

# Company Summary

## Investment Profile

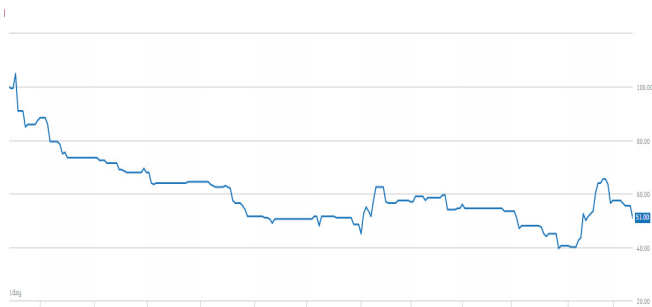
1. Key provider of digital platforms to the NHS with an existing relationship with every trust in NHS England
2. Large addressable market with growing need for digital solutions in healthcare and beyond
3. Sensible buy and build strategy which has resulted in successful acquisitions
4. June 2021 acquisition of Attend Anywhere (AA) transformed the outlook and sent annualised recurring revenue up ten-fold. Now fully integrated into Induction with contracts renewed, a majority in multi-year deals, AA provides basis for robust overall business growth

## Share Information

<b>Ticker</b>	INHC
<b>Share Price</b>	51.0p
<b>Shares in issue</b>	92m
<b>Market Cap</b>	£46.95m
<b>12m Hi/Low</b>	105/39.5p

(Source: The London Stock Exchange, May 2022)

## 12-Month Share Price



(Source: The London Stock Exchange, May 2022)

## Major Shareholders as of May 2022

Name	%
Lombard Odier Asset Management	16.01
Chris Ryan	11.95
Blue Muse Investments Pty Ltd	7.77
Knowhow Holdings Limited	6.0
Chelverton Asset Mgt	4.90
Harwood Capital	4.89
Deans Knight Capital Mgt	4.36
Jarvis Investment Mgt	4.0

## Company Overview

**Induction Healthcare (AIM: INHC)** is a leading digital health platform designed to help alleviate the pressures facing global healthcare systems and improve patient outcomes. The Group's suite of software solutions, which enable video consultations, remote patient data capture and outpatient appointment management, are used by a rapidly growing number of more than **3 million UK patients**.

Our solutions are scalable, and we hold national NHS contracts in Scotland, Wales and ROI, with every NHS acute trust in England using at least one Induction product.

## Product Overview

Induction's enterprise platform facilitates efficient, flexible patient and care team engagement, seamlessly integrating digital with in-person care delivery. With a vision to transform the end-to-end patient journey, the current offering includes:

- **Induction Attend Anywhere (AA)**, the UK market leader in secondary care video consultations. AA was acquired by Induction in June 2021 for £25.4m, generating full-year revenues and EBITDA of £10.4m and £4.5m, respectively, at the point of acquisition. After recently securing 94% contract renewals for NHS England, as well as NHS Scotland and an expansion to the existing NHS Wales contract, AA is now the embedded system of choice for NHS video consultations, scaling Induction across the British Isles.
- **Induction Zesty**, a digital patient engagement portal that allows patients to manage their hospital appointments, view their letters and clinical records and provide data remotely. This year has seen a dramatic increase in ARR, up c. 100% year-on-year. Via strategic collaborations with third-parties such as Cerner Corporation, Induction is strongly positioned to roll-out Induction Zesty as part of an integrated solution response to the Government-led drive for patient portals in all UK hospitals.

Induction also supports clinicians with:

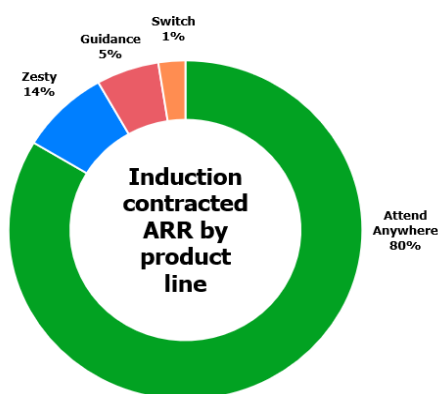
- **Induction Switch**, a healthcare collaboration app used by clinicians across the NHS to communicate securely and efficiently at work. With its main value being upsell, leveraging the app's extensive user base built on crowdsourced hospital directories, Induction has just introduced a Trust specific subscription model offering Trust controlled access through NHS authentication.
- **Induction Guidance** enables medical organisations worldwide, including 122 NHS hospital trusts, to collaboratively create, edit and publish their own local medical guidelines. The new Patient Information module provides opportunity to integrate with Induction's enterprise platform and the company is forecasting 15-20% organic year-on-year revenue growth.

## Growth by Acquisition

The company is successfully pursuing a global 'buy and build' growth strategy, entering new markets for existing products and acquiring new technology to add value to customers, expand its enterprise platform and optimise cross-sell. In June 2021, the company raised £25m from shareholders to fund the acquisition of Attend Anywhere at 2.5 times recurring revenues. This is very good value in the fast-growing digital health space and did not come without risk. When the company undertook the acquisition in June, there was no guarantee that contracts with NHS England would be renewed at the end of their term in March 2022. The company exceeded expectation and renewed 94% of NHS England contracts under a year later, delivering an ARR of £6.6m and moving the majority to multi-year deals to provide a strong base for total business growth.

## Contract with Department for Work and Pensions

In November 2021, Induction won a landmark contract with the Department of Work and Pensions (DWP) to deploy Induction Attend Anywhere to selectively virtualise the benefits system. The contract follows a charging model based on monthly active users and will deliver up to £1.3m in ARR. The contract is for an initial 2-year term with an option to extend for a further 2 periods of 12 months each. The contract will generate a minimum of £0.9m over two years and a maximum of £5.2m over four years, assuming extension and full utilisation. This is the second non-healthcare contract in the Company's portfolio, building on the recently renewed Scottish Government contract, further demonstrating the opportunity for revenue growth beyond healthcare.



Contracted revenue as at 01/05/22

## Latest Company Presentation

View the latest **Investor Meet Company presentation** with CEO, James Balmain and CFO, Guy Mitchell [HERE](#).

## Key Newsflow

**Apr '22:** NHS England Attend Anywhere contract renewals secure £6.6M ARR

**Apr '22:** Four South West London Trusts sign with Zesty

**Mar '22:** Renewed Attend Anywhere contracts with NHS Scotland and Scottish Government

**Dec '21:** Interim Results

**Nov '21:** Attend Anywhere contract with DWP

**Sept '21:** Final Results

**June '21:** Acquisition of Attend Anywhere

## Management Team

Founded by serial entrepreneur **Dr Hugo Stephenson**, Induction listed on AIM in 2019 with a market capitalisation of £34m. Hugo remains actively involved in a NED role.

In 2020, Induction bought patient engagement platform Zesty for £12.7m, bringing with it Zesty co-founder **James Balmain** (right). Now CEO of Induction, James brings a decade of healthcare experience and believes the digital health space 'is only going to grow' as healthcare catches up with the digital transformation in other sectors.



Experienced finance chief **Guy Mitchell** (below) joined the senior management team in Nov 2021. Guy previously served as interim CFO at AIM-listed FreeAgent and at Oxehealth. He was also finance director of GFI Max through a rapid growth period which saw annual recurring revenues expand from £5m to £75m over a 3-year timeframe.



Joining in August 2021, **Dave Williams** spearheads product innovation and delivery as CPO focused on investment in development capability. Most recently CIO at Just Eat, Dave brings 20+ years multi-sector tech experience.

## Meet Induction

If you would like to **register to hear about Induction events**, please email [induction@walbrookpr.com](mailto:induction@walbrookpr.com)

## Consensus forecasts (Compiled by Factset)

	FY'21 (Actual.)	FY'22 (Est.)	FY'23 (Est.)	FY'24 (Est.)
Sales (£m)	1.5	12.1	17.2	21.0
ARR (£m)	1.8	14.7	19.0	22.4
Adj EBITDA (£m)	(4.8)	(0.0)	2.3	2.7
Adj PBT (£m)	(6.1)	(1.5)	(0.2)	(0.3)