Physitrack® PLC

JANUARY - DECEMBER 2022

ANNUAL REPORT AND ACCOUNTS 2022

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Chief executive officer review

2022 has been an important year for Physitrack, moving away from the Covid-19 pandemic we have seen the rapid shift towards virtual health care become embedded in the market and our Wellness division has been perfectly positioned to help employers address the ongoing corporate investment in wellbeing. The overall success of results delivered in both business divisions during 2022, our biggest year to-date in terms of revenue, continues to be in line with our long term targets despite a strong prior year comparative and outlying factors.

2022 saw the continuation of our M&A strategy with key acquisitions in both the Lifecare and Wellness divisions, laying the foundations for future growth of the business. PT Courses was acquired in January 2022 which provides the Lifecare division with a new revenue stream from continued education. Wellnow and Champion Health were acquired in February 2022 and May 2022 respectively. These acquisitions into the Wellness division increase the divisions geographical footprint and provide it with a platform which underpins the whole division.

We continued to focus on implementing efficiencies within the Lifecare division, inter alia streamlining corporate structures, merging user bases across the Mobilus and Physitrack products, revitalising the PT Courses business to complement the existing Lifecare business and further bolstering our inhouse tech and development team with top talent.

The integration of the recent Wellness acquisitions into one holistic health brand – Champion Health – has continued to progress and the significant growth of the Wellness division has contributed to the Group's results for the year. Individually, excluding Fysiotest, these businesses have seen triple digit growth in revenue against their prior year comparatives on both a quarterly and annual basis, demonstrating the positive impact our M&A program has had on the enhancement of these businesses alongside the Group's own service offering. We continue to

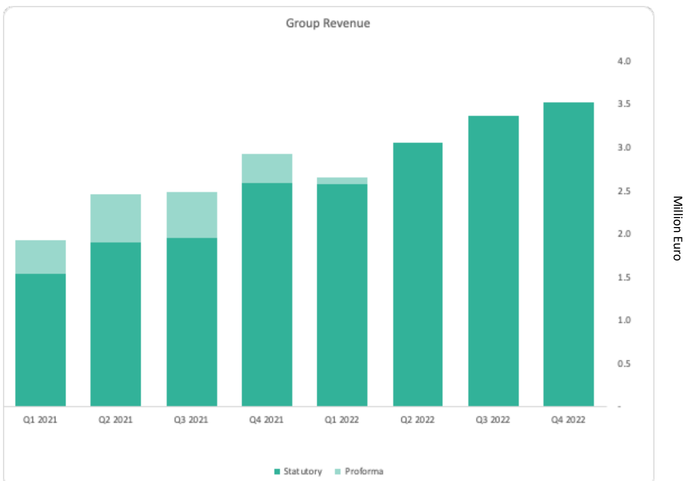
Henrik Molin, CEO Physitrack

focus on driving efficiencies across this division to grow the underlying profitability in line with that of the Lifecare division and our mid-term targets.

We leave the financial year on a strong footing to build on this success in 2023 and I am excited for what this year has in store.

2022 performance

The Group achieved total revenue growth of 57 per cent for the year ended 31 December 2022 in comparison to the prior year statutory comparative. Proforma revenue growth was 27 per cent on an annual basis.



Physitrack exited the year with an annual run rate ("ARR") of recurring subscription revenue of EUR 11.0m (2020/21: EUR 7.7m), growth of 43% and annualised revenue of EUR 13.7m (2020/21: EUR 10.4m), growth of 32%.

This growth was achieved across both divisions. Growth in the Lifecare division resulted from revenue expansion from existing and new customers and user base growth following several enhancements to the platform.

The growth in Wellness reflects the success of the various integration projects vis á vis strong demand from the market and consolidating these businesses into the Champion Health brand.

We however acknowledge that we have faced several challenging quarters with Fysiotest which generated EUR 0.7m for the year and accounted for 6.0 per cent of Physitrack's total annual turnover, due to the rapid cessation of delivery of Covid related services such as testing and risk management consultancy. We are taking a number of measures to manage the challenges within Fysiotest, including changes to the management team, with the appointment of Kristoffer Svensson, previously Nordic Sales Director, as the new managing director. We expect to incur c. €0.2m-€0.3m of non-recurring costs in H1 of 2023 related to this turnaround plan.

Excluding Fysiotest, each business within the Wellness division has surpassed expectations and has delivered outstanding growth on a quarterly and annual basis, reflecting the diligent work performed in integrating these businesses under the Champion Health brand. These businesses are realising the revenue synergies and integrated pathways initially identified as part of the M&A process. We leave the year with these businesses showing extremely positive signs for the continuation of this significant growth in 2023, thanks to great product-market fit and strong leadership within the businesses and by division head Ryan Ebert.

Excluding Fysiotest, Wellness revenue has grown by 202 per cent for the year on a pro-forma basis.

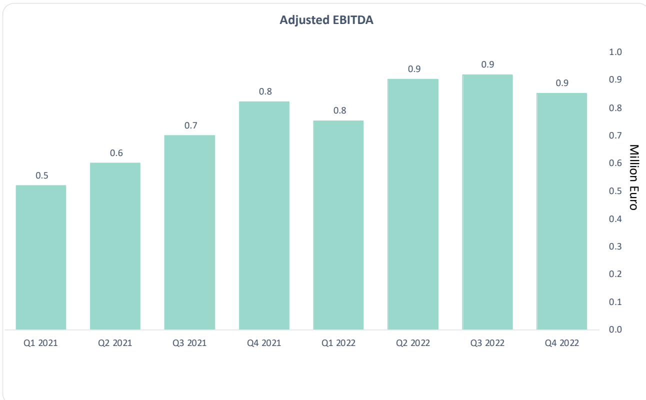
For the Group, excluding Fysiotest revenue would have increased by 40 per cent for the year on a pro-forma basis.

Profitability focus

During the year the Group generated adjusted EBITDA of EUR 3.4m representing a margin of 28 per cent, the margin movement represents the growth of the Wellness division as a proportion of the total Group. The Wellness division generated an annual Adjusted EBITDA margin of 2 per cent for the year, compared to an annual Adjusted EBITDA margin of 49 per cent within the Lifecare division.

The Lifecare division businesses are more established whereas we are investing in the Wellness division to ensure we take advantage of the huge current market potential, over time we expect margins in this division to increase to bring the group in line with our mid-term targets.

There are strong incentives in place for management of the Wellness acquisitions to accelerate both growth and margins, as earn-outs are dependent on those underlying businesses bringing margins in line with our growth targets over time. Therefore, margin focus is aligned across all parts of the group; the expansion of Group margins to at least 30 percent in 2023 and over the medium term to levels in line with our growth targets is very much a shared and realistic ambition.



The M&A program – two years of successfully enhancing our offering

During the year we marked the second anniversary of the Group's M&A programme, and we are delighted to look back at some very exciting results. Not only did the group add a number of interesting complementary businesses to expand the Lifecare segment. The M&A program also allowed the creation of the Wellness operating segment which paves the way for the Group to emerge as a market leader in the corporate wellness industry.

Through the successful integration of the companies' acquired teams and strong leadership, we have been able to both add substantial top-line revenue to the Group, alongside providing opportunities for these businesses to grow revenue organically. In turn this has resulted in a substantial improvement in EBITDA for the vast majority of them.

Examples of this include the integration of the Physitrack and Physiotools teams into one Lifecare powerhouse which exits the year boasting a €9.0m revenue run rate. Through a successful integration we have been able to find operational and commercial synergies, which in-turn have led to further organic growth and improvement in EBITDA.

Rehabplus Limited was the first acquisition within the Wellness segment, which as at the end of year represents €1.6m of revenue run rate. The Rehabplus team was brought onboard in February 2021 and hit the ground running upon integration. It was also the first Wellness business to benefit from the Champion Health integrated care pathway through the launch of Champion Health – Physiotherapy in June of this year. This has provided Rehabplus, which has been formally renamed Champion Health Plus, with additional revenue which on a pro-forma basis for the year ended 31 December 2022 has grown 139 per cent from the prior year comparative. There is a strong focus on profitability across the Group with the aim in the medium term for the Wellness margins to reflect those of the Lifecare segment. Rehabplus EBITDA for the year ended 31 December 2022 was EUR 0.2m compared to a negative EBITDA of EUR 20k in the comparative period. This increase reflects the various initiatives management have implemented to improve the profitability of the business, which include a focus on costs and finding efficiencies with revenue generation, increasing margins.

Similar progress has been seen with the Wellnow and Champion Health businesses, which both grew their top-line proforma revenue for the year ended 31 December 2022 386 per cent and 225 per cent respectively compared to the prior year comparative.

Since acquiring Champion Health in May 2022, we have been able to solidify our market offering as one of the leading global players with the mission to elevate the World's Wellbeing.

During the second half of the year, we have integrated the existing business which made up the Wellness division into one brand – Champion Health – launching several integrated pathways complementing the existing business and realising revenue synergies. The appointment of Ryan Ebert, previously with Bupa, to oversee and develop the Wellness segment has been paramount to this division's success.

During the quarter we have made enhancements to the Champion Health platform, and for the first time smaller organisations are able to self-service the platform which in turn increases our addressable market – segmentally and geographically – via product-led growth.

As part of the expansion of the Wellness division we are gearing up to launch the Champion Health platform into other geographies. The recent appointment of Mercer UK's former Chief Growth Officer Nick McClelland as Chief Growth Officer of the Wellness Division providing extensive knowledge, methodology and commercial opportunities, will ramp up the Enterprise sales growth of the division in 2023.

Supported by these impressive milestones, we are convinced that the best is yet to come. With the combined strengths of the dynamic individuals that joined the Wellness division in these transactions since the founding of the M&A program, along with strong leadership and a buoyant commercial environment, we firmly believe we are on track to deliver on the promises we made to create a fast-growing and profitable global wellbeing leader.

Launch of the 2023 Champion Health Workplace Health Report

In January 2023 Champion Health launched the 2023 Workplace Health Report. For years, Champion Health has leveraged data to support employee wellbeing at global organisations. The report is the culmination of this data gathering with the anonymised findings shining a light on the true state of workplace health.

The report allows discovery of workplace health trends and covers every area of wellbeing – from mental health to menopause, sleep to stress and beyond.

This report highlights the Group's purpose in elevating the World's wellbeing alongside increasing our global presence. Access to the report can be found here:

https://championhealth.co.uk/insights/guides/workplace-health-report/

Transition of in-house development team enhancing Lifecare platform

During the financial year the Group appointed Michal Wegrzyn as Head of Engineering. Michal previously worked at NYSE-listed $10bn Customer Support SaaS market leader, Zendesk. Since joining in May 2022, Michal has built an in-house development team comprising seventeen highly skilled tech developers. This team has transitioned Physitrack away from its previous inhouse - outsource hybrid software development model. As a result of this, co-founder and CTO Nathan Skwortsow has taken on a new part-time role focussed on sourcing and developing new business ventures on behalf of the Group while at the same time pursuing other interests external to the Group.

Through a fresh perspective this new in-house team has been able to implement further enhancements to the Lifecare platform. The fast-tracking of the development of key features, such as EasyLink, which makes it easier for healthcare providers to prescribe exercises to low-tech patients, will pave the way to gaining more market share in the more conservative customer segments in Physiotherapy. More initiatives to bolster our presence here are coming up that will enhance the patient experience for both video and print.

The Lifecare segment has also rebranded its Demo Mode as a new print-only Free version which will further expand our presence in the more conservative print-focused market segments as well as boost lead generation and conversion in our product-led growth strategy.

Further to significant investment in the core Lifecare platform since the acquisition of e-learning provider PT Courses in early 2022, Physitrack have brought the company in line with the Group, including refreshing and digitalising course content and launching a subscription model. Whilst quickly accelerating the paid user base, due to the timing of revenue being recognised on the subscription model this has resulted in a temporary decline in revenue within PT Courses compared to the prior year pro-forma comparative.

In March 2023 we have planned the launch of a new technology platform for PT Courses, powered by Thinkific. The new platform boasts a much broader and intuitive user experience for practitioners to sign-up and access course content. This revitalised platform now provides a go-to-market service offering for our existing Lifecare user base, and, over time, will also allow PT Courses to be targeted for the first time to practitioners outside of the United States.

Structural changes in the Lifecare division

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

Within the Lifecare division we have rationalised the operating structure through the transfer of the majority of customers within the Mobilus business to Physitrack. We have been pleased with the retention rates of customers transferring and over time as existing Mobilus customers contracts come to an end we expect Mobilus to be wound down, in turn reducing the administrative cost this has on the division and Group.

In seeking similar administrative efficiencies effective from 31/1/2023 we have also merged Tanila Holding with Physiotools (Tanila is Physiotools holding company) further reducing administrative costs.

Outlook

Physitrack's Board of Directors has adopted a set of financial targets linked to the Company's Strategy as set forth below:

- **Growth:** Physitrack aims to achieve annual organic sales growth exceeding 30 per cent in the medium term, further supported 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.

While the Directors acknowledge that there can be variability quarter on quarter with these targets, we however see no need to adjust these medium term financial targets.

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

Our two business lines has us well-positioned to capitalize on increasing digital healthcare demand

Physitrack PLC, founded in 2012, is a global B2B digital healthcare provider, focused on providing technology to Care Providers and providing solutions to Corporates wellbeing challenges. Elevating the world's wellbeing, the company has two business lines:

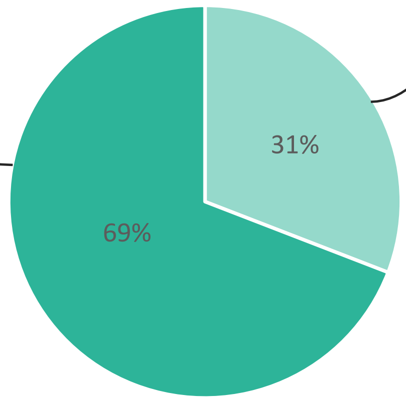
Lifecare

Physitrack

An offering tailored mainly to physiotherapy and musculoskeletal care, enabling practitioners to digitally deliver clinical home exercises, education prescription, outcomes tracking, triaging and Telehealth.

Our Lifecare division is the market's most comprehensive full-service offering, built around Physitrack's SaaS solutions.

consolidated revenue



Wellness

EUROPE CHAMPION HEALTH | NORDICS CHAMPION HEALTH | UK CHAMPION HEALTH

Wellness provision powered by the Champion Health technology platform and wellness professionals based in the United Kingdom, Germany and the Nordics.

Our Wellness business line is the market's most comprehensive holistic offering built around the Champion Health SaaS solution combined with the Group's ecosystem for care provision (Access).

Physitrack

The world leader in Lifecare technology.

Supporting the patient journey every step of the way with a uniquely comprehensive solution.

Core Features

Patient onboarding & triage

Physitrack AI

- Fully customisable onboarding solution for all physiotherapy practices
- Captivating the entire patient journey in one app

Non-friction onboarding experience drives loyalty and engagement

Freeing up resources by triaging to the right care from

Exercise prescription and education

Physitrack | PT PHYSIOTOOLS

- Library of exercise videos, templates and education materials
- Unique materials, produced with an award-winning content provider

18,000 in-house produced exercises in 15 languages

Full IP stack is wholly owned by Physitrack

Outcomes analysis / PhysiData

Physidata

- Track and analyse patient outcomes and outcome measures in real-time
- Deliver more effective care, achieve better patient outcome and reduce overhead based on detailed insights

Provides deep analytical capabilities for costumer data

Share information with third-party systems and regulatory bodies

Telehealth & messaging

- Secure, stable and encrypted best-in-class video calling
- Tailored for physiotheraphy consultation and live exercise demonstration

World's first specialised telehealth solution for rehab

Fully integrated within the Physitrack platform

Continuing Education

PTcourses.com

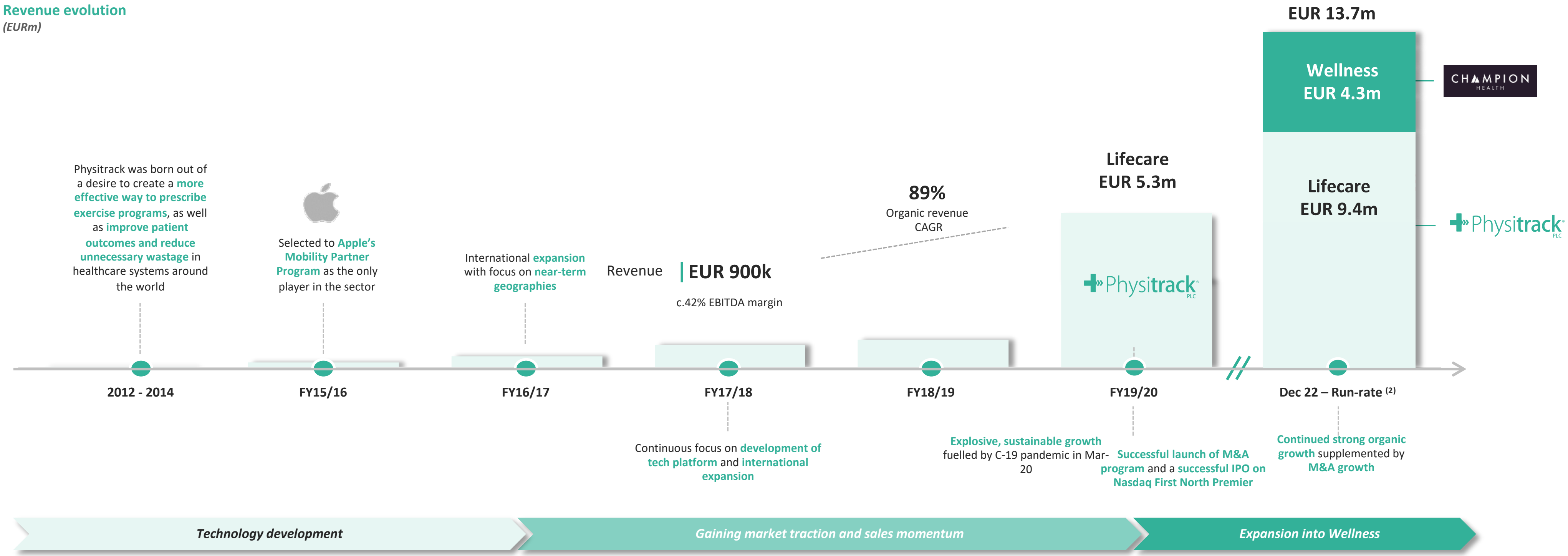
- Courses for Physiotherapists and Occupational therapists certification
- Subscription that enables professional certification in 47 US states

A trusted tool for Physiotherapists since 1996.

On track to create the most attractive exercise prescription and continuing education bundle in US market.

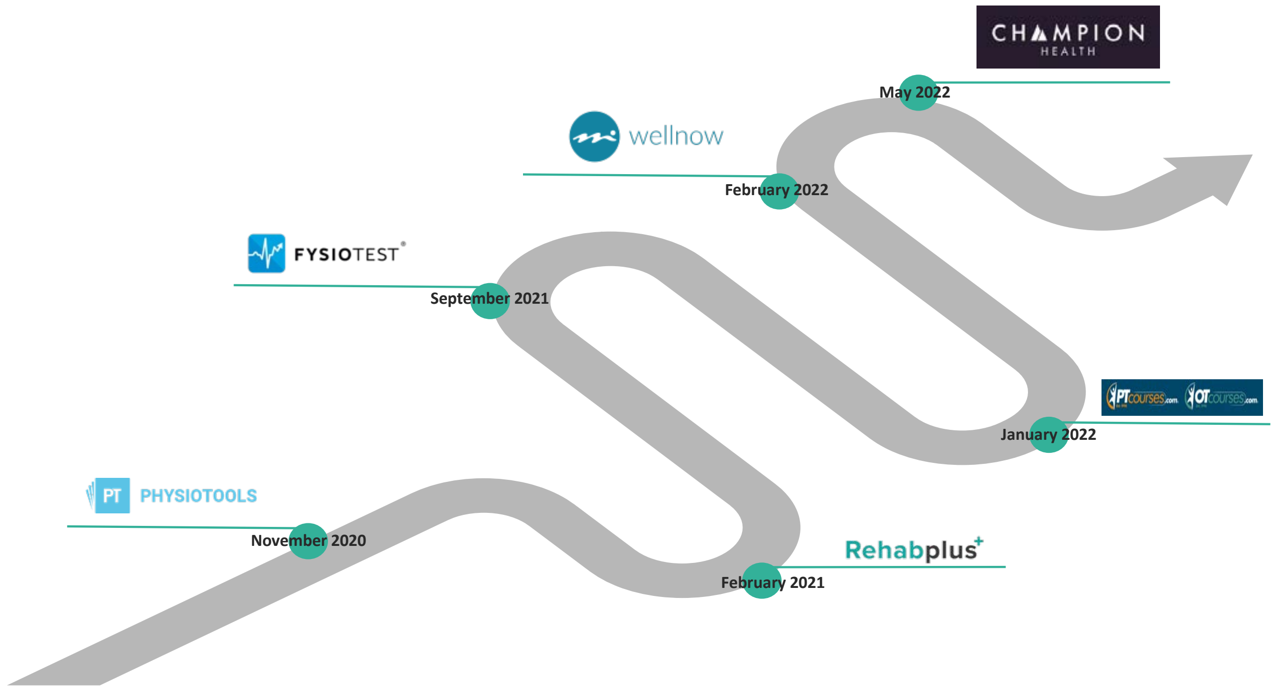

CHAMPION HEALTH
Physitrack
One platform. All areas of Wellbeing.
Empowering employee wellbeing through data, insight and action.
ANALYSIS & ASSESSMENT
PREVENTION & WELLNESS (PHYSICAL)
PREVENTION & WELLNESS (EMOTIONAL)
POST-ACUTE, POST-OP, CHRONIC CARE PROVISION
FOLLOW-UP & ANALYSIS
Testing and assessment methodology and technology
Physical tests with manual and automated analysis by leading care professionals
Establish best wellness plan for individuals and groups of individuals.
Use of scalable technology and analysis methodology
Technology-led exercise and wellbeing coaching
Expert-created content to reach physical wellbeing goals
Automated delivery with world-leading Technology
Oversight, coaching and escalation by qualified professionals.
Technology-led emotional wellbeing coaching
Expert-created content to reach emotional wellbeing goals
Automated delivery with world-leading Technology
Oversight, coaching and escalation by qualified professionals.
Technology-led treatments - virtual first with optional hands-on treatments
Virtual-first care provision by qualified care professionals
Remote treatments with outcomes tracking and follow-up
Escalation to hands-on care
Data collection, analysis and follow-up
Data collection, aggregation and analysis
Informed conclusions and actionable advice via dashboards and qualified wellbeing analysis

Current state of play



Footnotes: (1) Physiotools revenue 2020A; (2) The Dec 22 Run-rate as disclosed in the Q4 interim announcement with run-rate of or recent acquisitions PT courses, Wellnow and Champion Health added.
Source: Company information, Annual and interim reports

M&A program achievements



- Integration of Physitrack and Physiotools into one Lifecare technology powerhouse which at Q4 2022 boasts:
  - €9.0m ARR
  - 49% Adjusted EBITDA (48%)
- Launch of PTCourses subscription model to mirror the other businesses within Lifecare Technology

  Enhancement of library and technology to complement and cross sell into other Lifecare Technology businesses
- Rebranded as Champion Health Nordics, furthering Champion Health integrated care pathways to the Nordic markets.
- Rehabplus was the first acquisition into the Virtual Wellness segment. At Q4 2022 pro-forma revenue had grown by 139%, representing €1.6m ARR.

  The first Virtual Wellness business to integrate with Champion Health integrated care pathway
- Combined Wellnow and Champion grew topline revenue by 316% against prior year comparative

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. In 2021, the organic growth was successfully complemented by the acquisition of one of Physitrack's largest competitors, Physiotools, and over the last two financial years we have integrated these businesses into one business unit. To complement the existing platform in the current year, the Group acquired Physiotherapy and Occupational health practitioner continued education provider PT Courses. During the year Physitrack has brought the brand in-line with the Group including rejuvenating course material and implementing a subscription model. This acquisition brings an additional revenue stream to the Lifecare division, but also opens up PT Courses market reach to a significant pool of existing Physitrack users.

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 EMRs and other channel systems to market "bundled" services.
- Expanding the content library with market focused content, for example targeting local physiotherapy trends, national research projects and guidelines.
- 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.

Through the acquisition of Physiotools, Physitrack gained an extensive library of pictures and line drawings which are an important complement in markets where not all patients will have access to digital devices. Furthermore, Physitrack expects it to continue to gain market traction with maintained margins through low-cost localisation and local business development.

Wellness offering

During the current year Physitrack has built on the foundations of its 2021 M&A programme to build the Wellness division through the acquisition of Wellnow and Champion Health. The acquired companies within this division now operate under the Champion Health brand.

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:

- 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.

The above is managed by the Champion Health platform, which 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.

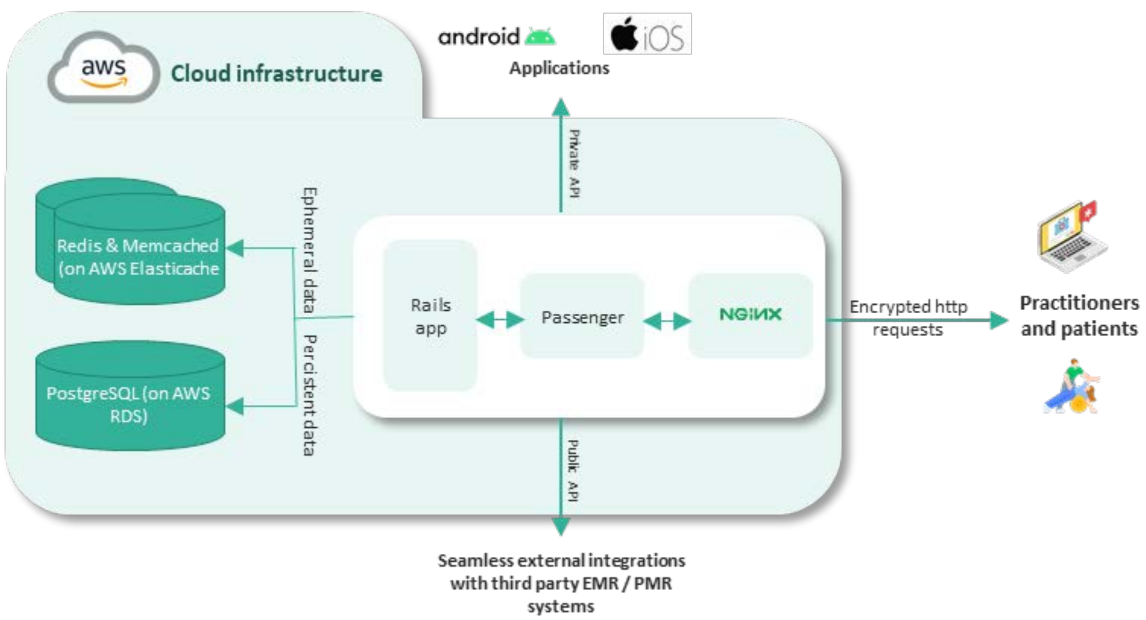
Our technology

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 USD 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 2022, the platform had integrations with over 52 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 1 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 2022, the Telehealth function was used a total of 2.6 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

During the prior financial period, Physitrack PLC's year end was changed from November to December, this resulted in a thirteen month accounting period ended 31 December 2021. The purpose of this extension was to re-align our financial year end to the purchasing cycles of our customers.

To aid the comparability of our financial statements for the current financial year, we have presented key financial items and performance indicators for the twelve months ended 31 December 2021. This has been compared to the twelve months ended 31 December 2022.

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		13 Month period ended
EUR (€), ***unless otherwise stated***	**31 Dec 22**	**31 Dec 21**	**31 Dec 21**
Revenue	12,510,371	7,990,648	8,465,227
Prior period revenue growth (%)	57	162	177
Proforma revenue growth (%)	27	28	49
Adjusted EBITDA	3,446,475	2,627,717	2,691,699
Adjusted EBITDA margin (%)	28	33	32
Adjusted operating profit/loss	1,012,544	1,154,623	1,116,351
Adjusted operating margin (%)	8	14	13
Adjusted earnings per share	0.06	0.07	0.06
Operating cashflow before adjusting items	2,897,554	2,187,185	2,292,600
% of revenue which is subscription	71	82	83
Churn (%)	1.2	1.4	1.4

Divisional performance

The operations of the Group comprise two reporting operating segments. These segments are the provision of Lifecare tailored to notably physiotherapy and Wellness. Performance of these segments for the year ended 31 December 2022 and prior year is as follows:

	Lifecare €	Wellness €	Group €	Total €
Year ended 31 December 2022				
Total revenues	8,648,545	3,861,826	-	12,510,371
Operating profit / (loss)	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	-	-	903,157	903,157
Adjusted EBITDA	4,270,187	87,539	(911,251)	3,446,475
Adjusted EBITDA Margin	49%	2%	-	28%
Net finance cost	(53,543)	(4,729)	-	(58,272)
Profit/(loss) before tax	2,603,843	27,341	(2,580,069)	51,115

Year ended 31 December 2021				
Total revenues	6,949,826	1,040,822	-	7,990,648
Operating profit / (loss)	1,898,585	68,161	(2,551,353)	(584,607)
Amortisation and depreciation				
Intangibles recognised on acquisition	-	-	33,454	33,454
Internally generated intangibles and depreciation	1,435,083	4,557	-	1,439,640
	1,435,083	4,557	33,454	1,473,094
Items affecting comparability	-	-	1,739,230	1,739,230
Adjusted EBITDA	3,333,668	72,718	(778,669)	2,627,717
Adjusted EBITDA Margin	48%	7%	-	33%
Net finance cost	(54,637)	(14,223)	-	(68,860)
Profit/(loss) before tax	1,843,949	53,938	(2,551,354)	(653,467)

Expenses classified as Group represent head office costs including costs related to operating as a listed entity, Board and Senior management's salaries, those costs associated with the Group's merger and integration activities and amortisation of intangibles recognised on acquisition. 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.

Lifecare

	Year ended Dec		Absolute		Proforma
€'000	2022	2021	Var	%	%
Revenue	8,649	6,950	1,699	24	17
Adj EBITDA	4,270	3,334	936	28	
Adj EBITDA margin	49%	48%			

Trading performance

In the Year ended 31 December 2022, Lifecare revenues increased by EUR 1.7m or 24 per cent, part of this growth was driven by the acquisition of PT Courses and on a pro-forma basis revenue grew by 17 per cent.

Revenue in the Lifecare business is driven by the combination of number of licences, the price per licence and the delivery of revenue enhancing (upsell) products such as 'Custom apps' and Physidata.

For the quarter ended 31 December 2022, there were on average 53,500 subscription licences across the Lifecare division, compared to an average of 49,000 at 31 December 2021.

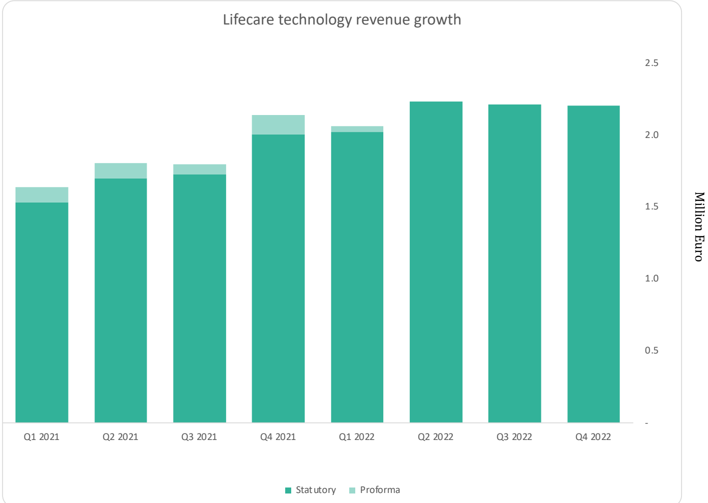
The Lifecare revenue stream is predominantly recurring in nature, with subscription income representing 86 per cent (85 per cent) of total Lifecare revenue.

Alongside subscription fees for the Physitrack and Physiotools platforms within this division is revenue generated from 'Custom app' sales and by PT Courses from the provision of continued education. Whilst 'Custom app' setup fees sales are a one-time charge, attached to them are monthly maintenance fees.

Throughout the year management has increased its data-driven focus on increasing retention and reducing churn. This has involved a number of initiatives such as the launch of the Customer Value Taskforce, in turn providing a customer feedback loop to enhance the platform and completing a number of improvements off the back of this feedback. As a result of this churn for the year ended 31 December 2022 averaged 1.2 per cent (1.4 per cent).

Adjusted EBITDA in the division increased by 28% with EBITDA margins expanding to 49% (48%), this is driven by the increase in revenue as well as efficiencies from the integration of the acquisitions in this division.

The decline in growth from prior quarter was as a result of a strong prior year comparative which included a larger number of custom app sales, alongside the change in revenue recognition profile of PT Courses which has now switched to an annual subscription model, compared to al a-carte sales in the prior year comparative period.



Wellness

	Year ended Dec		Absolute		Proforma
€'000	2022	2021	Var	%	%
Revenue	3,862	1,041	2,821	271	54
Adj EBITDA	88	73	15	21	
Adj EBITDA margin	2%	7%			

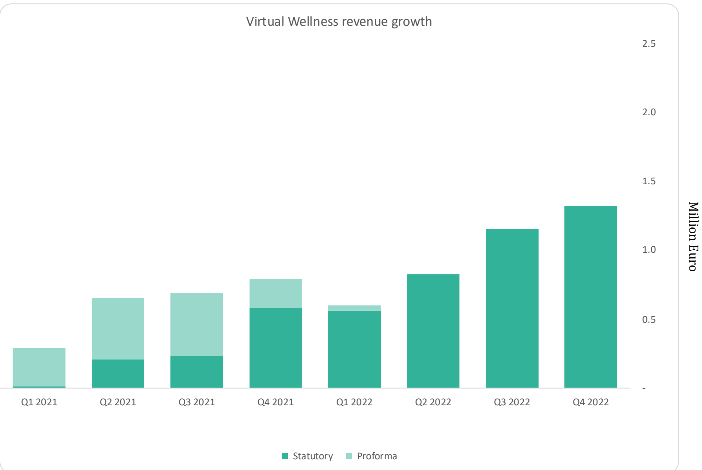
Trading performance

In the Year ended 31 December 2022 Wellness revenues increased by EUR 2.8m or 271 per cent. This growth was partially driven by the acquisitions of Fysiotest, Wellnow and Champion Health and on a pro-forma basis revenue growth was 54 per cent.

Whilst there has been pleasing growth in the UK and European geographical segments, this has been offset by the decline in the Nordics as outlined in the CEO report. There were operational challenges within the Nordics such as the delay in the full rollout of the Nightingale Health-powered remote-first version of its biometric testing and coaching product. The prior year comparative was also bolstered by the positive impact of Covid-19 testing, for which the drop in revenue was unexpectedly greater than anticipated. As outlined in the CEO report a number of initiatives are currently underway to address these issues.

Excluding the Nordics, we have seen substantial growth of the Wellness division (annual pro-forma revenue growth of 202 per cent) and we are confident that overall our integration plan for this division remains on track. We are positive that this growth will continue in 2023 as we launch additional integrated care pathways and increase the division's geographical footprint.

Adjusted EBITDA in this division increased from EUR 73k to EUR 88k. This increase was primarily driven through improvements in underlying profitability of Wellnow and Champion Health, offset by the performance of Fysiotest as noted above.



Financial performance – Group

Revenue

Physitrack generated revenue of EUR 12.5m (EUR 9.9m) an increase of 57 per cent from the prior year comparative and 27 per cent on a proforma basis.

This growth was driven by both the Lifecare and the Wellness segments, which grew by 17 per cent and 54 per cent on a proforma basis respectively. This growth has occurred through the various initiatives launched in the Lifecare division resulting in key enhancements to the platform alongside revenue synergies recognised within the Wellness division.

Operating expenses before amortisation, depreciation and adjusting items

Operating expenses before amortisation, depreciation and adjusting items were EUR 9.1m (EUR 5.4m). The increase primarily reflects the acquisitions of Fysiotest, PT Courses, Wellnow and Champion Health.

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. Investments have also been made to drive future growth including the customer success team, sales team and people and technology in the Wellness division.

Operating profit ('EBIT')

In the Year ended 31 December 2022 the Group delivered an operating profit of EUR 0.1m compared to a 0.6m loss in the prior year. This improvement is primarily driven by the increase in EBITDA and a fall in Adjusting items, partially offset by an increase in amortisation of intangibles recognised on acquisitions.

Adjusting items earlier in the year primarily relate to costs incurred as part of the acquisition of PT Courses, Wellnow and Champion Health. During the second half of the financial year these relate to integration activities of the Wellness segment alongside the fair value movement on deferred consideration attached to the Fysiotest, Wellnow, Champion Health and Rehabplus acquisitions.

Amortisation and depreciation increased by 0.9m EUR to 2.4m (EUR 1.5m). Amortisation for the period includes both amortisation of internally generated intangibles and depreciation EUR 1.7m (EUR 1.4m) and amortisation of intangibles recognised on recent acquisitions of EUR 0.8m (EUR 0.03m).

Adjusted EBITDA

Adjusted EBITDA of EUR 3.4m (EUR 2.6m) was generated for the year resulting in an Adjusted EBITDA margin of 28 per cent (EUR 33 per cent).

The decline from prior year comparative reflects the growth of the Wellness division.

Finance costs

Net finance costs year to date are EUR 58k compared to EUR 69k in the prior year. There was an uplift in finance costs in the second half of 2022 due to the interest costs, non-utilisation fees and unwind of arrangement fees associated with the GBP 5m revolving credit facility entered into in July 2022. This is offset by lower finance costs for the first six months of 2022.

Profit / Loss before tax

The above movements result in a profit before tax of EUR 0.1m compared to a loss of EUR 0.7m in the prior year. The improvement is due to increased EBITDA partially offset by an increase in amortisation of intangibles recognised on acquisitions.

Taxation

Taxation is a credit of EUR 41k in the year compared to a charge of EUR 189k 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 credit being recognised.

Financial position and cashflow

The Group has total assets of EUR 41.3m (EUR 32.3m), net assets of EUR 22.4m (EUR 23.4m) and net current liabilities of EUR 3.4m (Net current assets EUR 11.4m).

The movement on total assets from 31 December 2021 is as a result of the recognition of goodwill and identifiable intangible assets of EUR 21.1m on the acquisitions of PT Courses, Wellnow and Champion Health. The Group has invested net of depreciation an additional EUR 4.5m on the platform since 31 December 2021.

Deferred consideration is measured at fair value. The movement from prior year reflects the recognition of deferred consideration attached to current year acquisitions of EUR 10.5m, payment of deferred consideration of EUR 3.4m and fair value movements of EUR (0.5m).

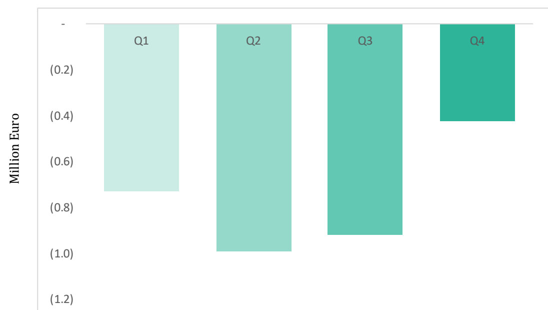
Movements in working capital balances were predominantly driven by the recognition of balances on acquisition of Wellnow and Champion Health. Champion Health typically bills upfront for contracts of at least twelve months; as this business is rapidly accelerating this drives an increase in both trade receivables and deferred income. The move towards enterprise customers which typically have longer payment terms and the increase in revenue balances also contributes to the increase in trade receivables.

Cash generated from operations prior to payment of adjusting items totalled EUR 2.9m (EUR 2.3m).

Cash used in investing activities was EUR 14.8m (EUR 4.9m). This was made up of cash paid for PT Courses of EUR 1.6m, Wellnow of EUR 2.5m and Champion Health of EUR 2.8m, deferred consideration of EUR 0.5m paid to Fysiotest at the start of the year and EUR 2.9m paid to Champion Health alongside an additional EUR 4.5m capitalised through the development of the Physitrack platform and investment in Physitrack's operating and financial systems.

In the current year the Group net spend before investments in subsidiaries and financing activities was EUR 3.0m (EUR 1.1m). This reflects the increase in investment in the platforms underpinning the divisions and initiatives to drive growth, alongside costs associated with acquisitions and integration. During the quarter the Group has significantly reduced its cash burn down to EUR 0.4m from a peak of EUR 1.0m in Q2.

In 2023 we expect EBITDA to continue to increase and our investment in intangible assets to decrease now that one off investments relating to acquisitions have been carried out resulting in improvements in our cash generation. In Q1 2023 deferred consideration payments of €1.6m will be incurred and depending on the results of our subsidiaries up to one further deferred consideration payment can be expected in the year.



Risk management

Principal risks and uncertainties

Operating as a digital SaaS and virtual care 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. These risks have been highlighted and explained in further detail within the principal risks and uncertainties on pages 21 to 26. 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 Board undertook a formal review of risk appetite to ensure that the view it has established for each of the principal risks reflects its current perspective and willingness to accept risk in pursuit of the strategic objectives of the Group.

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 / COO
Clinical malpractice	Low	Medium	CEO
Reliance on key third party and supplier relationships	Medium	Medium	CEO / COO
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
Personal data	Low	Low	Head of Engineering
Integration of acquisitions which place high demands on management and internal processes	High	Medium	CEO / COO

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 to high given the number of acquisitions which have taken place during the year.

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.	The Group launched a customer success team during the current year with a focus on retention and churn. As part of proactively seeking feedback from customers, this team is able to pass on feedback to the development team in regard to requested new features and the priority in rolling these out. The senior leadership 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 customers in our existing client base. Through the launch of the Wellness segment under the Champion brand, the Group has been able to diversify the business, whilst allowing cross-selling between different operating units and reduce reliance on the Lifecare sector as a single source of revenue.
Clinical malpractice There is a risk for failure of clinical governance and oversight that may lead to a loss of quality care and impact the delivery of such services to customers and their patients. 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.	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. 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 current year brought its technology team in-house from a key third party therefore reducing the risk of reliance on key third party suppliers. 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 regard to upholding service level agreements and appropriate continuity controls in place should there be a 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.
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 is mainly exposed to fluctuations in GBP, EUR, AUD, NZD, USD, CAD and CHF. 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. The Group maintains relationships with challenger banks, which can have more favourable exchange rates that traditional banks. The Group maintains a specific foreign currency policy, to reduce the foreign currency exposure arising on any large or one of transaction. This policy includes obtaining derivative contracts, ensuring cash-flow certainty.
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 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	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

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.	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 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 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.
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 has acquired a number of businesses. The integration of these businesses into either the Group's Lifecare or Wellness segments 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	The Group has designed and is implementing an integration plan to bring together all recent acquisitions into either the Lifecare or Wellness segments. As part of this plan, the Group has recently implemented a new finance system (NetSuite) which centralises and standardises reporting across all companies within the Group. This also provides the Group with access to real-time information to make better informed decisions. The Group has also implemented a new billing system for the Lifecare business, reducing the administrative burden on the existing team.

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 has recently brought the technology and development team inhouse to ensure that there is dedicated resources to support the growth of the platform.

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.

Reversal of growth of tele-health market due to easing of Covid-19 restrictions

The Covid-19 pandemic accelerated the adoption of tele-health by practitioners which positively impacted the growth of the business.

As a result of the loosening of restrictions linked to Covid-19, practitioners are now able to meet patients face to face. There is a risk that due to these changes, practitioners reduce their add-on subscriptions such as tele-health, resulting in a contraction to their monthly subscription.

There is also a risk that customer churn increases as SMB practitioners return to using off-line alternatives reducing the need to use the SaaS platform.

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 and larger shareholders.

Rising inflation and cost of living crisis

Global inflation levels are currently at historical highs, driven in part by supply chain issues and rising energy costs. The Group may be exposed to key suppliers increasing their monthly charges in-line with global inflation levels, eroding profit levels.

To mitigate this the Group tries to lock in prices for certain key contracts on a long term basis such as NetSuite. Alongside this the Group has recently hired a new development team (a significant business cost which reflects current market employment rates).

Conversely to counteract rising inflation, the Group's SaaS business has recently increased prices by 15%. Whilst this would offset any potential cost increase, it may impact churn levels as practitioners question if the platform is value for money. Whilst the Group strives for continuous development of the platform, it needs to ensure that the platform continues to provide value for money to practitioners. Since these price rises the Group has not seen any additional increases in churn levels from monthly averages.

Viability statement

In accordance with Provision 31 of the 2018 UK Corporate Governance Code, the directors are required to assess the prospects of the Company, explain the period over which we have done so and state whether we have a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due over this period of assessment.

The Directors have determined that a five-year period from the date of approving the financial statements constitutes an appropriate period over which to provide its viability statement. Five years was determined based on the time line in which management has based its business plan and strategy and would be expected to achieve its mid-term targets. The five-year period also matches the period over which deferred contingent consideration associated with recent acquisitions and goodwill impairment is assessed. The Directors' viability assessment has taken into consideration the potential impacts of the principal risks in the business model, future performance, solvency and liquidity over the period, including principal mitigating actions such as reducing capital expenditure and additional sources of liquidity.

For the purpose of assessing the Group's viability, the Directors identified that of the principal risks detailed on pages 22 to 26 the following are the most important to the assessment of the viability of the Group: − innovation in a competitive landscape and political, regulatory and compliance.

The directors believe that the risks outlined on pages 22 to 26 represent those principal risks to the business over the viability period. However, innovation in a competitive landscape and political, regulatory and compliance risks may have a potential impact on the viability beyond the assessment period. However, the mitigating activities in place are sufficient to reduce these risks to an acceptable level. In addition to this the Group has taken out insurance policies to mitigate any financial losses brought about through litigation.

As part of the viability assessment, the directors have considered the solvency of the business. At 31 December 2022, the Group had drawn GBP 0.9m / EUR 1.1m on its GBP 5.0m revolving credit facility which was entered into in June 2022. This revolving credit facility had specific covenants attached to it. In performing their viability assessment, the Directors have assessed using its board approved budgets (5 year forecast) if any of the covenants would be breached over the period the facility is in place. The Directors concluded that there would be significant headroom on the covenants over the forecast period.

As part of the viability assessment, the Director's also performed sensitivity analysis and applied a downside scenario to the model which factored in reasonable downside revenue and cost scenarios over the five year period. The Director's identified that one covenant in relation to liquidity could be breached, although concluded the likelihood of this occurring was remote. Alongside this there are a number of controls in place such as cost reduction exercises which would minimise the impact of any downturn.

The Directors believe the risk management and internal control systems in place allow them to monitor the key variables that have the ability to impact the liquidity and the solvency of the Group and have a reasonable expectation that the Group will be able to continue 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]. 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

Physitrack works towards the democratization of rehabilitation.

A recent study reported that 8.7 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

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

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.

Case Study - Royal Flying Doctors

The Royal Flying Doctor Service is one of the largest aeromedical organisations in the world, providing extensive primary healthcare and 24-hour emergency service to people around Australia, covering an area of 7.3 million square kilometres. When the organisation began offering a range of rural primary health services in northern Tasmania, Physitrack provided tools to support patients in between visits. Furthermore, Physitrack's Telehealth feature is an important tool for the Royal Flying Doctor organisation to reach people living in remote areas[6].

Wellness

The Champion Health Workplace Health report 2023 identified that almost 1 in 10 professionals are experiencing thoughts of suicide or self-harm. Through our wellness division we equip employers to improve the wellbeing of their employees. Champion Health offers free access to three friends and family members of each paid user – extending this reach further.

Case Study - How Strata reduced work-related stress by 68%

For over 100 years, the desire to improve people’s lives has driven everything that the team at Strata do. But as their employees navigated an unpredictable and testing time, could they make a measurable difference to their people’s lives?

With a storied 100-year history, Strata are a leading developer committed to building “homes” rather than “houses”. A family-owned business with well over 100 employees, Strata’s culture is built upon a genuine motivation to do the right thing and give their people the space to grow and flourish.

As Olivia Frost, **Head of People at Strata**, says, *“We want to ensure that our people have an amazing experience at Strata, from being a candidate at interviews, through to joining us, maybe leaving us and anything in between. We want to make sure that experience is great throughout.”*

However, over the last few years, fostering a happy and healthy team has been extremely challenging. From pandemics, to soaring living costs, to day-to-day crises, the wellbeing of Strata’s employees has been tested in new and unpredictable ways.

Discover how Strata reduced work-related stress with Champion Health

Strata’s leadership team saw the strain their people were under, and **they wanted to make a difference**.

“One of the big challenges facing us was helping our team transition into this new world. We knew that we were going to have to help the team adapt and change going forwards,” notes Gemma Smith, Managing Director at Strata.

Employees remember how they are treated in times of turbulence and challenge. Strata’s leadership team were determined to support their people at a time when they really needed it.

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[6] Physitrack: Royal Flying Doctors nominated for Business Excellence Awards with Physitrack

To provide this support, they needed an **innovative and tech-driven solution** that would:

- Shine a light on the areas of wellbeing where their people needed support.
- Build a wellbeing strategy based on actionable data, rather than "gut feel".
- Engage every demographic of their workforce with wellbeing.

So, in November 2020, Strata partnered with Champion Health.

Engaging every employee with wellbeing

Partnering with Champion Health provided Strata's leadership team with a dynamic digital platform that's accessible to every demographic of their workforce, regardless of where they work, how they work, and the **unique challenges** they face.

"Having a platform that was virtual, that anyone could do wherever they were, gave us that maximum flexibility. It meant that we could provide a wellbeing offering for every team member," adds Gemma.

Alongside 24/7 access, Strata's people were also provided with a platform that personalises to them, regardless of their wellbeing wants and needs. For example:

- Parents are supported with masterclasses to help them with the challenges that parenthood brings.
- Wheelchair users will find seated workouts led by Paralympian Amy Conroy.
- Employees experiencing musculoskeletal pain discover actionable advice on creating an ergonomically healthy workspace.

By integrating an inclusive and personalised platform into their wellbeing offering, Strata significantly increased the accessibility of their workplace health strategy. The impact of this was highlighted when Champion's platform was launched, with two-thirds of Strata's employees immediately completing their **digital health assessments**.

Upon completion of the health assessment, Strata's team could then follow a **bespoke wellbeing journey** – from tailored action plans, to personalised guidance and curated content.

The enthusiasm with which the Strata team embraced and engaged with Champion's platform quickly translated into positive changes being made by employees across the business.

"The platform has had a massive impact on my wellbeing. In particular, the workouts to support my back and neck have really improved my musculoskeletal health," says Olivia.

Matthew Bloomer, Head of Customer Journey at Strata, notes, ***"The relaxation techniques have been great for me. I'm normally a nightmare for not switching off, but they really helped me with this."***

"My health assessment identified that I was having caffeinated drinks too late in the day. Since cutting that out I've been waking up so much more refreshed," adds Natalie Wilson, Marketing Manager at Strata.

Data-driven decisions

While their employees followed tailored action plans and took steps to improve their health, Strata's People Team dived into the data to discover the true state of their people's wellbeing.

Through their company health report, they now had access to hundreds of data points, across every area of wellbeing. These in-the-moment insights revealed that, among other things:

- 25% reported issues with sleep were affecting their work.
- 59% cited lack of will power as a barrier to engaging with wellbeing.
- The average sitting time per day for Strata's employees was 12 hours and 9 minutes.

With their organisation's wellbeing data in hand, the team at Strata now owned the tools they needed to build a targeted wellbeing strategy, that would address each of these challenges.

As Gemma says, ***"It was really important to follow the team's lead, to be really present, to listen to what the team were telling us, and Champion Health's services allowed us to do that."***

With expert guidance from their Champion Health Wellbeing Lead, Strata's leaders also identified employee stress reduction as a key focus of this new data-driven wellbeing strategy. Diving deeper into this area of their company health report, they discovered that of their employees:

- 59% were experiencing stress at work.
- 55% were moderately stressed.
- 15% were highly stressed.

The data clearly showed that, by developing wellbeing initiatives that reduced employee stress levels, the leaders at Strata would make a measurable difference to their people's lives.

Building an impactful wellbeing strategy

The leadership team at Strata had the insights, now it was time for action. Working closely with their dedicated Wellbeing Lead from Champion Health, they built a comprehensive wellbeing strategy on the foundations of the data-driven insights they now had access to.

"Champion Health's platform gave us the data to put a wellbeing strategy in place that was really beneficial for our team members. Before we had that, we were really just going on gut feel as to what we think our team would need," says Gemma.

Having identified **stress reduction as a key aim** of their wellbeing strategy, the People Team worked alongside their Champion Health Wellbeing Lead to identify and introduce a raft of wellbeing initiatives aimed at proactively measuring and reducing employee stress levels. These included:

- Arranging 1:1 consultations with each employee, to discuss their workloads and work-related stressors.
- Introducing "talking sessions" – drop-in sessions where employees could discuss concerns with their managers.
- Identifying "Stress Champions" within each team, whose job it was to hold monthly focus groups in the workplace and discuss actions for change.

Measuring the impact

Ultimately, the success of any wellbeing strategy is measured by impact. When they rolled out the second round of health assessments, Strata's leadership team were able to measure how much of a difference their data-driven wellbeing strategy had made.

The impact of their new wellbeing initiatives was clear to see. When the two health assessment data sets were compared, the results revealed:

- **High stress was reduced by 80%**
- Work-related stress was reduced by 68%
- Motivation to improve wellbeing was increased by 41%

Alongside the data, the team at Strata could also see the impact that the Champion platform was having on the wider culture of their team.

Gemma recalls,

- ***"We saw team members helping each other, and having conversations that they might not have had if they hadn't had the opportunity to reflect on their own health and wellbeing."***
- ***"We saw people posting on internal comms being open and honest about their own results, and how they were improving their wellbeing."***
- ***"I think that the team having the confidence to be open with each other about their own wellbeing can only be a real strength."***

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

Case study - Student interview: 4 quick questions with a recent Sport and Exercise Therapy Graduate Beeshesh Gurung

Congratulations to all recent class of 2022 graduates from our academic affiliation universities around the world! In this success story, we had the pleasure of interviewing a recent Solent University (Southampton, United Kingdom) Graduate with a BSc (Hons) in Sport and Exercise Therapy, Beeshesh Gurung. Beeshesh was nominated for an award by his teaching team for his outstanding work ethic and contribution to the course. Beeshesh's prize is a 12-month subscription to Physitrack for him to use in his first place of work.

Beeshesh finished his studies this spring and is starting his career as a sports and exercise therapist. Read the interview below and find out about Beeshesh's plans, how he used Physitrack in his studies and what kind of greetings he sends to the Physitrack community.

The highlight of the past years of studying?

It would be very hard to pinpoint a specific highlight of my three years at Solent University, as I have enjoyed every moment. I was fortunate enough to have met and built bonds with friends for life and teachers who have supported me through the tough times. With the three years full of last-minute submissions and all-nighters past me, I can look back at fond memories as it was all worth it in the end.

Through the collaboration between your university and Physitrack, you were able to use Physitrack already during your study: What kind of value did Physitrack bring to you?

Physitrack has been an integral part of my three years at university from using it to prescribe exercises to patients visiting the university clinic, to discovering the right exercises to use for rehabilitation sessions at my placement.

"Physitrack has also been very easy to use and very convenient as it allowed me to save time in a busy third year by not having to create exercise programs from scratch."

What are your plans after graduating?

After taking a well-earned break for a couple of months, I'm back in business currently applying and being interviewed for Sports Therapist jobs near my area. Fully refreshed and rejuvenated, I'm very eager to start my career as a Sports and Exercise Therapist and broaden my knowledge and gain more experience.

Greetings to the Physitrack community all over the world.

I want to mention that I'm very honoured to have received the Physitrack PLC award and want to thank my family for the support and all my Lecturers at Solent University who have helped me throughout the years. My message to the Physitrack community all over the world would be to dream big, stay positive, work hard and enjoy the journey!

"Dream big, stay positive, work hard and enjoy the journey!"

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. In this project Physiotools is looking to develop ways rehabilitation could be more efficient in areas, where there are only few rehabilitation professionals per inhabitant, namely developing economies.

The first pilot countries for this project are Indonesia and Rwanda. In both locations we offer our software and rehabilitation library free to use for rehabilitation professionals participating in the pilot. We are also developing new digital tools to address how bigger groups of patients can be taken care of through technology-led solutions in a more automated way, involving less input from care professionals. We hope this will result in solutions innovative solutions that ensure people who previously would not have had access receive high quality care.

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[7]. 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.

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

We perform a staff survey annually which demonstrates the strong engagement of our staff in the Group.

Average Engagement score	
2021	7.57
2022	7.48

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 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 16.

Going forward

We are continually striving to improve our performance in this areas. In 2023 we intend to implement further ways of measuring our ESG metrics and using this as a platform to take more tailored approaches to improving them.

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.

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.

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 responding to feedback from customer engagement we have recently 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.

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.

Corporate Governance report

Overview and regulatory framework

Physitrack Group PLC ("Physitrack" or the "company") is listed on Nasdaq First North Premier Growth Market Sweden since 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 will be performed in March 2023.

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 initially be considered by the Board as a whole (subject to the requirements of the Articles and the UK Companies Act).

iii) Anne-Sophie D'Andlau came highly recommended from the former professional network of one of the directors, therefore neither advertising nor consultant search was required for her appointment as a non-executive board member. Before appointment she was interviewed by the Chair and all NEDs.

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/corporate-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, 2022. 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 2021, 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, and Jasper Zwartendijk 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 2005, in substitution for all existing authorities, to exercise all the powers of the Company to allot 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 £3,252.15 (being 20% of the Company's issued Ordinary 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 2023) 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 8 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 2023) 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 31 December 2022, Physitrack had 2,165 shareholders, holding in total 16,260,766 shares. The largest shareholders were Henrik Molin with 24.8 per cent of the issued share capital, Nathan Skwortsow with 17.83 per cent, Consensus Asset management with 16.39 per cent, Ocampo International SA with 9.79 per cent, Dankea Ou with 6.68 per cent, Breht McConville with 5.18 per cent, Atlant Funds with 3.64 per cent, Avanza Pension 2.10 per cent, Martin Larsson (Chalex, AB) 1.92 per cent and Rachel King 1.71 per cent. The ten largest shareholders held an aggregate of 90.06 per cent of total number of shares in issue at 31 December 2022.

Further details on the company's largest shareholders and ownership structure can be found on the page 113 of this report.

2023 Annual General Meeting

The forthcoming annual general meeting ('AGM') of Physitrack will be held on Wednesday May 3, 2023, it will be a hybrid physical and virtual meeting as permitted in the articles of association.

Information about the 2023 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:

- Elaine Sullivan (chair)
- 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 a Non-Executive Director.

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 five 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 47 to 48 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 2022 and a further 2 meetings in 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 47 to 48, 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 one committee: the Audit Committee (established in June 2021).

Audit committee

Refer to the Audit Committee Report on page 45.

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 three members:

the CEO, Chief Financial Officer (CFO) and Chief Operating Officer (COO). 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/management-team

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 25 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 2022 is as follows:

	EUR
CEO	286,299
Total senior management remuneration (including all directors)	757,505

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 22 to 26 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

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.

The audit committee is chaired by Jasper Zwartendijk, a senior independent director and its other members are Arup Paul, Elaine Sullivan and Anne-Sophie D'Andlau. 4 audit committee meetings were held during 2022 with all members being present except Anne-Sophie who was appointed on 20 December 2022.

Activities of the audit committee

The audit committee's role is to assist the board of directors with the discharge of its responsibilities in relation to financial reporting, including reviewing the group's annual and interim financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit activities, internal controls, whistleblowing and fraud systems in place within the group.

Activities in relation to the twelve months ended 31 December 2022, 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 22 to 26 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 2022, the remuneration to the company's auditor amounted to EUR 95,900 (2021: EUR 79,050) 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 2022 Physitrack's board consisted of five directors, including the Chair of the Board of the Directors, elected until the annual general meeting 2023. 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 2022.

			Independent in relation to	
Name	Position	Director since	The Company and its management	Major shareholders
Elaine Sullivan	Non-Executive Chair of the board	2021	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'Alau	Non-Executive Director	2022	Yes	Yes

Elaine Sullivan (born 1956)

Non-Executive Chair of the Board of Directors
Member of Physitrack Plc Audit committee

Background and education: Bachelor's Degree in Mathematics and French, University of Birmingham (UK). Several partner and senior executive positions. Currently advisory partner at Manchester Square Partners LLP acting as a sounding board and adviser to Boards, Chairs, Directors and Executives and leading Board Effectiveness reviews.

Current positions: Advisory Partner at Manchester Square Partners LLP. Chair of the London Wildlife Trust.

Prior positions: Partner at McSherry Brown, Managing Director (MD) of Russell Reynolds Associates, MD and COO Global Banking at Deutsche Bank and MD Global Financial Markets at IBM.

Holdings in the Company (including related parties): 9,400 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
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 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

Anne-Sophie D’Andlau (born 1972)

Non-executive Director of the board
Member of Physitrack Plc Audit 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): Nil

Executive management team



Henrik Molin: CEO | Charlotte Goodwin: CFO | Andrew Knox: COO

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 2022.

Name	Position	Employed since
Henrik Molin	CEO	2012
Charlotte Goodwin	CFO	2021
Andrew Knox	COO	2020

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.

Andrew Knox (born 1966)

COO

Background and education: Bachelor's degree in Banking and Finance from Loughborough University of Technology (UK). Rotary Scholarship from the MBA Programme at University of British Columbia, Vancouver (Canada). Director during the founding of IBM's pan-European Venture Capital arm, including two successful IPOs, and had European and global leadership roles with IBM in Paris, New York and London before moving on to a series of start-ups and early-stage technology companies.

Current positions: –

Prior positions (past five years): –

Holdings in the Company (including related parties): 3,260 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 2022.

Dividends

No dividends were recommended by the board or paid during the year (2020/21: 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 22. 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 2022 the Company is launching a new product line for virtual care "Access", which will combine our award-winning and mature technology with remote care from competent clinical specialists. This will enable the Company to extend our business model to enable revenue generation based on patient care. Investment in the period into the Group's technology platform was €4.0m (2021: €1.6m)

Risk exposure

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 22 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

Tanila Oy and Physiotools Oy merger

On 31 January 2023 Tanila Oy (Physiotools Oy holding company) was merged within Physiotools Oy. Tanila was a legacy from the existing structure of the Physiotools acquisition and in an effort to streamline the structure within the Group it was decided to merge Tanila Oy and Physiotools Oy.

Directors

The Directors, who served during or throughout the year were as follows:
H P Molin
A Paul
E M Sullivan
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 ended 31 December 2023, alongside longer-term forecasts through to 31 December 2027, 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. 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.

In forming their going concern assessment, the Directors have also taken into account current geo-political factors such as the invasion of Ukraine and Russian sanctions. Physitrack Group does not operate in either Ukraine or Russia and no key suppliers are located in either country. The Board's assessment of this highly tragic geopolitical situation is that the business is not impacted at present, and the situation will remain under review.

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
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 2022 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 a summary of significant accounting policies.

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 2022 and of the group's loss 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;
- 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 pages 69 and 70. For Physitrack PLC we initially see the risk of fraud in revenue recognition as being principally in relation to: 1. Completeness of subscription income. Subscription income represents roughly 57% (2021: 77%) of revenue. 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 deferred incorrectly thus pushing revenue into the wrong period. 2. Cut off of non-subscription-based income. Maintenance fees and custom apps represent roughly 43% (2021; 23%) of revenue and are monthly or longer fees invoiced manually. These also stem from contracts for designated maintenance services though are more ad hoc in nature. As such the recognition risk will lie more in the timing of these transactions.	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 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 contracts to ensure the inputs for our expectation were appropriate. <u>Non-subscription income</u> We substantively tested a sample of non-subscription-based income transactions 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.
Acquisition accounting (relating to both the group and parent company) The Group's accounting policy for business combinations is set out in the accounting policy note on page 66. Please also see the business combinations Note 12. The group has made three acquisitions during the year. These transactions fall under the scope of IFRS 3 "Business Combinations" which requires management judgement in determining the fair value of assets acquired, including intangible assets. The acquisitions also included contingent consideration clauses. While the group has an established approach to acquisition accounting, there remains significant judgement in the valuation and separation of separately identifiable intangibles. This forms an integral part of the acquisition accounting which is highly material for the group. Each acquisition is unique which adds additional complexities which must be accounted for. As a result, this matter has been designated a key audit matter.	Our audit procedures included, but were not limited to: 1. We involved our internal valuations experts to review the reasonableness of the methodology and inputs used to determine the acquired intangible values. They paid particular attention to the discount rate used. The audit team reviewed their results in light of our knowledge of the client and the business sector. 2. We assessed the appropriateness and completeness of the disclosure of business combination in the financial statements. 3. We agreed values back to the sale and purchase agreements, including earn-out clauses, to assess management's expectation of earn-out payments. Amounts paid were agreed to bank statements. 4. Our work also included a critical assessment of management other fair value adjustments applied at the balance sheet date. **Our observations** The methodology used in determining the acquisition accounting was appropriate. Based on the audit procedures, we have not identified material misstatements in relation to the business combinations detailed 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; €225,000 Parent company; €102,000
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; €168,000 Parent company; €77,000
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit 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, the part of the directors’ remuneration report to be audited has been properly prepared in accordance with 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 51;
- 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 27;
- Directors' statement on fair, balanced and understandable, set out on page 52;
- Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on pages 22 to 26;

- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 41; and;
- The section describing the work of the audit committee, set out on pages 45 to 46.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 52, 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.

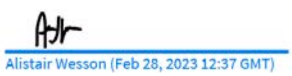
Other matters which we are required to address

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 (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 2023

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2022

	Note	Year ended 31 December 2022	13-month period ended 31 December 2021
		€	€
Revenue	3	12,510,371	8,465,227
Gross profit		12,510,371	8,465,227
Administrative expenses		(12,400,984)	(9,088,106)
Operating profit/(loss)	4	109,387	(622,879)
Net finance costs	6	(58,272)	(71,027)
Profit/(loss) before taxation		51,115	(693,906)
Taxation	10	41,204	(189,048)
Profit/(loss) after taxation		92,319	(882,954)
Other comprehensive income			
Items which may be reclassified to profit/(loss)			
Translation differences		(1,011,757)	313,568
Total comprehensive loss for the period		(919,438)	(569,386)
Basic earnings / (loss) per share	9	0.01	(0.06)
Diluted earnings / (loss) per share	9	0.01	(0.06)

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 64 to 101 form part of the financial statements.

Consolidated Statement of Financial Position as at 31 December 2022

		31 December 2022	31 December 2021
Assets	**Note**	**€**	**€**
Non-current assets			
Goodwill	14	27,245,637	14,431,082
Intangible assets	14	10,296,548	2,642,926
Property, plant and equipment	13	97,916	48,779
Financial assets measured at FVOCI/FVTPL	15	98,264	98,264
Total non-current assets		37,738,365	17,221,051
Current assets			
Trade and other receivables	16	2,950,196	1,665,877
Inventory	17	46,540	67,315
Cash and cash equivalents		577,742	13,324,598
Total current assets		3,574,478	15,057,790
Total assets		41,312,843	32,278,841
Liabilities			
Non-current liabilities			
Borrowings	18	(831,663)	-
Deferred tax	11	(1,414,271)	-
Deferred consideration	19	(9,700,509)	(5,359,608)
Total non-current liabilities		(11,946,443)	(5,359,608)
Current liabilities			
Borrowings	18	-	(653)
Contract liability	20	(2,060,824)	(1,592,065)
Trade and other payables	21	(2,051,661)	(1,324,199)
Corporation tax payable		(160,397)	(111,678)
Deferred tax	11	-	(108,029)
Deferred consideration	19	(2,723,249)	(492,902)
Total current liabilities		(6,996,131)	(3,629,526)
Net assets		22,370,269	23,289,707
Equity			
Share capital	23	64,075	64,075
Share premium	23	24,935,421	24,935,421
Translation reserve		(1,030,920)	(19,163)
Retained earnings		(1,598,307)	(1,690,626)
		22,370,269	23,289,707

The accounting policies and notes on pages 64 to 101 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 2023:

HP. Molin

Henrik Molin

Consolidated Statement of Changes in Equity for the year ended 31 December 2022

	Share capital	Share premium	Shares to be issued	Currency translation reserve	Retained earnings	Total
	€	€	€	€	€	€
Balance at 30 November 2020	**13,179**	**5,299,844**	**1,093,515**	**(332,731)**	**(807,672)**	**5,266,135**
Loss for the period	-	-	-	-	(882,954)	(882,954)
Other comprehensive income for the period	-	-	-	313,568	-	313,568
Total comprehensive loss for the period	-	-	-	**313,568**	**(882,954)**	**(569,386)**
Issue of share capital	6,256	19,635,577	(1,093,515)	-	-	18,548,318
Issue of preference shares	44,640	-	-	-	-	44,640
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 loss for the period	-	-	-	(1,011,757)	-	(1,011,757)
Total comprehensive loss for the period	-	-	-	**(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**

The accounting policies and notes on pages 64 to 101 form part of the financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2022

	Note	Year ended 31 December 2022	13-month period ended 31 December 2021
		€	€
Operating activities			
Profit/(loss) for the period		92,319	(882,954)
Adjustments for:			
Depreciation and amortisation		2,433,930	1,575,348
Foreign exchange gain		(24,775)	(49,119)
Taxation	10	(41,204)	189,048
Adjusting items	5	903,157	1,739,230
Net finance cost	6	58,272	71,027
Operating cash flows before movements in working capital		**3,421,699**	**2,642,580**
Increase in trade and other receivables		(1,082,106)	(632,032)
Decrease / (increase) in inventory		20,775	(17,226)
Increase in trade and other payables and contract liabilities		537,186	299,278
Cash generated by operations before adjusting items		**2,897,554**	**2,292,600**
Corporation tax paid		(39,486)	(36,364)
Cash payment of adjusting items		(1,406,466)	(1,541,442)
Net cash from operating activities		**1,451,602**	**714,794**
Investing activities:			
Purchases of intangible assets		(4,422,283)	(1,789,361)
Purchases of property, plant and equipment		(73,726)	(6,239)
Acquisition of subsidiary net of acquired cash		(6,891,898)	(3,048,565)
Payment of deferred consideration	19	(3,397,028)	-
Acquisition of investment		-	(78,588)
Net cash used in investing activities		**(14,784,935)**	**(4,922,753)**
Financing activities			
Repayment of Directors' loans		-	(357,286)
Drawdown of borrowings		824,107	65,873
Repayment of borrowings		(653)	(2,143,561)
Interest expense		(27,953)	(71,027)
Issue of shares		-	19,732,654
Share transaction costs		-	(1,184,336)
Issue of preference shares		-	44,640
Net cash generated by financing activities		**795,501**	**16,086,957**
Cash at the beginning of the period		**13,324,598**	**1,254,233**
Net movement		(12,537,832)	11,878,998
(Loss)/gain on exchange rate		(209,024)	191,367
Cash at the end of the period		**577,742**	**13,324,598**

Notes to the Consolidated Financial Statements for the year ended 31 December 2022

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".

In order to align the Group with the purchasing cycles of its customers, in the prior financial period (2020/21) the Group changed its financial year end to 31 December, resulting in a thirteen-month accounting period for the period ended 31 December 2021. As a result of the change in accounting period, the prior period financial results are not comparable to the current year.

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 102 to 112.

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 7 and the Principal Risks and Uncertainties section on pages 22 to 26. The financial position of the Group, its cash flows and liquidity position are described in the Chief Financial Officer Review on pages 17 to 21.

In addition, note 22 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	1.128	1.173
SEK:EUR	0.0894	0.0940
USD:EUR	1.068	0.970

Going concern

Physitrack has been a high-margin, cash generative business since its formation and has not relied on raising external capital to fund its day-to-day business. In November 2020 and February 2021 Physitrack acquired Physiotools and Rehab Plus respectively using the excess cash which had been generated by its trading operations plus shares (in the case of Physiotools). Both of these businesses were also cash generative businesses who had not relied on external capital. Rehab Plus had been impacted by Covid-19 and generated a small operating loss in 2020 but was expected to rebound to a profitable basis. It was therefore expected that the underlying basis of these businesses would be self-sufficient and expected to contribute to the Groups cash position.

In June 2021 Physitrack went through an IPO on Nasdaq First North Stockholm. Net of fees, Physitrack raised c.€18m. These was intended to fund future M&A activity and investments in product development across the group.

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 2023, alongside longer-term forecasts through to 31 December 2027, 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. 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.

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

Downfall in trading

The Directors' have assessed the impact of covenant breach on the cash-flow forecasts should there be a downfall in trading. The earliest covenant triggered with a falloff in trading would be the minimum liquidity threshold of EUR 1m. As the lowest point for this is EUR 2.6m in December 2023 there would need to be a EUR 1.6m reduction in cash generation between now and December 2023 for this tigger to occur.

If this fall off occurred in the Wellness division a corresponding drop in earnout payments would offset, it therefore this drop off would need to occur in the Lifecare division.

As there is a cost of deliver of this product of roughly 10% (server costs) and taking into account any tax impact, the revenue fall would need to be c. EUR 1.9m or EUR 160k per month. The Lifecare revenue is all subscription revenue and a typical MRR churn across the division would be around EUR 6k – EUR 10k per month so this would represent not only no new business but a significant increase in churn.

In this situation all other covenants would remain within limits.

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.

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	Mobilus	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.

Further details on the Group's financial instruments can be found in note 22.

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 – Wellness was a new service line for Physitrack in 2021, further expanded by acquisitions in 2022 and represents the revenue generated from the underlying Rehabplus, Fysiotest, Wellnow and Champion Health businesses. 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 or requesting materials to be sent by mail. 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 being 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, 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 2022 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.

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 7,944,462 (2021: EUR 1,997,336).

Impairment of goodwill and intangible assets

The Group determines whether goodwill is 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 14:

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 14). 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.

Forthcoming requirements

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

IAS 16 Property, Plant and Equipment (Amendment): Proceeds Before Intended Use, IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract, IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework and Annual Improvements to IFRSs (2018 – 2020 cycle).

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group:

EU-endorsed (not UK-adopted)
IFRS 17 Insurance Contracts and Amendments to IFRS 17 1 January 2023

Subject to UK-adoption and EU-endorsement
IFRS 17 Insurance Contracts (Amendment): Initial Application of IFRS 17 and IFRS 9 – Comparative Information 1 January 2023
IAS 1 Presentation of Financial Statements (Amendment): Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date 1 January 2023
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (Amendment): Disclosure of Accounting Policies 1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment): Definition of Accounting Estimates 1 January 2023
IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction 1 January 2023

These standards and other not yet effective 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 2022 the operations of the Group comprise two reporting operating segments – Lifecare and Wellness. During the current financial year, the Directors have renamed these segments. In the prior financial period Lifecare was known as SaaS and Wellness was known as Virtual Care. This name change has occurred to better reflect the nature of the businesses which make up these segments. All prior year information has been restated to reflect the changes in the internal structure.

The Lifecare segment is the provision of Lifecare platforms tailored to physiotherapy being made up of the Physitrack PLC, Physiotools OY and Mobilus Digital Rehab AB “Physiotools” businesses. From the start of the current financial year, management review the results of these business as one segment. In the prior financial period Lifecare (SaaS) had two operating segments – Physitrack and Physiotools.

On 26 January 2022, Physitrack acquired through its subsidiary Physitrack Inc, Texas based e-learning provider PT Courses, a US leader in Continued Education for physical therapists, occupational therapists and assistants. This acquisition allows both Physitrack and PT Courses to offer continued education to practitioners in attractively priced subscription bundles with Physitrack’s already popular Lifecare solution. Given the strategic alignment of PT Courses with the current Lifecare platform, PT Courses has been included within the Lifecare operating segment.

The Wellness segment (previously Virtual Care) relates to the provision of Wellness services including digital platforms to both corporates and individuals. During the prior financial period this segment was made up of Rehab Plus Limited and Fysiotest Europa AB.

On 23 February 2022 Physitrack acquired the entire share capital of Wellnow Group GmbH, a German virtual-first corporate health platform with a network of over 1,000 certified and quality checked health practitioners. The acquisition establishes a substantial foothold in Germany for the Group and enables accelerated growth of Physitrack's existing care offering globally by leveraging off Wellnow's impressive technology, network and scalable virtual-first business. On 6 May 2022 Physitrack acquired the entire share capital of Champion Health Limited, a leading workplace health platform based in the UK.

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 2022 is as follows:

	Lifecare	Wellness	Group	Total
Year ended 31 December 2022	€	€	€	€
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)
13-month period ended 31 December 2021				
Revenue	**7,424,006**	**1,041,221**	**-**	**8,465,227**
Depreciation and amortisation	1,537,337	4,557	33,454	1,575,348
Adjusted EBITDA	**3,397,342**	**73,026**	**(778,669)**	**2,691,699**
Operating (loss) / profit	1,860,004	68,470	(2,551,353)	(622,879)
Finance income	8,593	-	-	8,593
Finance expenses	(65,407)	(14,213)	-	(79,620)
Profit/(loss) before tax	**1,803,191**	**54,256**	**(2,551,353)**	**(693,906)**
Income tax expense	176,600	12,448	-	189,048
Non-current asset additions - intangibles	1,781,990	7,372	-	1,789,362
Total assets	16,567,538	784,602	14,926,701	32,278,841
Total liabilities	(8,679,752)	(309,382)	-	(8,989,134)

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.

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 2022	13-month period ended 31 December 2021
	€	€
Lifecare		
United Kingdom	1,885,405	1,501,788
Europe	3,073,206	2,937,902
North America	1,890,040	1,517,439
Rest of world	1,799,894	1,466,878
	8,648,545	**7,424,007**
Wellness		
Europe	1,751,015	416,373
United Kingdom	2,110,811	624,847
	3,861,826	**1,041,220**
Total	**12,510,371**	**8,465,227**
Revenue by product line		
Subscription fee	7,101,427	6,591,412
Custom app maintenance fee	286,327	247,559
Custom app set-up costs	940,620	379,956
Continued education	320,171	-
Wellness	3,861,826	1,246,300
	12,510,371	**8,465,227**
Revenue is recognised as follows		
Overtime	11,272,965	8,085,271
At a point in time	1,237,406	379,956
	12,510,371	**8,465,227**

All revenue is generated from external customers. Refer to Note 20 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 2022	13-month period ended 31 December 2021
	€	€
Net foreign exchange (gain)	(24,775)	(49,118)
Amortisation		
Intangibles recognised on acquisition	765,661	33,454
Internally generated intangibles	1,636,905	1,537,758
depreciation	31,365	4,136
Employee benefit expense	2,600,504	1,670,903
Operating exceptional items	903,157	1,739,230
Auditors' remuneration		
Amounts received by Auditors in respect of:		
- Audit of financial statements pursuant to legislation	95,900	48,512
- Audit related assurance services	-	10,000
- All other services	-	-
	95,900	**79,512**

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

Physiotools Oy received EUR 83,000 in government grants during the current financial year (2021: NIL). The grant claimed is associated with the reimbursement of expenditure incurred with Physiotools expanding and enhancing its platform in developing nations.

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 17 to 21), 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 2021 represents the results for the quarter and year ended 31 December 2021 had the current structure been in place to mirror the prior financial period. **PT Courses** For the year ended 31 December 2021, proforma includes 11 months of trading results up to 31 December 2021 for PT Courses as if it had been acquired on 26 January 2021. **Wellnow** For the year ended 31 December 2021, proforma includes 10 months of trading results for Wellnow as if it has been acquired on 23 February 2021. **Champion Health** For the year ended 31 December 2021, proforma includes 8 months of trading results	Proforma provides a useful comparison to understand movement from the prior year on a like-for-like basis.

	for Champion Health as if it has been acquired on 6 May 2021. Proforma also includes a full year of trading results up to 31 December 2021 for Physitrack, Physiotools, Rehabplus and Fysiotest.	

	Year ended 31 December 2022	13-month period ended 31 December 2021
	€	€
Operating (loss)/profit	109,387	(622,879)
Operating margin	1%	**(7%)**
Depreciation and amortisation	2,433,931	1,575,348
EBITDA	2,543,318	**952,469**
EBITDA margin	**20%**	**11%**
Items affecting comparability		
M&A and integration Costs	1,406,466	538,084
Equity / fund raising Costs	-	1,172,218
Fair value movement on contingent consideration	(503,309)	28,928
Total items affecting comparability	903,157	1,739,230
Adjusted EBITDA	**3,446,475**	**2,691,699**
Adjusted EBITDA margin	**28%**	**32%**
Depreciation and amortisation	(2,433,931)	(1,575,348)
Adjusted operating profit	**1,012,544**	**1,116,351**
Adjusted operating margin	**8%**	**13%**

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
M&A and integration Costs	Associated costs of major acquisitions, alongside costs associated with integrating the acquisitions into existing divisions.	- Acquisition of PT Courses in January 2022. - Acquisition of Wellnow in February 2022. - Acquisition of Champion Health in May 2022. - Costs associated with the integration of 2021 and 2022 acquisitions into the existing divisions	- Acquisition of Rehabplus in February 2021. - Acquisition of Fysiotest in September 2021.
Equity / fund raising costs	Associated costs of capital raising from either issue of equity or through the	N/A	- IPO in June 2021.

	issue of external borrowings		
Fair value movement on contingent consideration	On acquisition contingent consideration is recognised at fair value and revalued to fair value at each reporting date	- Fair value movement on deferred contingent consideration attached to the Rehabplus and Fysiotest acquisitions in 2021, Wellnow and Champion Health acquisitions in 2022.	- Fair value movement on deferred contingent consideration attached to the Rehabplus Limited and Fysiotest Europa AB acquisitions in 2021.

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 2022	13-month period ended 31 December 2021
	€	€
Financial income		
Interest income	28,413	8,593
	28,413	8,593
Financial expense		
Interest on borrowings	51,116	55,013
Amortisation of capitalised borrowing costs	30,791	-
Other interest expense	4,778	24,607
	86,685	79,620
Net finance costs	**58,272**	**71,027**

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 2022	13-month period ended 31 December 2021
	Number	**Number**
Number of staff	69	36
	69	36

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.

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2022	13-month period ended 31 December 2021
	€	€
Wages and salaries	2,125,757	1,404,888
Social security costs	336,761	128,773
Other pension costs	137,986	137,242
	2,600,504	1,670,903

Payroll costs for the period ended 31 December 2021 are net of funding received during the prior year from government support schemes which amounted to EUR 22,211 in the UK. No government funds to offset payroll costs have been received in the current financial year.

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

Directors' remuneration

	Year ended 31 December 2022	13-month period ended 31 December 2021
	€	€
Emoluments	147,222	97,685
Sums paid to third parties in respect of directors' services	274,567	384,414
	421,789	482,099

Remuneration of the highest paid director:

Emoluments	11,732	11,588
Sums paid to third parties in respect of directors' services	274,567	301,827
	286,299	313,415

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 757,505 (2020/21: EUR 972,449).

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 2022	13-month period ended 31 December 2021
	€	€
Ordinary earnings per share		
Net profit/(loss)	92,319	(882,954)
Weighted average number of shares		
Ordinary	16,260,766	13,689,481
Dilutive	16,260,766	13,689,481
Earnings per share		
Basic	0.01	(0.06)
Diluted	0.01	(0.06)
Weighted average number of shares reconciliation		
Weighted average number of shares in issue	16,260,766	13,689,481
Basic Earnings Per Share denominator	16,260,766	13,689,481
Dilutive options	-	-
Diluted Earnings per Share denominator	16,260,766	13,689,481
Shares in issue at year end	16,260,766	16,260,766

10. Income Tax

	Year ended 31 December 2022 €	13-month period ended 31 December 2021 €
Corporation income tax:		
Current year/period	120,591	(173,787)
Deferred tax		
Utilisation of tax losses	(161,795)	(15,261)
Total	**(41,204)**	**(189,048)**
Profit/(loss) before tax on continuing operations	51,115	(693,906)
Profit/(loss) before tax multiplied by the UK rate of taxation 19% (2021: 19%)	(9,711)	131,842
Effects of:		
Change in deferred tax asset	-	(15,261)
Differences in overseas tax rates	94	(2,174)
Permanently disallowed exceptional costs	(43,850)	(320,693)
Permanently disallowed amortisation and depreciation	-	(33,440)
Other permanent differences	-	(13,533)
Recognition of uncertain tax position	-	(57,939)
Recognition of R&D tax credits in respect of prior periods	-	121,382
Utilisation of brought forward tax losses	12,263	-
Foreign exchange difference	-	768
Total tax charge year	**(41,204)**	**(189,048)**

As of 31 December 2022, the Company had unused tax losses of EUR NIL (2021: EUR NIL).

An uncertain tax position was recognised in the prior 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 2022.

Factors that may affect future tax charges

The Group expects that the tax rate in the future will be affected by the geographical split of profits and the different tax rates that will apply to those profits.

The main rate of UK corporation tax from 1 April 2021 remains at 19%.

The Finance Act 2021 confirmed an increase of UK corporation tax rate from 19% to 25% with effect from 1 April 2023 and this was substantively enacted by the statement of financial position date. Management expects these temporary differences to be recognised prior to the enactment date and therefore have not remeasured these temporary differences. Temporary differences have therefore been calculated with reference to a tax rate of 19%.

11. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	€	€	€	€	€	€
Tax losses	-	-	-	-	-	-
Other	-	-	-	-	-	-
Recognised on acquisition of subsidiaries	-	-	(1,414,271)	(108,029)	(1,414,271)	(108,029)
Tax assets / (liabilities)	**-**	**-**	**(1,414,271)**	**(108,029)**	**(1,414,271)**	**(108,029)**

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 2021	Recognised in income	Recognised against goodwill	Foreign exchange	31 December 2022
	€	€	€	€	€
Recognised on acquisition of subsidiary	(108,029)	161,795	(1,465,971)	(2,066)	(1,414,271)
Tax liabilities	**(108,029)**	**161,795**	**(1,465,971)**	**(2,066)**	**(1,414,271)**

The foreign exchange charge has been recognised within the current period translation reserve.

On acquisition of Wellnow and Champion Health during the current financial year, certain intangible assets were recognised including, development expenses, customer relationships and brand. A deferred tax liability of EUR 659,394 and EUR 806,577 was recognised against these intangible assets respectively.

On acquisition of Fysiotest and Rehabplus during the prior financial period, certain intangible assets were recognised including customer relationships and brand. A deferred tax liability of EUR 11,401 and EUR 96,628 was recognised against these intangible assets respectively.

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. combinations

PT Courses

On 26 January 2022, Physitrack through its US subsidiary, Physitrack Inc., completed the acquisition of Texas-based e-learning provider PT Courses, a US leader in Continued Education (CE) for Physical Therapists, Occupational Therapists and assistants. Physitrack paid a total cash consideration of USD 1.8m for the acquisition of PTcourses.com and OTcourses.com (‘*PT Courses*’). The acquisition marks a major gear shift for Physitrack’s acceleration in the US market via the diversification and enhancement of its existing SaaS product offering. Commercially, the move will enable both Physitrack and PT Courses to offer CE to practitioners in attractively priced subscription bundles with Physitrack's already popular SaaS solution, thereby boosting revenues while also increasing its addressable markets.

Total acquisition costs of EUR 0.3m was recognised within adjusting items (Refer Note 5).

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	EUR (€)
Purchase consideration:	
Cash consideration	1,586,468
Total fair value of consideration transferred	**1,586,468**

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value EUR (€)
Intangibles	402,786
Net identifiable assets acquired	**402,786**
Add: Goodwill	1,183,682
Net assets acquired	**1,586,468**

Acquired identifiable intangible assets include EUR 262,649 in respect of customer relationships and contracts and EUR 140,137 in respect of the PT Courses brand. The fair value of the customer relationships was assessed using a replacement cost method. The fair value of brand was assessed using a royalty savings method.

The goodwill is made up of the expected revenue synergies from the combination of both businesses, intangible assets which do not qualify for separate recognition and is attributable to the future profitability of the acquired business. It is not exempt for tax purposes.

Had PT Courses been part of the group for the full twelve months ended 31 December 2022 it would have contributed revenue of EUR 0.1m, EBITDA of EUR -3k and loss before tax of EUR 3k.

Total cash payment made during the financial year for PT Courses was EUR 1,586,468.

Wellnow

On 23 February 2022, the Group acquired 100 percent of the share capital of Wellnow Group GmbH (‘Wellnow”), a German based virtual-first corporate health platform, by way of cash consideration and further contingent deferred consideration, payable in cash. The acquisition establishes a substantial foothold in Germany for the Group and enables accelerated growth of Physitrack's existing care offering globally by leveraging off Wellnow´s impressive technology, network and scalable virtual-first business.

The cash consideration paid, totalled EUR 2.5m and the potential deferred consideration payable has been valued at EUR 5.4m. The deferred consideration is payable in stages, dependent upon the acquired entity reaching certain revenue targets over a defined period. Dependant on the acquired entity reaching certain revenue targets the total undiscounted consideration payable in the future ranges from EUR 5.2m – EUR 6.8m. Total acquisition costs of EUR 0.2m was recognised within adjusting items (Refer Note 5).

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

	EUR (€)
Purchase consideration:	
Cash consideration	2,491,167
Deferred contingent consideration	5,423,919
	7,915,086

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value EUR (€)
Intangible Assets	2,271,000
Property, plant and equipment	1,683
Trade and other receivables	81,448
Cash and cash equivalents	66,570
Trade and other payables	(89,736)
Deferred tax liability	(659,394)
Deferred revenue	(168,295)
Net identifiable assets acquired	1,503,276
Add: Goodwill	6,411,810
Net assets acquired	**7,915,086**

Acquired identifiable intangible assets include EUR 661,000 in respect of customer relationships, EUR 484,000 in respect of the Wellnow brand and EUR 1,053,000 in respect of internally generated intangible assets, in addition to EUR 73,000 of internally generated intangible assets which existed previously within Wellnow. The fair value of the customer relationships was assessed by considering the benefit to the Group's future revenue and profit from the recurring revenue streams which Wellnow had in place at date of acquisition. The fair value of brand was assessed by considering the benefit to the Group's future revenue and profit generated by the Wellnow brand.

The goodwill is made up of the expected revenue synergies from the combination of both businesses, intangible assets which do not qualify for separate recognition and is attributable to the future profitability of the acquired business. It is not exempt for tax purposes.

Had Wellnow been part of the group for the full twelve months ended 31 December 2022 it would have contributed revenue of EUR 0.1m, EBITDA of EUR (0.1m) and loss before tax of EUR 0.1m.

Total cash payment made during the financial year for Wellnow was EUR 2,491,167.

Champion Health acquisition

On 6 May 2022 Physitrack PLC, acquired 100% of the share capital of Champion Health Limited. The acquisition is a pivotal event for Physitrack. Champion Health has built some of the most innovative and dynamic SaaS technology for workplace wellbeing in the market, and the combination of Champion with Physitrack's holistic health and wellness product Access, overall provides technical and commercial enhancements to the Wellness segment. The acquisition of Champion will create a more comprehensive and attractive offering for Physitrack in the booming corporate wellness market, and accelerates Physitrack's expansion in the UK, the Nordics, Germany and in the US.

Champion is acquired through the legal entity Champion Health Ltd, which is registered in the United Kingdom and the deal is financed with cash. Physitrack will pay a total cash consideration of GBP 2.5 million upfront for the acquisition, and a further potential aggregate earn-out consideration of GBP 7.894 million over four years subject to stretching growth and profitability targets in alignment with Physitrack's own targets being achieved in that period. The potential deferred contingent consideration payable has been valued at GBP 5.0m.

Dependant on the acquired entity reaching certain revenue targets the total undiscounted consideration payable in the future ranges from GBP 2.4m - GBP 7.9m. Total acquisition costs of EUR 0.2m were recognised within adjusting items.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	EUR (€)
Purchase consideration:	
Cash consideration	2,924,500
Deferred consideration	155,545
Deferred contingent consideration	4,882,932
	7,962,977

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value EUR (€)
Intangible Assets	3,222,799
Property, plant and equipment	-
Trade and other receivables	121,467
Cash and cash equivalents	43,667
Trade and other payables	(163,942)
Deferred tax liability	(806,577)
Deferred revenue	(195,908)
Net identifiable assets acquired	**2,221,506**
Add: Goodwill	5,741,471
Net assets acquired	**7,962,977**

Acquired identifiable intangible assets include EUR 139,206 in respect of customer relationships and EUR 3,083,593 in respect of internally generated intangible assets. The fair value of the customer relationships was assessed by considering the benefit to the Group's future revenue and profit from the recurring revenue streams which Champion had in place at date of acquisition.

The goodwill is made up of expected revenue synergies from the combination of both businesses and intangible assets which do not qualify for separate recognition which is attributable to the future profitability of the acquired business. It is not exempt for tax purposes.

Had Champion been part of the group for the full twelve months ended 31 December 2022 it would have contributed revenue of EUR 0.2m, EBITDA of negative EUR 0.2m and loss before tax of EUR 0.2m.

Total cash payment made during the financial period for Champion Health including subsequent deferred consideration payments was EUR 5,850,878.

13. Property, plant and equipment

	Plant & Machinery
	€
Cost	
Balance as at 30 November 2020	**5,618**
Additions	6,772
Acquisition of subsidiary	41,059
Foreign exchange movement	(572)
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**
Accumulated depreciation	
Balance as at 30 November 2020	-
Charge for the period	4,136
Foreign exchange movement	(38)
Balance as at 31 December 2021	**4,098**
Charge for the period	31,365
Foreign exchange movement	(1,462)
Balance as at 31 December 2022	**34,001**
Net book value as at 31 December 2022	**97,916**
Net book value as at 31 December 2021	48,779
Net book value as at 30 November 2020	5,618

14. Intangible assets

	Internally generated intangible asset	Software	Brand	Customer relationships	Goodwill	Total
EUR (€)						
Cost						
At 30 November 2020	4,458,037	-	-	-	5,963,346	10,421,383
Additions	1,624,927	164,435	-	-	-	1,789,362
Acquisition of subsidiaries	150,790	-	251,627	277,446	8,467,736	9,147,599
Exchange differences	333,855	1,861	-	-	-	335,716
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 subsidiaries	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**
Amortisation						
At 30 November 2020	2,826,798	-	-	-	-	2,826,798
Charge for the period	1,521,436	16,325	19,582	13,872	-	1,571,215
Exchange differences	222,039	-	-	-	-	222,039
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**
Net book value						
At 30 November 2020	1,631,239	-	-	-	5,963,346	7,594,585
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**

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.

On acquisition of PT Courses during the financial year, certain intangible assets were recognised. These intangibles include Goodwill of EUR 1,183,682, EUR 262,649 in respect of customer relationships and contracts and EUR 140,138 in respect of the PT Courses brand. The customer relationship and contract intangibles will be amortised over 4 years and brand over a 10 year period.

On acquisition of Wellnow during the financial year, certain intangible assets were recognised. These intangibles include Goodwill of EUR 6,411,810, EUR 661,000 in respect of customer relationships, EUR 484,000 in respect of the Wellnow brand and EUR 1,052,979 in respect of internally generated intangible assets, in addition to the EUR 73,021 previously held within Wellnow. The customer relationship intangibles will be amortised over 10 years, brand over 10 years and internally generated intangible assets over a five-year period.

On acquisition of Champion Health during the financial year, certain intangible assets were recognised. These intangibles include Goodwill of EUR 5,741,471, EUR 139,206 in respect of customer relationships and EUR 3,083,593 in respect of internally generated intangible assets. The customer relationships will be amortised over five years and intangible assets over a seven-year period.

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 2022 being:

	31 December 2022 €
Lifecare platform (Comprising Physitrack, Physiotools, Tanila and Mobilus)	5,963,346
PT Courses	1,424,819
Champion Health	5,534,595
Champion Health Plus	3,129,276
Wellnow	6,411,810
Fysiotest	4,781,791
	27,245,637

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 an eight-year period. Management are confident based on past experience to accurately forecast cash-flows past the five year horizon. The eight-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. Beyond the first five-year period cash-flows are normalised over a three-year period to the level management expects cash-flows to reach in perpetuity. Cash-flows beyond the eight-year period have been extrapolated using a growth rate of 2%. This growth rate does not exceed the long-term average growth rate for the market in which the CGU operate.

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

	%
Lifecare platform (Comprising Physitrack, Physiotools, Tanila and Mobilus)	12.9
PT Courses	12.9
Champion Health	15.6
Champion Health Plus	15.6
Wellnow	15.6
Fysiotest	15.6

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.

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 to show an impairment is Fysiotest (EUR 171,033).

Should discount rates increase by 10 per cent from their current applied levels then an impairment would be recognised in PT Courses (EUR 439,566), Fysiotest (EUR 1,471,479) and Wellnow (EUR 911,157).

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, Tanila and Mobilus)	26.8
PT Courses	19.8
Champion Health	35.4
Champion Health Plus	31.3
Wellnow	23.7
Fysiotest	21.4

Management are aware that Fysiotest's performance is below the level that we had expected and have considered this as part of the impairment testing. Following the initiatives put in place in this business to revitalise performance as outlined in the CEO report management believe there is still good long term value in this business and there is no evidence of an impairment – this will be kept under close review over time.

Amortisation

An amortisation charge of EUR 2,402,566 has been recognised within administrative expenses in the current period (2020/21: EUR 1,571,213).

15. 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 2022	31 December 2021
	€	€
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 22 as to how the fair value of the above financial assets has been measured.

16. Trade and other receivables

	31 December 2022	31 December 2021
	€	€
Trade receivables	2,242,015	1,365,485
Expected credit loss	(94,446)	(156,090)
Contract asset	109,817	96,652
Trade receivables and contract asset net of expected credit loss	**2,257,386**	**1,306,047**
Other receivables	382,460	171,046
Prepayments	310,350	188,784
	2,950,196	1,665,877

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 24 per cent (2021 20 per cent). The percentage of trade receivables outstanding more than 90 days is 17 per cent (2021 15 per cent). Trade receivables is net of an expected credit loss of EUR 94,446 (2021: EUR 156,090).

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 2022	31 December 2021
Opening loss allowance	**156,090**	**-**
Loss allowance recognised on acquisition	35,086	142,902
Additional allowance	32,060	13,188
Amounts written off	(128,790)	-
Closing loss allowance	**94,446**	**156,090**

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.

17. Inventory

	31 December 2022	31 December 2021
	€	€
Goods for resale	46,540	67,315

Inventory recognised in administrative expenses in the period amounted to EUR 144,688 (2020: 3,048).

No stock was written off or impaired during the period.

18. Borrowings

Amounts due within one year:

	31 December 2022	31 December 2021
	€	€
Current		
Overdraft loan facility	-	653
	-	**653**

Amounts due after one year:

	31 December 2022	31 December 2021
	€	€
Non-Current		
Bank facility net of issue costs of debt to be amortised	831,663	-
	831,663	**-**

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

				31 December 2022		31 December 2021	
	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	1,014,885	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 30,791 charge in the current year (2020/21: Nil). At 31 December 2022 the carrying value of capitalised borrowing costs was EUR 184,000 (2021: Nil)

At 31 December 2022 the Group had drawn down GBP 900,000 / EUR 1,048,000 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 December 2020 is provided below:

	Interest bearing liabilities	Cash and cash equivalents	Net debt
	€	€	€
At 30 November 2020	**(1,736,726)**	**1,254,233**	**(482,493)**
Additions through acquisition	(338,163)	48,813	(289,350)
Drawdown of loan	(65,873)	-	(65,873)
Loan repayment	2,143,561	-	2,143,561
Cash movement	-	11,830,185	11,830,185
Foreign exchange	(3,452)	191,367	187,915
At 31 December 2021	**(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	(209,024)	(186,261)
At 31 December 2022	**(831,663)**	**577,743**	**(253,920)**

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

	31 December 2022	31 December 2021
	€	€
Repayment of bank loans and overdrafts	653	2,143,561
Draw down of bank loans	(1,036,686)	(65,873)
Debt issuance costs paid	212,579	-
	(823,454)	2,077,688

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

19. Deferred consideration

	€
Balance as at 31 December 2021	**5,852,510**
Recognised on acquisition of subsidiary	10,462,396
Payment of deferred consideration	
Current year acquisitions	(2,926,378)
Prior period acquisitions	(470,650)
Fair value movement on deferred consideration	
Current year acquisitions	2,688,961
Prior period acquisitions	(3,192,270)
Foreign exchange	9,189
Balance as at 31 December 2022	**12,423,758**
Current	2,723,249
Non-Current	9,700,509
	12,423,758

On acquisition of Wellnow on 22 February 2022 deferred contingent consideration with a fair value of EUR 5,423,919 was recognised. As outlined in note 12, this deferred contingent consideration is payable on certain targets being met. Subsequent to acquisition no further deferred consideration has been paid out.

On acquisition of Champion Health on 6 May 2022 deferred contingent consideration with a fair value of EUR 4,882,932 and deferred consideration with a fair value of EUR 155,545 was recognised. As outlined in note 12, this deferred contingent consideration is payable on certain targets being met. Subsequent to acquisition deferred consideration of EUR 155,545 and deferred contingent consideration of EUR 2,770,833 was paid out.

Fysiotest achieved specific revenue milestones as outlined within their sales purchase agreement at the end of 2021. As a result, deferred contingent consideration payments of EUR 470,650 was paid out in the current year.

At 31 December 2022 the deferred contingent consideration relating to the Rehabplus, Fysiotest, Wellnow and Champion Health acquisitions were remeasured to fair value resulting in a reduction of EUR 503,309.

20. Contract liability

	31 December 2022	31 December 2021
	€	€
Subscription income received in advance	2,060,824	1,592,065

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 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 2021 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 billing cycles of acquired subsidiaries brought into the Group during the current financial year. The contract liability balance at 31 December 2021 was recognised in the current financial period. It is expected that the contract liability balance at 31 December 2022 will be recognised within the 2023 financial year.

21. Trade and other payables

	31 December 2022	31 December 2021
	€	€
Trade payables	1,064,570	397,109
Accrued expenditure	502,533	647,837
Other payables	290,091	117,469
Social security and other taxes	194,468	161,704
	2,051,662	1,324,199

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.

22. Financial Instruments

A summary of financial instruments by category Is as follows:

	31 December 2022	31 December 2021
	€	€
Financial assets at amortised cost	3,373,640	14,801,691
Financial liabilities at amortised cost	(2,224,654)	(1,435,877)
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 2022	31 December 2021
	€	€
Within 30 days	1,547,785	1,090,021
Between 30 and 60 days	166,955	26,106
Between 60 and 90 days	153,600	45,526
Over 90 days	373,675	203,832
	2,242,015	1,365,485

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 16.

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 €
31 December 2022				
Non-derivative financial liabilities				
Trade payables	2,051,662	2,051,662	2,051,662	-
Borrowings	831,663	1,014,885	-	-
Deferred contingent consideration	**12,423,758**	**12,423,758**	**865,000**	**3,626,869**
Total non-derivative financial liabilities	**3,055,588**	**3,239,539**	**2,224,654**	**-**
31 December 2021				
Non-derivative financial liabilities				
Trade payables	1,324,199	1,324,199	1,324,199	-
Borrowings including overdraft	653	653	653	-
Deferred contingent consideration	5,852,510	5,852,510	492,902	-
Total non-derivative financial liabilities	**1,436,530**	**1,436,530**	**1,436,530**	**-**

Current year borrowings related to a GBP 5.0m revolving credit facility of which GBP 0.9m 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.

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 exchange 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.

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 2022 €	Fair value 31 December 2022 €	Carrying amount 31 December 2021 €	Fair value 31 December 2021 €
Borrowings including overdraft	831,663	1,014,885	653	653
Deferred contingent consideration	12,423,758	12,423,758	5,852,510	5,852,510
Equity investment	78,588	78,588	78,588	78,588
Other long-term receivables	19,676	19,676	19,676	19,676
Total	**13,353,685**	**13,536,907**	**5,951,427**	**5,951,427**

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 note 12 or 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 2022

	Level 1	Level 2	Level 3
	€	€	€
Deferred contingent consideration	-	-	12,423,758
Equity Investments	-	-	78,588
Other long-term receivables	-	-	19,676

31 December 2021

	Level 1	Level 2	Level 3
	€	€	€
Deferred contingent consideration	-	-	5,852,510
Equity Investments	-	-	78,588
Other long-term receivables	-	-	19,676

Equity investments at 31 December 2022 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.

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 2022. No other financial instruments are held at fair value.

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 2022	31 December 2021
	€	€
Cash and cash equivalents	577,742	13,324,598
Bank borrowings and overdrafts	(831,663)	(653)
Equity attributable to equity holders of the parent	(1,804,348)	(1,690,626)
Total	**(2,058,269)**	**11,633,319**

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.

23. Capital and reserves

Share capital

	No. of shares No.	Share capital €
Issued, authorised and fully paid:		
At 1 December 2020	10,877,672	13,179
Release of deferred consideration for acquisition of Tanila Holdings Oy	352,574	392
Issued during 2021 financial period through IPO	5,030,519	5,864
Issue of preference share	1	44,640
At 31 December 2021 and 2022	**16,260,766**	**64,075**

All movements in share capital occurred during 2021. No movement occurred in the current financial year.

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 2022 16,260,765 ordinary shares with a nominal value of GBP 0.01 (EUR 0.01).

On 9 June 2021 the company issued one redeemable preference share "Redeemable 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 Redeemable Share has no voting rights (other than on any resolution to modify, alter or abrogate the rights of the Redeemable 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 Redeemable Share may be redeemed at its nominal amount at any time at the election of the company and is expected to remain in issue until the company's aggregate nominal share capital otherwise exceeds GBP 50,000.

Share Premium

	€
Balance as at 1 December 2020	5,299,844
Deferred consideration for acquisition of Tanila Holdings Oy	1,093,515
Issued during the year through IPO	18,542,062
Balance as at 31 December 2021 and 2022	**24,935,421**

All movements in share premium occurred during 2021. No movement occurred in the current financial year.

Deferred consideration for the acquisition of Tanila Holdings Oy

Consideration for the acquisition of Tanila Holdings Oy included 352,574 shares which were deferred and were included in shares to be issued at 30 November 2021. These deferred shares were issued during the current financial period.

Initial public offering

On 18 June 2021 Physitrack PLC successfully completed an initial public offering "Offering" on the Nasdaq First North Premier Growth Market, trading under the ticker "PTRK".

The price per share in the Offering was SEK 40, corresponding to a total value of all the outstanding shares in Physitrack PLC of approximately SEK 624 million upon completion of the Offering. The Offering comprised 4,375,000 newly issued shares, corresponding to a total value of SEK 175 million excluding any over-allotment, In order to cover any over-allotment in connection with the offering, the Company has issued 656,250 additional ordinary shares, corresponding to 15 per cent of the total number of shares in the Offering "Over-Allotment Option". 731 additional ordinary shares had already been bought back by the Company's shareholders. Therefore the 655,519 ordinary shares were issued net of the stabilisation buyback of 731 ordinary shares.

As the Over-Allotment Option was exercised, the Offering constitutes a total of 5,030,519 shares, which corresponds to approximately 31 per cent of the total number of shares in the Company (16,260,766) and total proceeds of approximately SEK 201 million.

The total proceeds were translated into Euro on the date of issue resulting in the recognition of EUR 5,864 additional share capital and EUR 19,726,398 share premium. EUR 1,184,336 of costs directly attributable to the initial public offering were incurred and have been capitalised within share premium against the capital raised. An additional EUR 1,172,218 of IPO related costs have been incurred through the income statement and included within adjusting items.

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.

24. Contingent liabilities

The Company are in dispute over costs invoiced to the Company from the supplier in relation to the intangible asset as they do not believe adequate services were provided. The Company's solicitor has advised that it is probable that there is no liability held with this supplier. As at 31 December 2022 the issue is still ongoing. No provision has been made in these financial statements as management does not consider that there is any probable loss.

The contingent liability over disputed costs stands at EUR 82,100 in 2021 (2021: EUR 82,100).

25. Related party transactions

For the period ended 31 December 2022, EUR 274,567 (31 December 2021: EUR 301,837) was paid to Camelot Solutions, a Company incorporated in Monaco. H Molin is a Director of this Company. At 31 December 2022 a balance of EUR 21,271 (31 December 2021: EUR NIL) was due to Camelot Solutions.

For the period ended 31 December 2022, EUR 198,577 (31 December 2021: EUR 146,701) was paid to Paloma International Advisors, a Company incorporated in Monaco. C Sheiban is a Director of this Company. At 31 December 2022, a balance of EUR 11,868 (31 December 2021: EUR NIL), included in trade payables, was due to Paloma International Advisors.

26. Events after the reporting period

Tanila Oy and Physiotools Oy merger

On 31 January 2023 Tanila Oy (Physiotools Oy holding company) was merged within Physiotools Oy. Tanila was a legacy from the existing structure of the Physiotools acquisition and in an effort to streamline the structure within the Group it was decided to merge Tanila Oy and Physiotools Oy.

Company Statement of Financial Position as at 31 December 2022

	Note	31 December 2022	31 December 2021
Assets		**€**	**€**
Non-current assets			
Investments	28	27,042,436	10,462,381
Intangible assets	29	3,584,230	1,907,591
Property, plant and equipment		27,538	-
Total non-current assets		30,654,204	12,369,972
Current assets			
Trade and other receivables	30	4,982,974	2,800,961
Cash and cash equivalents		293,004	12,838,139
Total current assets		5,275,978	15,639,100
Total assets		35,930,182	28,009,072
Liabilities			
Non-Current liabilities			
Deferred consideration	33	(9,370,744)	(3,364,618)
Borrowings	18	(831,663)	-
Total non-current liabilities		(10,202,407)	(3,364,618)
Current liabilities			
Trade and other payables	32	(1,183,399)	(862,207)
Contract liability	31	(298,628)	(315,923)
Deferred consideration	33	(2,608,249)	(492,902)
Total current liabilities		(4,090,276)	(1,671,032)
Net assets		21,637,499	22,973,422
Equity			
Share capital	23	64,075	64,075
Share premium	23	24,935,421	24,935,421
Translation reserve		(712,487)	35,637
Retained earnings		(2,649,510)	(2,061,711)
		21,637,499	22,973,422

The Company reported a total comprehensive loss for the financial year ended 31 December 2022 of EUR 1,335,923 (2021: EUR 924,984 loss) which included a loss after tax of EUR 587,799 (2021: EUR 1,254,039 loss)

The accounting policies and notes on pages 103 to 112 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 2023:

HP. Molin

Henrik Molin

Company Statement of Changes in Equity for the period ended 31 December 2022

	Share capital	Share premium	Shares to be issued	Currency translation reserve	Retained earnings	Total
	€	€	€	€	€	€
Balance at 30 November 2020	13,179	5,299,844	1,093,515	(293,418)	(807,672)	5,305,448
Loss for the period	-	-	-	-	(1,254,039)	(1,254,039)
Other comprehensive income for the period	-	-	-	329,055	-	329,055
			-			
Total comprehensive income for the period	**-**	**-**	**-**	**329,055**	**(1,254,039)**	**(924,984)**
Issue of share capital	6,256	19,635,577	(1,093,515)	-	-	18,548,318
issue of preference shares	44,640	-	-	-	-	44,640
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 income for the period	-	-	-	(748,124)	-	(748,124)
Total comprehensive income 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**

The accounting policies and notes on pages 103 to 111 form part of the financial statements.

27. 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.

In order to align the Company with the purchasing cycles of its customers, the Company changed its financial year end to 31 December in the prior financial period, resulting in a thirteen-month accounting period for the 2020/2021 financial period. As a result of the change in accounting period, the current financial results representing an annual accounting period are not comparable to the prior years.

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	1.128	1.173

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.

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 are 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.

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 3,584,230 (2021: EUR 1,907,591).

28. 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
Tanila Holding 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, Kent, 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				
Physiotools Oy	Kehrasaari B, 5th Floor 33200 Tampere FINLAND	Finland	Active	100
Mobilus Digital Rehab 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 2022 under Section 479A of the Companies Act 2006.

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

The year-end of Tanila Holding differs to that of the Company's year-end of 31 December. This companies' year end was 30 June. Previously Physiotools Oy had a year-end of 30 June, however this was changed to 31 December in the current financial year.

Movement on the investment balance during the year is as follows:	€
At 30 November 2020	**4,668,057**
Additions during the year (cash)	1,946,072
Additions during the year (deferred contingent consideration)	3,848,252
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**

On 23 February 2022, the Company acquired 100 percent of the share capital of Wellnow, a German based virtual-first corporate health platform, by way of cash consideration and further contingent deferred consideration, payable in cash. The cash consideration paid, totalled EUR 2.5m and the potential deferred consideration payable has been valued at EUR 5.4m

On 6 May 2022 the Company, acquired 100% of the share capital of Champion Health Limited. Physitrack paid a total cash consideration of EUR 2.9m. The potential deferred contingent consideration payable on acquisition was valued at EUR 5.0m. Subsequent to acquisition a further EUR 3.0m deferred and deferred contingent consideration was paid out during the year.

Fysiotest achieved specific revenue milestones as outlined within their sales purchase agreement at the end of 2021. As a result, deferred contingent consideration payments of EUR 0.5m was paid out in the current year.

At the reporting date deferred contingent consideration was revalued to fair value, this resulted in a fair value movement recognised against investment of EUR 1.1m.

At 31 December 2022 an assessment was performed to identify if there were any indicators the carrying value of investments was impaired. It was concluded that there were no indicators of impairment.

29. Intangibles

	Internally generated intangible asset	Software	Total
	€	€	€
Cost			
At 30 November 2020	**4,447,352**	**-**	**4,447,352**
Additions	1,617,044	67,752	1,684,796
Acquisition of subsidiary	-	-	-
Exchange differences	336,073	1,861	337,934
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**
Accumulated amortisation			
At 30 November 2020	**2,826,798**	**-**	**2,826,798**
Charge for the period	1,513,623	-	1,513,623
Exchange differences	222,070	-	222,070
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**
Net book value at 31 December 2022	3,292,174	292,056	3,584,230
Net book value as at 31 December 2021	1,837,978	69,613	1,907,591

30. Trade and other receivables

	31 December 2022	31 December 2021
Trade and other receivables	€	€

Trade receivables	1,014,379	546,703
Expected credit loss	(32,060)	-
Trade receivables net of expected credit loss	**982,319**	**546,703**
Other receivables	97,069	59,607
Prepayments	89,344	179,962
Amounts due from group companies	3,814,242	2,014,689
	4,982,974	**2,800,961**

Trade receivables is recognised net of an expected credit loss provision of EUR 32,060 (2021: NIL)

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. No interest is charged on these balances.

Refer to note 16 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 32,060.

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.

31. Contract liabilities

	31 December 2022	31 December 2021
	€	€
Subscription income received in advance	298,628	315,923
	298,628	**315,923**

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 2021 and 31 December 2022, relates to subscription income received in advance for services to be provided for in the future.

The contract liability balance at 31 December 2021 was recognised in the current financial period. It is expected that the contract liability balance at 31 December 2022 will be recognised within the 2023 financial year.

32. Trade and other payables

	31 December 2022	31 December 2021
Trade and other payables	€	€
Trade payables	680,600	195,727
Other payables	26,190	7,148
Corporation tax	69,152	73,013
Accrued expenditure	407,457	586,319
	1,183,399	**862,207**

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.

33. Deferred consideration

	€
Balance as at 30 November 2020	-
Recognised on acquisition of subsidiary	4,808,518
Payment of deferred consideration	(960,268)
Fair value movement on deferred consideration	9,270
Balance as at 31 December 2021	**3,857,520**
Recognised on acquisition of subsidiary	10,462,396
Payment of deferred consideration	(3,397,028)
Fair value movement on deferred consideration	1,050,594
Foreign exchange	5,511
Balance as at 31 December 2022	**11,978,993**
Current	2,608,249
Non-Current	9,370,744
	11,978,993

On acquisition of Wellnow on 22 February 2022 deferred contingent consideration with a fair value of EUR 5,423,919 was recognised. As outlined in note 12, this deferred contingent consideration is payable on certain targets being met. Subsequent to acquisition no further deferred consideration has been paid out.

On acquisition of Champion Health on 6 May 2022 deferred contingent consideration with a fair value of EUR 4,882,932 and deferred consideration with a fair value of EUR 155,545 was recognised. As outlined in note 12, this deferred contingent consideration is payable on certain targets being met. Subsequent to acquisition deferred consideration of EUR 155,545 and deferred contingent consideration of EUR 2,770,833 was paid out.

Fysiotest achieved specific revenue milestones as outlined within their sales purchase agreement at the end of 2021. As a result, deferred contingent consideration payments of EUR 470,650 was paid out in the current year.

34. Employees

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

	Year ended 31 December 2022	13 month period ended 31 December 2021
	Number	Number
Number of staff	7	5
	7	5

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2022	13 month period ended 31 December 2021
	€	€
Wages and salaries	417,504	326,081
Social security costs	48,906	36,180
Other pension costs	3,556	1,554
	469,966	363,815

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

35. Financial Instruments

The Company as outlined in note 22 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 22.

Credit risk

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

	31 December 2022	31 December 2021
	€	€
Within 30 days	738,189	471,578
Between 30 and 60 days	55,865	7,946
Between 60 and 90 days	104,520	26,168
Over 90 days	115,805	41,011
	1,014,379	546,703

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 22 per cent (2020 14 per cent). The percentage of trade receivables outstanding more than 90 days is 11 per cent (2020 8 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.

31 December 2022	Carrying amount €	Contractual cash flows €	6 months or less €	6 – 12 months €
Non-derivative financial liabilities				
Borrowings	830,934	1,014,885	-	-
Trade payables	1,183,399	1,183,399	1,183,399	-
Total non-derivative financial liabilities	**2,014,333**	**2,198,284**	**1,183,399**	**-**

31 December 2021

	Carrying amount €	Contractual cash flows €	6 months or less €	6 – 12 months €
Non-derivative financial liabilities				
Trade payables	862,207	862,207	862,207	-
Total non-derivative financial liabilities	**862,207**	**862,207**	**862,207**	**-**

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.

Deferred contingent consideration is measured at fair value as outlined within Note 22 using level 3 inputs. At 31 December 2022 it had a fair value of EUR 11,978,993 (2021: EUR 3,857,520)

Capital management

Details of the Company's and Group's capital management is outlined within Note 22 of the Group Consolidated Financial Statements.

36. Capital and reserves

Details of the Company's and Group's capital and reserves, including the Company's dividend policy is outlined within Note 23 of the Group Consolidated Financial Statements.

37. Commitments, Pension commitments, Guarantees and contingencies

The Company had no contractual commitments, pension commitments or guarantees at 31 December 2022 (2021: NIL).

Details of the Company's contingent liabilities is outlined in note 24.

38. Events after the reporting period

See note 26 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 10 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%	2022-08-29
Nathan Skwortsow	2,900,000	17.83%	17.83%	2022-08-29
Consensus Asset Management	2,665,861	16.39%	16.39%	2022-12-31
Ocampo International SA	1,100,000	9.79%	9.79%	2021-06-18
Dankea Oü	1,086,441	6.68%	6.68%	2022-11-29
Breht McConville	842,758	5.18%	5.18%	2022-11-29
Atlant Funds	591,866	3.64%	3.64%	2022-12-31
Avanza Pension	340,958	2.10%	2.10%	2022-02-28
Martin Larsson (Chalex AB)	313,000	1.92%	1.92%	2022-02-28
Rachel King	278,000	1.71%	1.71%	2022-11-29
Total 10	**14,151,585**	**90.06%**	**90.06%**	
Others	**2,109,181**	**9.94%**	**9.94%**	
Total number of shares	16,260,766			2023-01-27

Annual general meeting

Shareholders are invited to the Annual General Meeting of the Company, which will be held on 3 May 2023 at 10:00 CEST. A notice of meeting with attendance details included will be posted on the investor website on 5 April 2023.

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 2022. 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

Adam Nilsson, Investor relations: ir@physitrack.com. +46 (0) 70 746 44 21

Financial calendar

Annual General Meeting

3 May 2023

Q1 report (1 Jan 2023 – 31 March 2023)
16 May 2023

Q2 report (1 April 2023 – 30 June 2023)
15 August 2023

Q3 report (1 July 2023 – 31 December 2023)
14 November 2023

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

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

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