present grants related to income as a reduction to the related expense line within operating expenses.

Critical accounting judgements

The following are areas where critical judgements by the Directors have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the primary financial statements.

Capitalisation of internally generated intangible assets

As described in note 1, an internally generated intangible asset is only recognised if management decide that it meets the criteria. For each expense capitalised management applies judgement to determine if the cost incurred directly relates to the enhancement of the platform. If expenses incurred for the internally generated intangible asset do not meet the definition, then the costs are recognised within the profit and loss. No estimates are made within this judgement.

Key sources of estimation uncertainty

The key areas involving a high degree of judgement or complexity, or areas where assumptions are significant to the primary financial statements are as follows.

Useful economic life of internally generated asset

Amortisation for the internally generated asset is spread over the useful economic life of the asset. As the asset is continuously maintained and new features are included, management needs to provide an estimate of the useful economic life to be able to recognise amortisation over the period. Management uses both historical and current evidence of the period in which features are being replaced and to determine estimate the useful economic life to mitigate the risk of a material misstatement. The key assumption made regarding the amortisation of intangible assets is that they are amortised over 3 years from the addition date, which the Directors believe to be the average period in which features are upgraded. The carrying amount for internally generated intangibles for the year in the Group are EUR 8,201,752 (2022: EUR 7,944,462). Should the replacement of features speed up or slow down by a year and useful life changed as a result, then depreciation of EUR 1,366,963 will increase / decrease per annum.

Impairment of goodwill and intangible assets

The Group determines whether goodwill and intangible assets are impaired on at least an annual basis. This requires an estimate of the value in use of the cash-generating unit "CGU" to which the goodwill is allocated. The Group has identified six CGUs as part of its impairment testing. The carrying values of these CGU's are outlined in Note 13:

To estimate the value in use, the Group estimates the expected future cash flows from the CGU and discounts them to their present value at a determined discount rate. Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. A sensitivity analysis has been performed over the estimates (see Note 13). The resulting calculation is sensitive to the assumptions in respect of future cash flows including the applied revenue growth rates and the discount rate applied. The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs, and that the discount rate used is appropriate given the risks associated with the specific cash flows.

Despite the current economic and geo-political headwinds, due to the fact the Group operates in a number of territories and is not dependent on a single market, the Group is diversified to withstand these challenges and the Directors do not believe they have a significant impact on the outcomes of the impairment assessment.

Deferred contingent consideration

Deferred contingent consideration refers to future payments contingent on certain revenue and profitability conditions where are to be met, arising on acquisition of Champion Health Limited and Wellnow Group GmbH in 2022. The determination of the fair value of deferred consideration (as outlined in note 21) involves subjective judgment and assumptions about future performance, milestones, based on board approved budgets. As these factors are inherently uncertain, variations in their outcomes may impact the ultimate settlement amounts. The Group recognises the complexity of forecasting such contingencies and acknowledges that changes in assumptions could lead to adjustments in the fair value of deferred contingent consideration, thereby contributing to the overall estimation uncertainty.

Forthcoming requirements

There were no new standards adopted by the Group in the year, but the following amendments became applicable to the Group during the year:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

Standards issued and effective:

- IFRS 17 Insurance contracts
- Definition of Accounting Estimates – Amendments to IAS 8;
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12; and
- International Tax Reform— Pillar Two Model Rules – Amendments to IAS 12.

These standards have been issued and are effective but are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

2. Operating segments

In the opinion of the Directors, for the year ended 31 December 2023 the operations of the Group comprise two reporting operating segments – Lifecare and Wellness.

The Lifecare segment is the provision of Lifecare platforms tailored to physiotherapy being made up of the Physitrack PLC, Physiotools OY and Physitrack Sweden AB (previously named Mobilus Digital Rehab AB) “Physiotools” businesses alongside a e-learning platform PT Courses Inc (acquired 26 January 2022).

The Wellness segment relates to the provision of Wellness services including digital platforms to both corporates and individuals. During the current financial year this segment was made up of Champion Health Plus Limited, Fysiotest Europa AB, Wellnow Group GmbH (acquired 23 February 2022) and Champion Health Limited (acquired 6 May 2022).

Information reported to management for the purposes of segment performance is focused on the geographical location of each segment. In performing these reviews management group these geographical locations into four regions, being the United Kingdom, Europe, North America and Rest of World.

The results of these operating segments for the year ended 31 December 2023 is as follows:

	Lifecare	Wellness	Group	Total
Year ended 31 December 2023	€	€	€	€
Revenue	**9,518,252**	**5,658,330**	**-**	**15,176,582**
Depreciation and amortisation	2,422,093	236,365	961,900	3,620,358
Adjusted EBITDA	**4,401,590**	**381,539**	**(876,297)**	**3,906,832**
Operating profit	1,979,497	145,174	1,316,793	3,441,464
Finance income	24,150	-	-	24,150
Finance expenses	(73,495)	(6,311)	(295,202)	(375,008)
Profit before tax	**1,930,152**	**138,863**	**1,021,591**	**3,090,606**
Income tax (credit) / expense	(121,826)	9,157	226,889	114,220
Non-current asset additions – intangibles	2,711,853	684,595	-	3,396,448
Total assets	35,623,643	3,081,185	-	38,704,828
Total liabilities	(11,347,452)	(1,784,299)	-	(13,131,751)

	Lifecare	Wellness	Group	Total
Year ended 31 December 2023	€	€	€	€
Revenue	**8,648,545**	**3,861,826**	**-**	**12,510,371**
Depreciation and amortisation	1,612,801	55,469	765,661	2,433,931
Adjusted EBITDA	**4,270,188**	**87,539**	**(911,251)**	**3,446,476**
Operating profit / (loss)	2,657,386	32,070	(2,580,069)	109,387
Finance income	28,413	-	-	28,413
Finance expenses	(81,956)	(4,729)	-	(86,685)
Profit/(loss) before tax	**2,603,843**	**27,341**	**(2,580,069)**	**51,115**
Income tax (credit) / expense	(77,362)	36,158	-	(41,204)
Non-current asset additions – intangibles	3,977,840	439,980	-	4,417,820
Total assets	10,041,894	2,106,235	29,164,714	41,312,843
Total liabilities	(17,762,347)	(1,180,227)	-	(18,942,574)

3. Revenue

Information reported to management for the purposes of segmental revenue is focused on the geographical location of each segment. In performing these reviews management group these geographical locations into four regions, being the United Kingdom, Europe, North America and Rest of World.

Revenue arising from the Group's activities during the period by geography and operating segment were as follows:

	Year ended 31 December 2023 €	Year ended 31 December 2022 €
Lifecare		
United Kingdom	2,240,520	1,885,405
Europe	3,240,954	3,073,206
North America	2,290,296	1,890,040
Rest of world	1,746,482	1,799,894
	9,518,252	8,648,545
Wellness		
Europe	2,356,933	1,751,015
United Kingdom	3,301,397	2,110,811
	5,658,330	3,861,826
Total	**15,176,582**	12,510,371
Revenue by product line		
Subscription fee	8,161,751	7,101,427
Custom app maintenance fee	391,347	286,327
Custom app set-up costs	703,193	940,620
Continued education	261,961	320,171
Wellness	5,658,330	3,861,826
	15,176,582	12,510,371
Revenue is recognised as follows		
Overtime	8,553,098	11,272,965
At a point in time	6,623,484	1,237,406
	15,176,582	12,510,371

All revenue generated is from external customers. Revenue generated from a single external customer does not represent more than 10% of total revenue and therefore The Group does not have reliance on a single external customer. Refer to Note 19 for a breakdown of contract liabilities recognised during the period.

4. Profit for the year

Profit/(loss) for the year / period is stated after charging / (crediting):

	Year ended 31 December 2023 €	Year ended 31 December 2022 €
Net foreign exchange (gain)	115,763	(24,775)
Amortisation		
Intangibles recognised on acquisition	961,900	765,661
Internally generated intangibles (direct cost)	2,617,278	1,636,905
depreciation	41,180	31,365
Web hosting / server costs (direct cost)	754,995	742,406
Employee benefit expense	3,251,560	2,600,504
Operating exceptional items	3,154,990	903,157
Auditors' remuneration		
Amounts received by Auditors in respect of:		
- Audit of financial statements pursuant to legislation	124,183	109,810
	124,183	109,810

The direct costs (internally generated intangible amortisation and web hosting / server costs) are directly attributable to providing Physitrack's service offering.

Refer to note 5 for a breakdown of operating exceptional items.

Physiotools Oy received EUR 283,282 (2022: EUR 83,000) in government grants during the current financial year. The grant claimed is associated with the reimbursement of expenditure incurred with Physiotools expanding and enhancing its platform in developing nations. This has been recognised within administrative expenses against the related costs.

5. Alternative performance measures

The Group uses a number of Alternative Performance Measures ("APMs") in addition to those measures reported in accordance with IFRS. Such APMs are not defined terms under IFRS and are not intended to be a substitute for any IFRS measure. The Directors believe that the APMs are important when assessing the underlying financial and operating performance of the Group. The APMs improve the comparability of information between reporting periods by adjusting for factors such as fluctuations in foreign exchange rates, one-off items and the timing of acquisitions.

The APMs are used internally in the management of the Group's business performance, budgeting and forecasting. The APMs are also presented externally to meet investors' requirements for further clarity and transparency of the Group's financial performance. Where items of profits or costs are being excluded in an APM, these are included elsewhere in our reported financial information as they represent actual income or costs of the Group.

There are however inherent limitations within these APMs. As such these measures are not comparable across companies and profit related APMs frequently exclude significant recurring business transactions. For example, integration costs, acquisition-related costs that impact financial performance and cash flows.

Other commentary within the Annual Report and Accounts (such as the Chief Financial Officer Review on pages 14 to 19), should be referred to in order to fully appreciate all the factors that affect the business.

The Group's Alternative Performance Measures are set out below.

Alternative key performance indicators	Definition	Purpose
EBITDA	Operating profit before depreciation and amortisation, financial items and tax.	EBITDA provides an overall picture of profit generated by the operating activities before depreciation and amortisation. This is the principle operating measure reviewed by the board and shows the users of the report the underlying profitability of the Group excluding non-cash accounting entries such as depreciation and amortisation, financial items and tax. EBITDA can be used as a proxy of the underlying cash profitability of the Group
EBITDA margin (%)	EBITDA as a percentage of revenue.	EBITDA margin is a useful measurement together with net sales growth to monitor value creation. This measure provides the users of the report a snapshot of the short-term operational efficiency. This is due to the fact the margin ignores the impacts of non-operating factors such as interest expenses, taxes or intangible assets. This results in a metric which is a more accurate reflection of the Group's operating profitability.
Items affecting comparability	The costs associated with acquisitions and integrations during the period are identified as 'items affecting comparability'. We use profit measures excluding these items to provide a clearer view of the basis for the future ability of the business to generate profit	Items affecting comparability is a notation of items, when excluded, shows the Company's earnings excluding items that are non-recurring in ordinary operations. By excluding these items, the users of the report are able to view normalised KPI's.
Adjusted EBITDA	EBITDA excluding items affecting comparability.	The measurement is relevant in order to show the Company's results generated by the operating activities, excluding items which affect comparability and items solely associated with M&A and fundraising activity which may occur over several periods such as movement on deferred contingent consideration. By standardising EBITDA through removing non-recurring, non-operational, irregular and one-off items which distort EBITDA, it provides the users with a normalised metric to make comparisons more meaningful across a variety of companies.
Adjusted EBITDA margin (%)	Adjusted EBITDA as a percentage of revenue.	The measurement is relevant in order to provide an indication of the Company's underlying results as a share of net sales generated by operating activities, excluding items which affect comparability. By standardising EBITDA margin through removing non-recurring, non-operational, irregular and one-off items which distort EBITDA margin, it provides the users with a normalised metric to make comparisons more meaningful across a variety of companies.
Cash generated by operations before adjusting items	Cash generated by operations before cash payment of adjusting items and taxation	Adjusted cash flow, which reflects the cash generation of our underlying business, is calculated on our statutory cash generated from operations and adjusted for exceptional items, net of capital expenditure on

		property, plant and equipment and intangible assets and tax payments.
Operating margin (%)	Operating profit / (loss) as a percentage of revenue.	Operating margin is a useful measurement together with revenue growth to monitor value creation, as it shows the underlying profitability of the company including Depreciation of Amortisation which reflects the capital expenditure of the business over time.
Adjusted operating profit / (loss)	Operating profit / (loss) excluding items affecting comparability.	The measurement is relevant in order to show the Company's results which exclude non-recuring or non-operational items. This provides a standardised metric which can be used to make more meaningful comparisons.
Adjusted operating margin (%)	Operating profit / (loss) excluding items affecting comparability as a percentage of revenue.	Operating margin excluding non-recurring items is a useful measurement together with revenue growth to monitor value creation. This provides a standardised metric which can be used to make more meaningful comparisons.
Adjusted earnings per share	Net profit / (loss) excluding items affecting comparability divided by the weighted average number of shares in place during the financial year.	Earnings per share indicates how much money a company makes for each share of its stock. By excluding non-recurring items, it is a useful measurement to monitor value creation and over time how much the value of a shareholder's share has grown in value.
Net debt	The sum of current and non-current interest-bearing liabilities towards credit institutions with deductions for cash and cash equivalents.	Net debt is a measurement showing the Company's total indebtedness. Net debt is a liquidity metric used to determine how well the Group can pay all of its debts if they were due immediately. Net debt shows how much cash would remain if all debts were paid off and if the Group has enough liquidity to meet its debt obligations.
Proforma	Proforma for 2022 represents the results for the period ended 31 December 2023 had the current structure been in place to mirror the prior financial period. ***PT Courses*** For the year ended 31 December 2022, this includes twelve month results for PT Courses acquired during Q1 2022. ***Wellnow*** For the year ended 31 December 2022, this includes twelve month results for Wellnow acquired during Q1 2022. ***Champion Health*** For the year ended 31 December 2022, this includes twelve month results for Champion Health acquired during Q2 2022.	Proforma provides a useful comparison to understand movement from the prior year on a like-for-like basis.

Organic revenue	Organic revenue represents revenue for the period had this been translated into the presentational currency of the Group (Euro) at prior year rates.	Organic proforma revenue provides a useful comparison to understand revenue movements from the prior year on a like-for-like basis excluding the impact of foreign exchange which can distort movements.
Free cash flow	Free cashflow is defined as Net Cash generated from operating activities, add intangible and fixed asset cash additions and cash interest expense	Free cash flow provides a useful comparison to understand excess cash in the business after paying it's operating expenses and capital expenditures. The greater the free cash flow, the greater the capital allocation to paying down debt or growth opportunities.

	Year ended 31 December 2023 €	Year ended 31 December 2022 €
Operating (loss)/profit	3,441,464	109,387
Operating margin	23%	1%
Depreciation and amortisation	3,620,358	2,433,931
EBITDA	**7,061,822**	**2,543,318**
EBITDA margin	**47%**	**20%**
Items affecting comparability		
M&A and integration Costs	801,583	1,406,466
Goodwill impairment	3,293,784	-
Fair value movement on contingent consideration	(7,250,357)	(503,309)
Total items affecting comparability	(3,154,990)	903,157
Adjusted EBITDA	**3,906,832**	**3,446,475**
Adjusted EBITDA margin	**26%**	**28%**
Depreciation and amortisation	(3,620,358)	(2,433,931)
Adjusted operating profit	**286,474**	**1,012,544**
Adjusted operating margin	**2%**	**8%**

Items affecting comparability

Adjusting items refer to events and transactions whose effect on profits are important to note. Particularly when comparison of periodical profits comprise non-recurring costs in ordinary operations relating to the following:

Adjusting item	Definition	Current period costs relate to	Prior year costs relate to
Acquisition Costs	Associated costs of major acquisitions	N/A	Acquisition of PT Courses in January 2022, Wellnow in February 2022 and Champion Health in May 2022.
Integration costs	Associated costs of integrating acquisitions	Integration costs of both Lifecare and Wellness acquisitions into the existing business.	Integration costs of both Lifecare and Wellness acquisitions into the existing business.

Fair value movement on consideration	Contingent consideration is recognised at fair value and revalued at each reporting period. The fair value movement is recognised within the profit and loss.	Fair value movement on deferred contingent consideration attached to the Rehabplus and Fysiotest acquisitions in 2021 and Wellnow and Champion Health acquisitions in 2022.	Fair value movement on deferred contingent consideration attached to the Rehabplus and Fysiotest acquisitions in 2021 and Wellnow and Champion Health acquisitions in 2022.
Impairment	Impairment of the carrying value of a subsidiary to its recoverable amount (Forecast future cash-flows discounted to present value)	Impairment of the carrying value of Fysiotest acquisition in 2021 to its recoverable amount.	N/A

It is expected adjusting items in future years would be of a similar nature to those above including those costs attached to major acquisitions, disposals and equity or fund raises. As the above costs are non-operating or recurring cost, these have been added back to arrive at adjusted EBITDA.

6. Net finance cost

	Year ended 31 December 2023	Year ended 31 December 2022
	€	€
Financial income		
Interest income	24,150	28,413
	24,150	**28,413**
Financial expense		
Interest on borrowings	272,836	51,116
Amortisation of capitalised borrowing costs	72,457	30,791
Other interest expense	29,715	4,778
	375,008	**86,685**
Net finance costs	**350,858**	**58,272**

7. Staff numbers and costs

The Monthly average number of persons employed by the Group (including Directors) during the period was as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
	Number	**Number**
Number of staff	85	69
	85	69

The increase in the number of staff from prior year is as a result of employees joining the Group via acquisitions and the hiring of employees in Physitrack in the current year. All staff are full-time, administrative employees.

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
	€	**€**
Wages and salaries	2,713,096	2,125,757
Social security costs	400,825	336,761
Other pension costs	137,639	137,986
	3,251,560	2,600,504

8. Director's and key management personnel remuneration and transactions

Directors' remuneration

	Year ended 31 December 2023	Year ended 31 December 2022
	€	€
Emoluments	136,124	147,222
Sums paid to third parties in respect of directors' services	294,041	274,567
	430,165	421,789

Remuneration of the highest paid director:

Emoluments	11,500	11,732
Sums paid to third parties in respect of directors' services	294,041	274,567
	305,541	286,299

No directors are members of a money purchase pension or defined contribution pension scheme. The Group does not operate a Long-Term Incentive Plan or issue Director's or staff with share options. Remuneration to key management personnel including all Directors for the period was EUR 739,318 (2022: EUR 757,505).

9. Earnings / (loss) per share

Basic earnings / (loss) per Share is calculated by dividing the (loss) / profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted Earnings Per Share is calculated by dividing the (loss) / profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares plus any dilutive ordinary shares.

	Year ended 31 December 2023	Year ended 31 December 2022
	€	€
Ordinary earnings per share		
Net profit	3,204,826	92,319
Weighted average number of shares		
Ordinary	16,260,766	16,260,766
Dilutive	16,260,766	16,260,766
Earnings per share		
Basic	0.20	0.01
Diluted	0.20	0.01
Weighted average number of shares reconciliation		
Weighted average number of shares in issue	16,260,766	16,260,766
Basic Earnings Per Share denominator	16,260,766	16,260,766
Dilutive options	-	-
Diluted Earnings per Share denominator	16,260,766	16,260,766
Shares in issue at year end	16,260,766	16,260,766

10. Income Tax

	Year ended 31 December 2023 €	Year ended 31 December 2022 €
Corporation income tax:		
Current year	(112,669)	(120,591)
Deferred tax		
Unwind of deferred tax liability recognised on acquired intangibles	226,889	161,795
Total	**114,220**	**41,204**
Profit/(loss) before tax on continuing operations	3,090,605	(51,115)
Profit/(loss) before tax multiplied by the UK rate of taxation 23.5% (2021: 19%)	(726,292)	9,711
Effects of:		
Differences in overseas tax rates	23,605	(94)
Permanently disallowed exceptional items	854,480	43,850
Other permanent differences	(68,742)	-
Utilisation of tax losses	27,082	(12,263)
Foreign exchange	4,087	
Total tax charge for the year	**114,220**	**41,204**

As of 31 December 2023, the Company had unused tax losses of EUR NIL (2022: EUR NIL). On acquisition of Wellnow Group GmbH, the company had substantial tax losses, however on acquisition date it was not probable that Wellnow would generate future profits to offset these losses and no deferred tax asset was recognised. Wellnow will offset these tax losses as and when taxable profit is generated. The utilisation of tax losses in the current year relates to tax losses in Wellnow Group GmbH.

An uncertain tax position was recognised in the 2021 financial year of EUR 57,939. In-line with IFRIC 23 an uncertain tax position has been recognised in relation to a difference in interpretation of a Double Taxation Agreement between the relevant tax authority and the Group. In measuring the uncertain tax position management has applied the expected value method, by applying a range of scenarios to the interpretation of the taxation agreement. This provision remains in place at 31 December 2023.

The Finance Act 2021 confirmed an increase of UK corporation tax rate from 19% to 25% with effect from 1 April 2023 a blended rate of 23.5% has been applied when calculating the tax credit for the current financial year.

11. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2023 €	31 December 2022 €	31 December 2023 €	31 December 2022 €	31 December 2023 €	31 December 2022 €
Tax losses	-	-	-	-	-	-
Other	-	-	(2,066)	(2,066)	(2,066)	(2,066)
Recognised on acquisition of subsidiaries	-	-	(1,185,285)	(1,412,205)	(1,185,285)	(1,412,205)
Tax assets / (liabilities)	**-**	**-**	**(1,187,351)**	**(1,414,271)**	**(1,187,351)**	**(1,414,271)**

Deferred taxation provided for in the Consolidated Financial Statements at the period-end represents provision at the local tax rates on the above items. A review of the deferred tax is performed at each Balance Sheet date and adjustments made in the event of a change in any key assumptions.

Deferred tax liabilities are attributable to the following:

	31 December 2022	Recognised in income	Recognised against goodwill	Foreign exchange	31 December 2023
	€	€	€	€	€
Other	(2,066)	-	-	-	(2,066)
Recognised on acquisition of subsidiary	(1,412,205)	226,889	-	-	(1,185,285)
Tax liabilities	**(1,414,271)**	**226,889**	**-**	**-**	**(1,187,351)**

Deferred tax liabilities recognised on acquisition of subsidiary relate to the deferred tax liability associated with the intangible assets recognised on acquisition. Deferred tax assets have been recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. In estimating future taxable profits, the Group has considered its forecast performance in line with its going concern analysis.

12. Property, plant and equipment

	Plant & Machinery
	€
Cost	
Balance as at 31 December 2021	52,877
Additions	84,297
Acquisition of subsidiary	1,683
Foreign exchange movement	(6,940)
Balance as at 31 December 2022	**131,917**
Additions	25,468
Acquisition of subsidiary	-
Foreign exchange movement	2,183
Balance as at 31 December 2023	**159,568**
Accumulated depreciation	
Balance as at 31 December 2021	4,098
Charge for the year	31,365
Foreign exchange movement	(1,462)
Balance as at 31 December 2022	**34,001**
Charge for the year	41,180
Foreign exchange movement	764
Balance as at 31 December 2023	**75,945**
Net book value as at 31 December 2023	**83,623**
Net book value as at 31 December 2022	97,916
Net book value as at 31 December 2021	48,779

13. Intangible assets

EUR (€)	Internally generated intangible asset	Software	Brand	Customer relationships	Goodwill	Total
Cost						
At 31 December 2021	6,567,609	166,296	251,627	277,446	14,431,082	21,694,060
Additions	4,045,469	372,351	-	-	-	4,417,820
Acquisition of subsidiary	4,209,593	-	624,138	1,062,855	13,336,963	19,233,549
Exchange differences	(571,920)	(15,213)	11,439	20,659	(522,408)	(1,077,443)
At 31 December 2022	**14,250,751**	**523,434**	**887,204**	**1,360,960**	**27,245,637**	**44,267,986**
Additions	3,289,758	106,690	-	-	-	3,396,448
Impairment	-	-	-	-	(3,293,784)	(3,293,784)
Exchange differences	271,141	8,208	(20,376)	(32,061)	(69,707)	157,205
At 31 December 2023	**17,811,650**	**638,332**	**866,828**	**1,328,899**	**23,882,146**	**44,527,855**
Amortisation						
At 31 December 2021	4,570,273	16,325	19,582	13,872	-	4,620,052
Charge for the period	2,030,437	76,495	103,170	192,464	-	2,402,566
Exchange differences	(294,421)	(2,396)	-	-	-	(296,817)
At 31 December 2022	**6,306,289**	**90,424**	**122,752**	**206,336**	**-**	**6,725,801**
Charge for the period	3,165,201	95,735	108,740	209,502	-	3,579,178
Exchange differences	138,408	14,859	-	-	-	153,267
At 31 December 2023	**9,609,898**	**201,018**	**231,492**	**415,838**	**-**	**10,458,246**
Net book value						
At 31 December 2021	1,997,336	149,971	232,045	263,574	14,431,082	17,074,008
At 31 December 2022	7,944,462	433,010	764,452	1,154,624	27,245,637	37,542,185
At 31 December 2023	8,201,752	437,314	635,336	913,061	23,882,146	34,069,609

The internally generated intangible asset are directly attributable costs incurred in building and developing the SaaS platform.

Software assets are directly attributable costs incurred in the implementation of new finance and operating systems within the Group.

Brand, customer relationships and Goodwill balances were recognised on acquisition of subsidiaries in prior periods.

Impairment testing

For the purpose of testing goodwill and other intangible assets for impairment, it is acceptable under IAS 36 to group CGUs, in order to reflect the level at which goodwill is monitored by management. The Group has the following CGUs for the purpose of testing goodwill, with the carrying value of goodwill at 31 December 2023 being:

	31 December 2023 €
Lifecare platform (Comprising Physitrack, Physiotools, PT Courses, Tanila and Physitrack Sweden)	7,198,071
Champion Health	5,663,604
Champion Health Plus	3,202,218
Wellnow	6,411,810
Fysiotest	1,406,443
	23,882,146

CGU's are determined based at the level at which the business which make up the respective goodwill balances are managed. The operations of the Lifecare entities (Comprising Physitrack, Physiotools, PT Courses, Tanila and Physitrack Sweden) have been centralised and are now managed by collectively by one Lifecare team. Results of the Lifecare business are monitored on a consolidated basis of the entitles comprising the group. For the entities within the Wellness operating segment, these all have separate management and operational teams and the results are monitored on an entity basis. Therefore for the purposes of goodwill impairment testing we identify each entity within the Wellness segment as a Individual CGU. No judgements have been exercised in determining CGU's for goodwill impairment testing.

The recoverable amounts of Lifecare platform, PT Courses, Champion Health, Champion Health Plus, Wellnow and Fysiotest have been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial forecasts approved by management covering a five-year period (with the exception of Champion Health which uses a seven-year period forecast). Year-five cash-flows are then extrapolated into perpetuity using a growth rate of 0 per cent. We have applied a growth rate of 0 per cent when extrapolating these cash-flows as we believe year-five cash-flows represent normalised cash-flows for the respective CGU's. Management are confident based on past experience to accurately forecast cash-flows past the five year horizon. The five-year forecast annual Adjusted EBITDA, as defined in Note 5, was used as the basis of the future cash flow calculation.

Cash flows for the first five years are in-line with management's long-term forecasts. For Champion Health beyond the first five-year period cash-flows are normalised over a two-year period to the level management expects cash-flows to reach in perpetuity.

The post-tax discount rates applied for all value-in-use models is as follows:

	%
Lifecare platform (Comprising Physitrack, Physiotools, PT Courses, Tanila and Physitrack Sweden)	15.1
Champion Health	16.1
Champion Health Plus	16.1
Wellnow	16.1
Fysiotest	16.1

The rates used are considered to reflect the risks associated with the relevant cash flows for each CGU Group.

The Group has obtained these rates from independent external consultants who specialise in the calculation of discount rates.

Calculating the value-in-use of the CGU's requires judgement and includes key sources of estimation uncertainty as outlined in note 1.

During Q2 2023 the group agreed with the existing shareholders of Fysiotest, the exit of previous management and termination of the share purchase agreement. At this point prior to impairment the Fysiotest goodwill balance had a carrying value of EUR 4,700,227 The group identified this as an indicator of impairment and recognised an impairment loss of EUR 1,753,466 against the Fysiotest goodwill balance to reduce the carrying value of this CGU to it's recoverable amount. A further impairment assessment was performed at 31 December 2023, based on the latest forecast at this point a further impairment loss against goodwill of EUR 1,540,318 was recognised. The carrying value of the Fysiotest goodwill at 31/12/2023 after impairment was EUR 1,406,443. The Fysiotest CGU is within the Wellness operating segment and relates to the operations of the subsidiary Fysiotest Europa AB.

Sensitivity analysis

For each of the above CGU's the following sensitivities have been applied within the impairment models:

- Decrease in growth rate by 10 percent.
- Increase in discount rate by 10 percent.

Should forecast cashflows decline by 10 per cent per annum then the only CGU's to show an impairment are Champion Health Plus (EUR 455,720) and Champion Health (EUR 200,485).

Should discount rates increase by 10 per cent from their current applied levels then an impairment would be recognised in Champion Health Plus (EUR 722,851) Wellnow (EUR 512,312) and Champion Health (EUR 1,720,456).

Breakeven analysis was also performed to determine at what rate the discount rate would need to be for an impairment to be recognised as follows:

	%
Lifecare platform (Comprising Physitrack, Physiotools, PT Courses, Tanila and Physitrack Sweden)	27.8
Champion Health	19.1
Champion Health Plus	17.2
Wellnow	23.1

Amortisation

An amortisation charge of EUR 3,579,178 has been recognised within administrative expenses in the current period (2022: EUR 2,402,566).

14. Financial assets measured at FVOCI/FVTPL

During 2021, the Group elected to convert a bond issued by Goodlife Technology OY to shares within Goodlife Technology OY representing 12 per cent of the share capital of Goodlife Technology OY. Management believes the fair value of this investment on conversion was approximate to its cost. Given Goodlife Technology OY achieved similar profit levels as the prior year and there are no significant events impacting the operations management deem that the current year fair value is approximate to the prior year value and no fair value movement has been recognised.

The Group irrevocably elected at initial recognition to recognise the investment in Goodlife Technology OY as FVOCI. This is a strategic investment, and the Group considers this classification to be more relevant, than financial assets at fair value through profit or loss.

Financial assets measured at FVOCI/FVTPL are broken down as follows:

	31 December 2023	31 December 2022
	€	€
Financial assets measured at FVTPL		
Long term loan receivables	19,676	19,676
	19,676	**19,676**
Financial assets measured at FVOCI		
Unlisted securities		
Goodlife Technology OY	78,588	78,588
	78,588	**78,588**
	98,264	**98,264**

Refer to note 21 as to how the fair value of the above financial assets has been measured.

15. Trade and other receivables

	31 December 2023	31 December 2022
	€	€
Trade receivables	2,913,135	2,242,015
Expected credit loss	(200,753)	(94,446)
Contract asset	679,011	382,460
Trade receivables and contract asset net of expected credit loss	**3,391,393**	**2,530,029**
Prepayments	160,519	109,817
Other receivables	330,411	310,350
	3,882,323	**2,950,196**

Standard credit terms granted to customer is between 7 to 30 days, however for sales of Custom App's those customers have bespoke payment plans which are spread over a maximum of 24 months. The percentage of trade receivables past due date is 35 per cent (2022 24 per cent). The percentage of trade receivables outstanding more than 90 days is 32 per cent (2022 17 per cent). Trade receivables is net of an expected credit loss of EUR 200,753 (2022: EUR 94,446).

Contract asset represents accrued income from the Wellness business for physiotherapy sessions performed but not yet billed. This will be billed upon patient discharge.

The following schedule reflects the changes in the allowance for trade receivables and contract asset during the year:

	31 December 2023	31 December 2022
Opening loss allowance	**94,446**	**156,090**
Loss allowance recognised on acquisition	-	35,086
Additional allowance	123,627	32,060
Amounts written off	(17,320)	(128,790)
Closing loss allowance	**200,753**	**94,446**

Expected credit losses are calculated in accordance with the simplified approach permitted by IFRS 9, using a provision matrix applying lifetime historical credit loss experience to the trade receivables and contract assets and forward-looking macroeconomic factors. The historical expected credit loss rate varies depending on whether, and the extent to which, settlement of the trade receivables is overdue. Reference is made to the Fitch Group Global Default rate as the forward-looking macroeconomic rate to be applied within the ECL calculation. The Group uses the Fitch Group Global Default rate as it operates globally, and this rate reflects both current economic conditions and estimates of future conditions.

To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The Group's primary customer base is of a similar bracket and share the same characteristics, as such these have been treated as one population.

In determining the recoverability of a trade receivable and contract assets, the Group considers any changes in the credit quality of the trade receivable and contract assets from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and un-related. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Other receivables are non-trade receivables and are non-interest bearing. The above amounts do not bear interest and the Directors consider that the carrying amount is equivalent to their fair value.

16. Inventory

	31 December 2023	31 December 2022
	€	€
Goods for resale	34,718	46,540

Inventory recognised in administrative expenses in the period amounted to EUR 193,070 (2022: 144,688).

No stock was written off or impaired during the period.

17. Borrowings

Amounts due after one year:

	31 December 2023	31 December 2022
	€	€
Non-Current		
Bank facility net of issue costs of debt to be amortised	3,578,217	831,663
	3,578,217	**831,663**

The terms and conditions of outstanding secured interest bearing borrowings were as follows:

				31 December 2023		31 December 2022	
	Currency	**Nominal interest rate**	**Year of maturity**	**Face value €**	**Carrying value €**	**Face value €**	**Carrying value €**
Revolving credit facility	GBP	SONIA + margin of between 2.5-4%	2025	3,635,157	3,578,217	1,104,885	831,663

On 27 July 2022 Physitrack PLC entered into a three-year GBP 5m revolving credit facility with Santander PLC. Dependent upon the Group's leverage, Interest is charged on the amount drawn down at a rate between 2.5 and 4 per cent (the 'Margin') above SONIA. The Group also pays a fee of 40 per cent of the applicable Margin on the undrawn element of the credit facility and the undrawn overdraft.

EUR 225,000 of costs were incurred in establishing this facility made up of EUR 120,000 arrangement fees and EUR 105,000 of legal fees. These are being amortised over the term of the facility, with a EUR 72,457 charge in the current year (2022: EUR 30,791). At 31 December 2023 the carrying value of capitalised borrowing costs was EUR 115,107 (2022: 184,000)

At 31 December 2023 the Group had drawn down GBP 3,200,000 / EUR 3,635,000 on this facility.
Attached to the revolving credit facility are the following covenants:

(i) Leverage: Total Debt on the last day of each Relevant Period to Adjusted EBITDA for that Relevant Period shall not exceed the required ratio for that Relevant Period as detailed in the table below

Financial Covenant	Relevant Period	Required ratio
Leverage	Each Relevant Period ending within the period commencing on 30 September 2022 and ending on 30 June 2023	Less than or equal to 2.5:1
	Each Relevant Period ending within the period commencing on 30 September 2023 and ending on 30 June 2024	Less than or equal to 2.25:1
	Each Relevant Period ending on or after 30 September 2024	Less than or equal to 2.00:1

(ii) Liquidity: Cash and the undrawn amount of the Facility on the last day of each Relevant Period commencing with the Relevant Period ending on 30 September 2022, shall not be less than EUR 1,000,000.

(iii) Projected Liquidity: at all times during the twelve months following the last day of each Relevant Period, commencing with the Relevant Period ending on 30 September 2022, the forecast amount of Cash and the undrawn amount of the Facility shall not be less than EUR 1,000,000.

(iv) Recurring Revenue: Recurring Revenue for the last month of each Relevant Period commencing with the Relevant Period ending on 30 September 2022, shall not be less than EUR 7,350,000.

(v) Capital Expenditure: the aggregate Capital Expenditure of the Financial Covenant Group for each financial year, shall not exceed the aggregate of:

(A) 105% of the amount set out in the relevant annual budget approved by Santander; and

(B) £200,000 for additional capital expenditure which the Borrower reasonably believes will be eligible for grant funding from Business Finland (such amount for each financial year to be subject to approval by Santander).

Reconciliation of changes in liabilities arising from financing transactions

Net Debt is defined as total liabilities from financing, excluding directors' loans, net of cash at bank and in hand. A reconciliation of movements in Net Debt from 1 January 2022 is provided below:

	Interest bearing liabilities	Cash and cash equivalents	Net debt
	€	€	€
At 1 January 2022	(653)	13,324,598	13,323,945
Additions through acquisition	-	110,237	110,237
Loan repayment	653	-	653
Drawdown of loan	(824,107)	-	(824,107)
Non-cash movement	(30,319)	-	(30,319)
Cash movement	-	(12,648,068)	(12,648,068)
Foreign exchange	22,763	(209,025)	(186,262)
At 31 December 2022	**(831,663)**	**577,742**	**(253,921)**
Drawdown of loan	(2,850,665)	-	(2,850,665)
Repayment of loan	230,151	-	230,151
Non-cash movement	(72,457)	-	(72,457)
Cash movement	-	(45,793)	(45,793)
Foreign exchange	(53,583)	4,080	(49,503)
At 31 December 2023	**(3,578,217)**	**536,029**	**(3,042,188)**

Cash flows from interest bearing liabilities is made up of the following:

	31 December 2023	31 December 2022
	€	€
Repayment of bank loans and overdrafts	230,151	653
Draw down of bank loans	(2,850,665)	(1,036,686)
Debt issuance costs paid	-	212,579
	(2,620,514)	**(823,454)**

Non-cash movement represents the current year amortisation of debt issuance costs.

18. Deferred contingent consideration

	€
Balance as at 31 December 2022	**12,423,758**
Payment of deferred contingent consideration	(1,614,124)
Fair value movement on deferred contingent consideration	(7,250,357)
Foreign exchange	(18,793)
Balance as at 31 December 2023	**3,540,484**
Current	1,111,574
Non-Current	2,428,910
	3,540,484

Both Wellnow and Champion Health Plus achieved specific milestones as outlined within their sales purchase agreement during the financial year. As a result, deferred contingent consideration payments of EUR 1,499,900 and EUR 114,314 respectively was paid out.

As a result of the termination of the Fysiotest share purchase agreement, the deferred contingent consideration balance outstanding at that date was released, resulting in a reduction in the deferred contingent consideration of EUR 1,750,337. At 31 December 2023, the remaining deferred contingent consideration was remeasured to fair value. Using the latest board approved forecasts the deferred contingent consideration of Champion Health plus, Wellnow and Champion Health acquisitions were reduced by EUR 5,518,813 to EUR 3,540,484.

19. Contract liability

	31 December 2023	31 December 2022
	€	€
Subscription income received in advance	2,200,978	2,060,824

Within the Lifecare division, for large enterprise customers, the Group typically bills twelve months in advance for subscription services to its platform. Within the Wellness division, Champion Health typically bills twelve – thirty six months in advance for subscription services to its platform. As outlined in note 1, subscription income is recognised over the period to which the service is provided. Therefore, the contract liability at 31 December 2023 and 31 December 2022, relates to subscription income received in advance for services to be provided for in the future. The increase in the contract liability balance from prior year is due to an overall increase in performance, alongside the differences in year-on-year billing cycles.

EUR 2,060,824 (2022: EUR 1,592,065) of the prior year contract liability balance was recognised in the current year. Of the contract liability at 31 December 2023, EUR 2,077,543 (2022: EUR 2,060,824) relates to subscriptions to be provided within the next 12 months. EUR 123,435 (2022: EUR Nil) relates to subscriptions to be provided within the 2025 and 2026 financial years.

20. Trade and other payables

	31 December 2023	31 December 2022
	€	€
Trade payables	1,131,022	1,064,570
Accrued expenditure	479,395	502,533
Other payables	119,749	290,091
Social security and other taxes	729,869	194,468
	2,460,035	2,051,662

Trade and other payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs and are non-interest bearing. For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is chargeable on the outstanding balances at various interest rates.

The Group has financial risk management policies in place to ensure that payables are paid within the credit timeframe. Due to the short-term nature of the trade payables the carrying amount approximates fair value.

Other payables are non-trade payables and are non-interest bearing. The above amounts do not bear interest and the Directors consider that the carrying amount is equivalent to their fair value.

21. Financial Instruments

A summary of financial instruments by category Is as follows:

	31 December 2023	31 December 2022
	€	€
Financial assets at amortised cost	4,258,095	3,373,640
Financial liabilities at amortised cost	(2,460,297)	(2,224,654)
Financial assets at FVPL	19,675	19,675
Financial assets at FVOCI	78,589	78,589

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Foreign exchange risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's Risk Management Framework. The Group has in place a risk management programme and regular reports are made to the Audit Committee, which is tasked with general oversight. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.
The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the Risk Management Framework in relation to the risks by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Management believes the credit risk on cash and cash equivalents is low because the counterparties are banks with high credit ratings.

Accounts receivable include trade and other receivables. Trade receivables are amounts billed to customers for the sale of services and represent the maximum exposure to credit risk of those financial assets, exclusive of the allowance for doubtful accounts. Normal credit terms for amounts due from customers call for payment within 30 days. Trade receivables are monitored closely, and provisions are made for expected credit loss where appropriate. The creditworthiness of customers is assessed prior to opening new accounts and on a regular basis for significant customers. Other receivables include amounts due from suppliers and landlords and other miscellaneous amounts. The Group's credit risk is primarily related to its trade receivables, as other receivables generally are recoverable through ongoing business relationships with the counterparties.

Due to the nature of its receivables, the Group defines default when a counterpart fails to make contractual payments under the terms of the specific contract. Given the nature and number of transactions involving credit risk, events of default are not considered to be high risk and are assessed on specific basis for each asset held at the reporting date.

The Group grants credit to customers in the normal course of business. The Group typically does not require collateral or other security from customers; however, credit evaluations are performed prior to the initial granting of credit when warranted and periodically thereafter. The Group records a reserve for estimated uncollectable amounts, which management believes reduces credit risk. See Note 1, for policy on Impairment of financial assets.

The ageing profile of the Group's trade receivables is as follows:

	31 December 2023	31 December 2022
	€	€
Within 30 days	1,732,614	1,547,785
Between 30 and 60 days	166,435	166,955
Between 60 and 90 days	78,024	153,600
Over 90 days	936,062	373,675
	2,913,135	**2,242,015**

The Group adopts the simplified approach in determining expected credit losses. The assessment of credit quality of trade receivables and how expected credit losses are calculated is outlined in Note 15.

There is no material expected credit losses against contract assets, cash or other receivables. Due to the Group's diversified client base, management believes the Group does not have a significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements. The amounts disclosed in the table are contractual undiscounted cash flows, including interest payments calculated using interest rates in force at each reporting date, so will not always reconcile with the amounts disclosed on the Consolidated Statement of Financial Position.

	Carrying amount €	Contractual cash flows €	6 months or less €	6 – 12 months €	1 – 5 years €
31 December 2023					
Non-derivative financial liabilities					
Trade payables	2,460,035	2,460,035	2,460,035	-	-
Borrowings	3,578,217	3,635,157	-	-	3,635,157
Deferred contingent consideration	3,540,484	3,780,000	-	1,140,000	2,640,000
Total non-derivative financial liabilities	**9,578,736**	**9,875,192**	**2,460,035**	**1,140,000**	**6,275,157**
31 December 2022					
Non-derivative financial liabilities					
Trade payables	2,051,661	2,051,661	2,051,661	-	-
Borrowings	831,663	1,014,885	-	-	1,014,885
Deferred contingent consideration	12,423,758	13,135,000	865,000	1,900,000	10,370,000
Total non-derivative financial liabi	**15,307,082**	**16,201,546**	**2,916,661**	**1,900,000**	**11,384,885**

Current year borrowings related to a GBP 5.0m revolving credit facility of which GBP 3.2m / EUR 3.6m is currently drawn down. This facility matures in July 2025 at which point any funds drawn down would be repayable.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

Physitrack operates globally which increases its exposure to currency risk. Wherever possible, overseas operations will fund their day-to-day working capital requirements in local currency with cash generated from operations, naturally hedging the currency risk exposure to the Group. Management will continually monitor the level of currency risk exposure and consider hedging where appropriate. Currently the Group considers the currency risk on consolidation of the assets and liabilities of its foreign entities to be of low materiality, no hedging has been undertaken.

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Euro against the relevant foreign currencies. 10 per cent is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes the current year financial results in local currency and adjusts their average translation rate applied for the year ended 31 December 2023 for a 10 per cent changes in foreign currency rates. A negative number below indicates a decrease in profit where the Euro strengthens 10 per cent against the relevant currency. For a 10 per cent weakening of the Euro against the relevant currency, there would be an equal and opposite impact on profit. There have been no changes in the assumptions applied in comparison to the prior year sensitivity analysis.

	GBP impact		SEK impact		USD Impact	
	2023 €	2022 €	2023 €	2022 €	2023 €	2022 €
Profit / (Loss)	74,005	(83,000)	24,805	(23,746)	20,867	(8,674)

Interest rate risk

Interest rate risk arises from the Group's borrowing facilities in which a variable rate of interest is charged. Interest on the Group's current borrowings is charged at SONIA plus an applicable margin. The Group is therefore exposed to fluctuations in market interest rates.

Management investigated entering into a derivative contract such as an interest rate cap and interest rate swaps to mitigate this interest rate risk when entering into the revolving credit facility. However, when performing a cost benefit analysis based on the timing and flow of drawdowns on the facility interest rates would have to increase significantly for this to be cost effective for the Group. Notwithstanding this, the Group is monitoring the cost of these instruments to reduce its exposure to interest rate risk.

Had interest rates increased by 1 per cent over the financial year and all other variables had remained consistent then an additional interest expense of EUR 37k would have been incurred.

Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements:

	Carrying amount 31 December 2023 €	Fair value 31 December 2023 €	Carrying amount 31 December 2022 €	Fair value 31 December 2022 €
Borrowings including overdraft	3,578,217	3,635,157	831,663	1,014,885
Deferred contingent consideration	3,540,484	3,540,484	12,423,758	12,423,758
Equity investment	78,588	78,588	78,588	78,588
Other long-term receivables	19,676	19,676	19,676	19,676
Total	**7,216,965**	**7,273,905**	**13,353,685**	**13,536,907**

Cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities are reflected in the Consolidated Financial Statements at carrying values that approximate fair values because of the short-term maturities of these financial instruments. Short-term debtors, creditors and cash and cash equivalents have been excluded from the above table on the basis that their carrying amount is a reasonable approximation to fair value.

Fair value hierarchy

Under the provisions of IFRS 9, equity investments relate to investments designated as fair value through OCI. Any movement in fair value has been recognised within fair value reserve. The Group holds unquoted equity investment in Goodlife Technology OY and concluded given that there has been no adverse events affecting the investment during the year and that it remains profitable that the fair value is approximate to its fair value in the prior year which represented the initial costs of investment.

The volatile nature of the markets means that values at any subsequent date could be significantly different from the values reported above.

In relation to borrowings and bank overdraft, since these were taken out at variable rates or fixed rates that approximate to market rates, the fair value of loans approximates less any costs associated with securing the borrowings represents their carrying value.

Deferred contingent consideration relates to amounts payable to previous shareholders of acquired companies, subject to stretching targets being achieved as outlined within their respective sale and purchase agreements '*SPA*'. The initial fair value of this is outlined in the prior year financial statements. The period over which these targets need to be achieved is no more than four years. Deferred contingent consideration is measured at fair value. The initial fair value reflects the discounted value of estimated payments, measured at the time of the acquisition and reflects management's estimate of future performance at that time. Remeasurement of deferred contingent consideration reflecting changes after the acquisition date have been recorded in the profit or loss. Managements projected estimates is based on the acquired companies' revenue and profit forecasts over the payment period. The fair value is based on unobservable inputs and the projected outcome is classified as a level 3 fair value estimate under the IFRS fair value hierarchy.

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

– In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical financial assets or financial liabilities that the Group has the ability to access.
– Fair values determined by Level 2 inputs use inputs other than the quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly or indirectly. Level 2 inputs include quoted prices for similar financial assets and financial liabilities in active markets, and inputs other than quoted prices that are observable for the financial assets or financial liabilities.
– Level 3 inputs are unobservable inputs for the financial asset or financial liability, and include situations where there is little, if any, market activity for the financial asset or financial liability. The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to the financial asset or financial liability.

31 December 2023	Level 1 €	Level 2 €	Level 3 €
Deferred contingent consideration	-	-	3,540,484
Equity Investments	-	-	78,588
Other long-term receivables	-	-	19,676
31 December 2022			
Deferred contingent consideration	-	-	12,423,758
Equity Investments	-	-	78,588
Other long-term receivables	-	-	19,676

Refer to note 18 for movement on deferred contingent consideration during the current year.

Equity investments at 31 December 2023 relate to an investment in an unquoted entity Goodlife Technology OY. This has been classified as an equity investment measured at FVOCI. Other long-term receivables relate to the fair value of interest receivable on the prior year convertible bonds. There have been no movements in these assets in the current year.

In measuring the fair value of the equity investments, management have used the income approach. The income approach refers to discounted forecast cash-flows of Goodlife Technology OY. In obtaining these forecast cash-flows management has liaised with Goodlife Technology OY management and understood and challenged the assumptions they have used. These cashflows have been discounted to present value at a rate of return which accounts for the time value of money and relative risks of Goodlife Technology OY.

Management concluded that the fair value of the equity investment with reference to the discount cash-flow model was approximate to the fair value of the equity investment on conversion and no revaluation was recognised.

In measuring the fair value of other long term receivables management have referred to a discounted cash-flow model reflecting the timing and probability of the payment of this interest. These cashflows have been discounted to present value at a rate of return which accounts for the time value of money and relative risks of Goodlife Technology OY.

In measuring the fair value of deferred contingent consideration management have referred to a discounted cash-flow model reflecting the timing and probability of the payment of this consideration. These cashflows have been discounted to present value at a rate of return which accounts for the time value of money and relative risks of the underlying entities for which this consideration relates too.

There have been no transfers between levels in 2023. No other financial instruments are held at fair value.

The group has performed a sensitivity analysis and noted that a reasonable change in the underlying significant assumptions is not expected to result in a material change in fair value of deferred contingent consideration.

Capital management

The capital structure of the Group consists of cash and cash equivalents, bank borrowings and overdrafts and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as follows:

	31 December 2023	31 December 2022
	€	€
Cash and cash equivalents	536,029	577,742
Bank borrowings and overdrafts	(3,578,217)	(831,663)
Equity attributable to equity holders of the parent	(1,606,519)	(1,598,307)
Total	**(4,648,707)**	**(1,852,228)**

The Group's objective when managing capital is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business alongside continuing as a going concern.

22. Capital and reserves

Share capital

	No. of shares	Share capital
	No.	€
Issued, authorised and fully paid:		
At 31 December 2021, 2022 and 2023	**16,260,766**	**64,075**

Share classes

The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. At 31 December 2023 16,260,765 ordinary shares with a nominal value of GBP 0.01 (EUR 0.01).

On 9 June 2021 the company issued one preference share "Preference Share" with a value of GBP 40,000 to H Molin to facilitate the company meeting the minimum capital requirements for public limited companies set out in section 763 of the UK Companies Act. The Preference Share has no voting rights (other than on any resolution to modify, alter or abrogate the rights of the Preference Share), is non-transferable and has no rights to any assets or profits of the Company including, in particular, no rights to dividend or other distributions. The Preference Share may be redeemed at its nominal amount at any time at the election of the company.

Share Premium

	€
Balance as at 31 December 2021, 2022 and 2023	**24,935,421**

Reserves

Translation reserve

The translation reserve is due to accumulated foreign exchange translation differences arise on translation of the Group's operations into a EUR presentational currency. This reserve is not considered to be distributable.

Retained earnings

This is the Group's accumulated profit/loss.

Dividends

Physitrack intends to re-invest profits and cash flows in organic growth initiatives and for acquisitions to support value enhancing development and does not expect to pay any dividends in the medium term.

As a result, the board have not paid or proposed any dividends to be paid in relation to the current financial year.

23. Contingent liabilities

The Company note that a significant period of time has past (over seven years) in regards to the dispute over costs invoiced to the Company. These costs were in relation to services provided for which the Company believes adequate services were not provided. Due to the period of time which has lapsed and from the historical advice the Company's solicitor provided in that it is probable that there is no liability held with this supplier, the Company no longer recognises this as a contingent liability.

24. Related party transactions

For the year ended 31 December 2023, EUR 329,246 (31 December 2022: EUR 274,567) was paid to Camelot Solutions, a Company incorporated in Monaco. H Molin is a Director of this Company. At 31 December 2023 a balance of EUR 69,803 (31 December 2022: EUR 21,271) was due to Camelot Solutions.

For the year ended 31 December 2023, EUR 155,822 (31 December 2022: EUR 198,577) was paid to Paloma International Advisors, a Company incorporated in Monaco. C Sheiban is a Director of this Company. At 31 December 2023, a balance of EUR 12,382 (31 December 2022: EUR 11,868), included in trade payables, was due to Paloma International Advisors.

For the year ended 31 December 2023, EUR 192,650 (31 December 2022: EUR NIL) was paid to Mount Ash Consultants Limited, a Company incorporated in the UK. C Goodwin and J Goodwin are Directors' of this Company. At 31 December 2023, a balance of EUR 19,428 (31 December 2022: EUR NIL), included in trade payables, was due to Mount Ash Consultants Limited.

25. Events after the reporting period

No events after the reporting period impacting the current year financial statements have been identified.

Company Statement of Financial Position as at 31 December 2023

	Note	31 December 2023	31 December 2022
Assets		**€**	**€**
Non-current assets			
Investments	27	20,195,628	27,042,436
Intangible assets	28	4,018,017	3,584,230
Property, plant and equipment		20,752	27,538
Total non-current assets		24,234,397	30,654,204
Current assets			
Trade and other receivables	29	5,912,723	4,982,974
Cash and cash equivalents		91,097	293,004
Total current assets		6,003,820	5,275,978
Total assets		30,238,217	35,930,182
Liabilities			
Non-Current liabilities			
Deferred contingent consideration	32	(2,428,910)	(9,370,744)
Borrowings	17	(3,578,217)	(831,663)
Total non-current liabilities		(6,007,127)	(10,202,407)
Current liabilities			
Trade and other payables	31	(1,163,701)	(1,183,399)
Contract liability	30	(397,794)	(298,628)
Deferred contingent consideration	32	(1,111,574)	(2,608,249)
Total current liabilities		(2,673,069)	(4,090,276)
Net assets		21,558,021	21,637,499
Equity			
Share capital	22	64,075	64,075
Share premium	22	24,935,421	24,935,421
Translation reserve		(80,192)	(712,487)
Retained earnings		(3,361,283)	(2,649,510)
		21,558,021	21,637,499

The Company reported a total comprehensive loss for the financial year ended 31 December 2023 of EUR 77,410 (2022: EUR 1,335,923 loss) which included a loss after tax of EUR 721,043 (2022: EUR 587,799 loss)

The accounting policies and notes on pages 92 to 100 form part of the financial statements.

The financial statements for Physitrack Plc, Company registration number: 08106661 were approved and authorised for the issue by the Board of Director's and were signed on its behalf on 28 February 2024:

Henrik Molin (Feb 28, 2024 20:55 GMT+1)

Henrik Molin

Company Statement of Changes in Equity for the period ended 31 December 2023

	Share capital	Share premium	Currency translation reserve	Retained earnings	Total
	€	€	€	€	€
Balance at 31 December 2021	**64,075**	**24,935,421**	**35,637**	**(2,061,711)**	**22,973,422**
Loss for the year	-	-	-	(587,799)	(587,799)
Other comprehensive loss for the period	-	-	(748,124)	-	(748,124)
Total comprehensive loss for the period	**-**	**-**	**(748,124)**	**(587,799)**	**(1,335,923)**
Balance at 31 December 2022	**64,075**	**24,935,421**	**(712,487)**	**(2,649,510)**	**21,637,499**
Loss for the year	-	-	-	(711,773)	(711,773)
Other comprehensive income for the period	-	-	632,295	-	632,295
Total comprehensive income for the period	**-**	**-**	**632,295**	**(711,773)**	**(79,478)**
Balance at 31 December 2023	**64,075**	**24,935,421**	**(80,192)**	**(3,361,283)**	**21,558,021**

The accounting policies and notes on pages 92 to 100 form part of the financial statements.

26. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

General information

Physitrack PLC is a public company, limited by shares, incorporated and domiciled in the UK. The address of the Company's registered office is Bastion House 6th Floor, 140 London Wall, London, England, England, EC2Y 5DN.

Basis of Preparation

These financial statements present information about the Company as an individual undertaking and not about its Group. These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). These financial statements have been prepared under the historic cost convention. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of "international accounting standards in conformity with the requirements of the Companies Act 2006". Amendments are made where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a separate Statement of Profit or Loss in line with the section 408 exemption.
- a Cash Flow Statement and related notes.
- disclosures in respect of transactions with wholly owned subsidiaries.
- disclosures in respect of capital management.
- the effects of new but not yet effective IFRSs.
- the requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures", including disclosures in respect of the compensation of key management personnel; and – a separate Statement of Profit or Loss in line with the section 408 exemption.

Presentational currency

The functional currency of the Company is sterling. To aid the users of the Company accounts with consistency of the consolidated Group accounts, the Company's presentational currency is in Euro. The rates used are outlined below.

	Balance sheet	Income statement
GBP:EUR	1.154	1.150

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Impairment

The Company evaluates its investments for financial impairment where events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, an impairment in value is recorded. Impairment of investments is performed using similar forecasts and procedures as the goodwill impairment as outlined in note 13.

Acquired intangible assets

Identifiable intangibles are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable. Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.
Amortisation is charged to the Consolidated Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

Other intangible assets are amortised from the date they are available for use. The estimated useful lives is as follows:

- Software – 3 years

Internally generated intangible assets

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset and use or sell it.
- the ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and measure on a straight-line basis. The useful economic life of an intangible asset is 3 years.
Management review for impairment on the intangible asset on a periodic basis. Impairment would be shown within administrative expenses on the statement of comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Receivables

Trade receivables and other receivables are measured at amortised cost because the payments are solely payments of principal and interest is held to collect. Impairment is determined by reference to expected credit loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash amounts in transit due from credit cards which are settled within seven days from the date of the reporting period.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Impairment of financial assets

The Company measures expected credit losses using a lifetime expected loss allowance for all current trade and other receivables. Loss allowances will be measured on either of the following bases:

iii. 12-month expected credit losses ("ECLs") are the ECLs that result from possible default events within 12 months after the reporting date; and

iv. lifetime ECLs which are ECLs that result from all possible default events over the expected life of a financial instruments.

The expected loss rates are based on current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Deferred revenue
Deferred revenue represents revenue from subscription fee and custom app maintenance which has been received in advance of services being provided.

Deferred contingent consideration
Deferred contingent consideration arises where an entity agrees to pay additional consideration in the future based on certain conditions being met. The recognition and measurement of deferred contingent consideration require careful consideration to ensure transparency and accuracy in financial reporting. Recognition of deferred contingent consideration occurs when it is probable that the future payment will be made and the amount can be reliably measured.

Measurement of deferred contingent consideration involves estimating the fair value of the obligation at the reporting date. Fair value is determined using appropriate valuation techniques, taking into account relevant factors such as the likelihood of meeting the contingent conditions, time value of money, and any market-based information available. In calculating the fair value the Group assess the forecast results of acquisitions based on board approved budgets over the consideration period, against the consideration details outlined in the purchase agreement, to determine if pay-out hurdles are met. These are then discounted to present value at the implied cost of borrowings of the respective entity, over the consideration period.

Reassessment of the contingent consideration is performed annually at the reporting date, and any changes in the estimated amount is reflected in the profit and loss.

Critical accounting judgements
Capitalisation of internally generated intangible assets
As described in note 1, an internally generated intangible asset is only recognised if management decide that it meets the criteria. For each expense capitalised management applies judgement to determine if the cost incurred directly relates to the enhancement of the platform. If expenses incurred for the internally generated intangible asset do not meet the definition, then the costs are recognised within the profit and loss. No estimates are made within this judgement.

Key sources of estimation uncertainty
The key areas involving a high degree of judgement or complexity, or areas where assumptions are significant to the primary financial statements are as follows.

Useful economic life of internally generated asset
Amortisation for the internally generated asset is spread over the useful economic life of the asset. As the asset is continuously maintained and new features are included, management needs to provide an estimate of the useful economic life to be able to recognise amortisation over the period. Management uses both historical and current evidence of the period in which features are being replaced and to determine estimate the useful economic life to mitigate the risk of a material misstatement. The key assumption made regarding the amortisation of intangible assets is that they are amortised over 3 years from the addition date, which the Directors believe to be the average period in which features are upgraded. The carrying amount for intangibles for the year in the Company are EUR 4,018,017 (2022: EUR 3,584,230).

Deferred contingent consideration
Deferred contingent consideration refers to future payments contingent on certain revenue and profitability conditions where are to be met, arising on acquisition of Champion Health Limited and Wellnow Group GmbH in 2022. The determination of the fair value of deferred consideration (as outlined in note 21) involves subjective judgment and assumptions about future performance, milestones, based on board approved budgets. As these factors are inherently uncertain, variations in their outcomes may impact the ultimate settlement amounts. The Group recognises the complexity of forecasting such contingencies and acknowledges that changes in assumptions could lead to adjustments in the fair value of deferred contingent consideration, thereby contributing to the overall estimation uncertainty.

27. Investments

The Company has investments in the following subsidiary undertakings:

Subsidiary undertakings	Registered office	Country of incorporation	Principal activity	%
Directly held				
Physia Limited	100 Church Street, Brighton, East Sussex, England, BN1 1UJ	UK	Dormant	100
Physiotools Oy	Kehrasaari B, 5th Floor 33200 Tampere FINLAND	Finland	Active	100
Fysiotest Europa AB	Båstad Sportcenter Korrödsvägen 9, SE-269 38 BÅSTAD, Sweden	Sweden	Active	100
Physitrack Inc	850 New Burton Road, Suite 201, Dover, Delaware, 19904	United States	Active	100
Wellnow Group GmbH	Luckenwalder Str. 6b, 10963 Berlin, Germany	Germany	Active	100
Champion Health Limited	Bastion House 6th Floor, 140 London Wall, London, United Kingdom, EC2Y 5DN	UK	Active	100
In-Directly held				
Physitrack Sweden AB	Wiselgrensgatan 32, 41741 Göteborg, Sweden	Sweden	Active	100
Champion Health Plus Limited	Office 66 - Fareham Innovation Centre Merlin House, 4 Meteor Way, Fareham, Lee-on-the-Solent, England PO13 9FU	UK	Active	100

Champion Health Limited and Champion Health Plus Limited has claimed an audit exemption for the financial year ended 31 December 2023 under Section 479A of the Companies Act 2006.

All shares invested in are ordinary shares or the local equivalent.

Movement on the investment balance during the year is as follows:	€
At 31 December 2021	**10,462,381**
Additions during the year (cash)	8,812,695
Net movement on deferred contingent consideration (note 34)	8,121,473
Foreign currency translation movement	(354,113)
At 31 December 2022	**27,042,436**
Additions during the year (cash)	1,593,105
Impairment	(657,813)
Net movement on deferred contingent consideration (note 34)	(8,438,510)
Foreign currency translation movement	656,410
At 31 December 2023	**20,195,628**

On 30 May 2023, the company provided Fysiotest with a capital contribution of EUR 94,105.

In January 2023 and March 2023, specific hurdles attached to the Wellnow share purchase agreement were achieved, resulting in deferred contingent consideration payment of EUR 1,499,000.

At 31 December 2023 an assessment was performed to identify if there were any indicators that the carrying value of investments was impaired. In-line with the group impairment assessment performed as outlined in Note 13, it was identified that there were indicators of impairment in relation to the Fysiotest investment. As a result the recoverable amount of the CGU was compared to the investment value, with an impairment of EUR 657,813 being recognised. It was concluded that there were no indicators of impairment for all other investments. Cash-flows, judgements, assumptions and measurements related to this impairment test are similar to those found in Note 13.

28. Intangibles

	Internally generated intangible asset	Software	Total
	€	€	€
Cost			
At 31 December 2021	6,400,469	69,613	6,470,082
Additions	3,002,969	296,969	3,299,938
Acquisition of subsidiary	-	-	-
Exchange differences	(455,103)	(15,213)	(470,316)
At 31 December 2022	8,948,335	351,369	9,299,704
Additions	2,439,822	39,005	2,478,827
Acquisition of subsidiary	-	-	-
Exchange differences	216,896	8,323	225,219
At 31 December 2023	11,605,053	398,697	12,003,750
Amortisation			
At 31 December 2021	4,562,491	-	4,562,491
Charge for the period	1,390,515	61,710	1,452,225
Exchange differences	(296,845)	(2,397)	(299,242)
At 31 December 2022	5,656,161	59,313	5,715,474
Charge for the period	2,044,439	70,514	2,114,953
Exchange differences	140,403	14,903	155,306
At 31 December 2023	7,841,003	144,730	7,985,733
At 31 December 2021	1,837,978	69,613	1,907,591
At 31 December 2022	3,292,174	292,056	3,584,230
At 31 December 2023	3,764,050	253,967	4,018,017

29. Trade and other receivables

	31 December 2023	31 December 2022
Trade and other receivables	**€**	**€**
Trade receivables	1,492,011	1,014,379
Expected credit loss	(156,856)	(32,060)
Trade receivables net of expected credit loss	**1,335,155**	**982,319**
Other receivables	168,823	97,069
Prepayments	143,649	89,344
Amounts due from group companies	4,265,096	3,814,242
	5,912,723	**4,982,974**

Trade receivables is recognised net of an expected credit loss provision of EUR 156,856 (2022: 32,060)

Amounts due from group companies relate to intercompany loans issued from Physitrack to subsidiaries within the Group. Loans owed from Group undertakings are repayable at any point at the request of Physitrack. A EUR 498,953 intercompany receivable exists between Physitrack and Physiotools. Interest accrues on this balance quarterly at the prevailing SONIA rate + a margin of between 1.5%-3% reflecting the interest rate the Group pays on it's external borrowings. Other than this intercompany receivable, no interest is charged on the intercompany receivable balances.

Refer to note 15 for calculation of Expected credit losses.

In determining the recoverability of a trade receivable, the Company considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and un-related. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts of EUR 156,856.

Other receivables are non-trade receivables and are non-interest bearing. The above amounts do not bear interest and the Directors consider that the carrying amount is equivalent to their fair value.

30. Contract liabilities

	31 December 2023	31 December 2022
	€	**€**
Subscription income received in advance	397,794	298,628
	397,794	**298,628**

For large enterprise customers, the Company typically bills twelve months in advance for subscription services to its platform. As outlined in note 1, subscription income is recognised over the period to which the service is provided. Therefore, the contract liability at 31 December 2022 and 31 December 2023, relates to subscription income received in advance for services to be provided for in the future. The contract liability balance at 31 December 2022 was recognised in the current financial period. It is expected that the contract liability balance at 31 December 2023 will be recognised within the 2024 financial year.

31. Trade and other payables

	31 December 2023	31 December 2022
Trade and other payables	**€**	**€**
Trade payables	557,911	680,600
Corporation tax	70,764	69,152
Other payables	51,395	26,190
Amounts due to group companies	118,879	-
Accrued expenditure	364,752	407,457
	1,163,701	**1,183,399**

Trade and other payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs and are non-interest bearing. For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is chargeable on the outstanding balances at various interest rates. The Company has financial risk management policies in place to ensure that payables are paid within the credit timeframe. Due to the short-term nature of the trade payables the carrying amount approximates fair value.

Other payables are non-trade payables and are non-interest bearing. The above amounts do not bear interest and the Directors consider that the carrying amount is equivalent to their fair value.

32. Deferred contingent consideration

	€
Balance as at 31 December 2021	**3,857,520**
Recognised on acquisition of subsidiary	10,462,396
Payment of deferred contingent consideration	(3,397,028)
Fair value movement on deferred contingent consideration	1,050,594
Foreign exchange	5,511
Balance as at 31 December 2022	**11,978,993**
Payment of deferred contingent consideration	(1,499,900)
Fair value movement on deferred contingent consideration	(6,919,817)
Foreign exchange	(18,792)
Balance as at 31 December 2023	**3,540,484**
Current	1,111,574
Non-Current	2,428,910
	3,540,484

Wellnow achieved specific revenue milestones as outlined within their sales purchase agreement during January and March 2023. As a result, deferred contingent consideration payments of EUR 1,499,900 was paid out in the current year.

33. Employees

The Monthly average number of persons employed by the Company (including Directors) during the period was as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
	Number	**Number**
Administrative staff	8	7
	8	7

All staff perform management and administrative tasks and are full-time employees within the Company.

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2023	Year ended 31 December 2022
	€	€
Wages and salaries	352,831	417,504
Social security costs	37,827	48,906
Other pension costs	4,424	3,556
	395,082	469,966

Details on the Company's director's remuneration is outlined in note 8.

34. Financial Instruments

The Company as outlined in note 21 has exposure to credit, liquidity and market risk. This note presents specific information about the Company's exposure to each of these risks. This note should be read in conjunction with note 21.

Credit risk

The ageing profile of the Company's trade receivables is as follows:

	31 December 2023	31 December 2022
	€	€
Within 30 days	662,423	738,189
Between 30 and 60 days	66,830	55,865
Between 60 and 90 days	25,622	104,520
Over 90 days	737,136	115,805
	1,492,011	1,014,379

Standard credit terms ranted to customer is between 7 to 30 days, however for sales of Custom App's those customers have bespoke payment plans which are spread over a maximum of 24 months. The percentage of trade receivables past due date is 51 per cent (2022 22 per cent). The percentage of trade receivables outstanding more than 90 days is 49 per cent (2022 11 per cent).

There is no material expected credit losses against contract assets, cash or other receivables. Due to the Company's diversified client base, management believes the Company does not have a significant concentration of credit risk.

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements. The amounts disclosed in the table are contractual undiscounted cash flows, including interest payments calculated using interest rates in force at each reporting date, so will not always reconcile with the amounts disclosed on the Company Statement of Financial Position.

	Carrying amount €	Contractual cash flows €	6 months or less €	6 – 12 months €	1 – 5 years €
31 December 2023					
Non-derivative financial liabilities					
Borrowings	3,578,217	3,635,157	-	-	3,635,157
Trade payables	1,163,701	1,163,701	1,163,701	-	-
Deferred contingent consideration	3,540,484	3,780,000	-	1,140,000	2,640,000
Total non-derivative financial liabilities	**8,282,402**	**8,578,858**	**1,163,701**	**1,140,000**	**6,275,157**

	Carrying amount €	Contractual cash flows €	6 months or less €	6 – 12 months €	1 – 5 years €
31 December 2022					
Non-derivative financial liabilities					
Borrowings	830,934	1,014,885	-	-	1,014,885
Trade payables	1,183,399	1,183,399	1,183,399	-	-
Deferred contingent consideration	11,978,993	12,690,235	420,235	1,900,000	10,370,000
Total non-derivative financial liabilities	**13,993,326**	**14,888,519**	**1,603,634**	**1,900,000**	**11,384,885**

Fair values

Cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities are reflected in the Company's Financial Statements at carrying values that approximate fair values because of the short-term maturities of these financial instruments.

In relation to borrowings and bank overdraft, since these were taken out at variable rates or fixed rates that approximate to market rates, the fair value of loans approximates less any costs associated with securing the borrowings represents their carrying value.

Deferred contingent consideration is measured at fair value as outlined within Note 21 using level 3 inputs. At 31 December 2023 it had a fair value of EUR 3,540,484 (2022: EUR 11,978,993)

Capital management

Details of the Company's and Group's capital management is outlined within Note 21 of the Group Consolidated Financial Statements.

35. Capital and reserves

Details of the Company's and Group's capital and reserves, including the Company's dividend policy is outlined within Note 22 of the Group Consolidated Financial Statements.

36. Commitments, Pension commitments, Guarantees and contingencies

The Company had no contractual commitments, pension commitments or guarantees at 31 December 2023 (2022: NIL).

Details of the Company's contingent liabilities is outlined in note 23.

37. Events after the reporting period

See note 25 in the consolidated accounts for events after the reporting period which impact the Group and Company.

Shareholder information

Ownership structure

Please see below a list of the top 20 shareholders as of the date of issuing the annual report and accounts:

Name	Num. of shares	Capital	Votes	Verified
Henrik Molin	4,032,701	24.80%	24.80%	2024-01-29
Nathan Skwortsow	2,691,377	16.55%	16.55%	2024-01-29
Consensus Asset Management	1,931,218	11.88%	11.88%	2024-01-31
Dankea Oü	1,000,000	6.15%	6.15%	2024-01-29
Breht McConville	830,006	5.10%	5.10%	2024-01-29
Ocampo International SA	644,848	3.97%	3.97%	2024-01-29
Kjetil Holta	600,000	3.69%	3.69%	2024-01-29
Avanza Pension	515,759	3.17%	3.17%	2024-01-29
Mathias Johansson	387,500	2.38%	2.38%	2024-01-29
Martin Larsson (Chalex AB)	313,000	1.92%	1.92%	2024-01-29
Rachel King	278,000	1.71%	1.71%	2024-01-29
Emma Ruspantini	269,000	1.65%	1.65%	2024-01-29
Nordnet Pension Insurance	193,249	1.19%	1.19%	2024-01-29
Gustav Mattsson	161,079	0.99%	0.99%	2024-01-29
Michael Sloniewsky	100,000	0.61%	0.61%	2024-01-29
Dr Jill Thompson	100,000	0.61%	0.61%	2024-01-29
Futur Pension	91,000	0.56%	0.56%	2024-01-29
Agnete Molin	90,000	0.55%	0.55%	2024-01-29
Movestic Life Insurance AB	73,238	0.45%	0.45%	2024-01-29
Atlant Funds	71,000	0.44%	0.44%	2024-01-31
Total 20	**14,372,975**	**88.39%**	**88.39%**	
Others	**1,887,792**	**11.61%**	**11.61%**	
Total number of owners	1,400			2024-02-28
Total number of shares	16,260,767			2024-02-28

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

Annual general meeting

Shareholders are invited to the Annual General Meeting of the Company, which will be held on 3 May 2024 at 10:00 CEST. A notice of meeting with attendance details included will be posted on the investor website on 5 April 2024.

Dividend

The Board of Directors and Chief Executive Officer propose that the Annual General Meeting resolves that no dividend is to be paid for the financial year 2023. This is in-line with the company's dividend policy.

Further information

For further information, please contact:

Henrik Molin, CEO: ir@physitrack.com, +44 208 133 9325

Charlotte Goodwin, CFO: ir@physitrack.com, +44 208 133 9325

Financial calendar

Q4 report (1 October 2023 – 31 December 2023)
29 February 2024

Year-end report (1 January 2023 – 31 December 2023)
29 February 2024

Annual General Meeting
3 May 2024

Q1 report (1 January 2024 – 31 March 2024
14 May 2024

Q2 report (1 April 2024 – 30 June 2024
13 August 2024

Q3 report (1 July 2024 – 30 September 2024)
12 November 2024

Q4 report (1 October 2024 – 31 December 2024)
28 February 2025

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