

Physitrack[®] PLC



1 DECEMBER 2020 -
31 DECEMBER 2021

ANNUAL REPORT

2020/21

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Chief executive officer review

It has been an extremely rewarding thirteen months at Physitrack and I am proud of what we have achieved as a group. The business has built on the success of the prior financial year and further utilised the opportunities that the Covid-19 pandemic has created. We see acceleration of technological adoption and investment within our space. We have exceeded our medium-term organic revenue growth target of 30 per cent and are on track to realise the revenue and cost synergy plans we put in place as part of our M&A program.

Over the financial period, we have successfully integrated the Physitrack and Physiotoools businesses so that our SaaS business is operated as one and primed for efficient and effective future growth.

Whilst operating as strong standalone businesses, our acquisitions of Rehabplus in February 2021 and Fysiotest in September 2021 will provide the foundations to the enhancement of our Virtual Care business. These acquisitions will provide the launchpad for new product lines which we envision will display similar characteristics to our SaaS technology over time – high margin and subscription-based.

The acquisition of PT Courses in January 2022 will enhance our SaaS platform and support our expansion within the US.

The successful completion of our initial public offering “IPO” on the Nasdaq Stockholm First North Premier Growth Market in June 2021 has provided us with additional resources to fund our M&A programme, supporting the future growth and ambitions for the business in 2022 and beyond.

I would like to extend my thanks to my colleagues within the Physitrack Group whose work has underpinned a successful period.



Henrik Molin, CEO Physitrack

Financial results

Physitrack Group achieved total revenue growth of 177 per cent for the thirteen-month period ended 31 December 2021 against the comparative period on a statutory basis. For the twelve months ended 31 December 2021, Physitrack Group achieved proforma revenue growth of 36 per cent for the proforma year ended 31 December 2021 against the comparative period.

Organic growth of the existing Physitrack business, and growth from the Physiotoools, Rehabplus and Fysiotest acquisitions, contributed to this strong performance. Based on December 2021 actuals, annual run rate “ARR” of SaaS subscription revenue was EUR 7.7m (Q3 2020/21 EUR 7.5m), exiting the year, annualised revenue including virtual care is EUR 10.4m.

Building on the success of Q3 2020/21, Physitrack’s ‘custom app’ product saw strong sales activity in the quarter, driven by the desire of medium-sized healthcare businesses to personalise patient experiences and deepen brand communication.

Attached to these custom apps are monthly recurring maintenance fees which are typically higher than the monthly SaaS subscription fee and supports the organic growth in our recurring SaaS business from both the Physitrack and Physiotoools brands.

The Virtual Care service line is made up of two acquisitions made during the financial year. Rehabplus became part of the Physitrack group on 28 February 2021 and saw strong growth in its core business in the period as UK lockdown restrictions were eased and rehabilitation volumes reached levels previously seen in 2019. Fysiotest was acquired on 30 September 2021 and has also seen strong growth in its underlying business, which includes highly recurring revenue streams.

IPO

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". We think that First North Premier Growth Market has proven itself as the best place to be for technology-focused entrepreneurial companies in Europe, supporting our ambitious growth plans.

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 655,519 additional ordinary shares net of 731 ordinary shares bought back by the Company's shareholders as part of market stabilisation capabilities. This corresponded to 15 per cent of the total number of shares in the Offering "*Over-Allotment Option*".

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 IPO allows the group to continue its acquisition plans in order to expand the business

and reinforces the groups position to existing and new customers regarding meeting the various transparency, legal, governance and regulatory requirements a listing brings.

M&A Programme

To build on the foundations the Physitrack Group has built since inception, Physitrack has an ambitious M&A programme in place to support with the development of existing and new service lines and to support the growth of the Group. During the 2020/21 financial period, Physitrack acquired the following two companies, to allow the establishment of the virtual care offering:

Rehabplus acquisition

On 28 February 2021, the Group acquired 100 percent of the share capital of Rehabplus Ltd ('Rehabplus'), a UK based virtual-first care provider, by way of cash consideration and further contingent deferred consideration, payable in cash. The cash consideration paid, totalled €575,650 with deferred and potential deferred contingent consideration with a value of €2,302,600. Since the acquisition, deferred consideration of €575,656 has been paid. The deferred consideration is payable in stages, dependent upon the acquired entity reaching certain revenue targets over a defined period. Rehabplus has been a long-standing user of Physitrack's SaaS solution aiming to provide clinically proven and cost-efficient physiotherapy and rehabilitation services. As part of Physitrack, Rehabplus and Physitrack will focus on offering a turnkey solution for technology-enabled Virtual care.

Fysiotest acquisition

On 30 September 2021 Physitrack PLC announced the acquisition of Fysiotest Europa AB, a Company registered in Sweden. The acquisition is financed by upfront consideration of SEK 15.0 million, payable in cash and a further potential aggregate earnout consideration of up to SEK 55.0 million. The earnout consideration is payable dependant on stretching growth targets being achieved over a four-year period.

The acquisition allows Physitrack and other Group companies such as Rehabplus, to enhance its care offering to include testing, assessments, analysis and coaching. The acquisition allows Physitrack to leverage the proven success of Fysiotest Nordic offering at a global scale.

Fysiotest revenue streams are highly recurring, with there being scope to complement its business model with a subscription model which would give SaaS-like revenue streams, in line with how the Group envisions all business lines will operate in the near-term.

PT Courses acquisition

On 26 January 2022 Physitrack PLC announced, the acquisition of PT Courses, a Company registered in Texas, USA, for a cash consideration of USD 1.8 million. PT Courses is the US leader in Continued Education (CE) for Physical Therapists, Occupational Therapists and assistants, provided through PTcourses.com and OTcourses.com. 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. The move will enable both Physitrack and PT Courses to offer CE practitioners attractively priced subscription bundles with Physitrack's already popular SaaS solution, thereby boosting revenues whilst also increasing its addressable markets.

In the twelve months ending December 31, 2021, PT Courses is expected to record revenues of USD 0.6 million, and Adjusted EBITDA of USD 0.1 million or an EBITDA margin of 16 percent. At 31 December 2021, the gross assets of PT Courses were USD 0.1 million. Transaction fees of USD 0.1 million have been incurred as part of the acquisition and an initial, one-off investment of around USD 0.6 million is expected in 2022 to upgrade PT Courses' technology platform, integrate its e-learning capabilities with the Physitrack platform and build on the existing content offering.

The standalone PT Courses revenue and profits are expected to remain stable. A combined offering, with CE integrated into Physitrack's existing SaaS

platform, will boost growth across Physitrack's existing business lines.

In line with Physitrack's communicated growth strategy, the acquisition will result in a small, short-term contraction in profit margins. Over time, PT Courses will benefit from cost synergies in leveraging Physitrack's superior technology, developers and global network of health practitioners, sales and support staff allowing the Group to meet its medium term EBITDA margin target of 40%-45%.

Wellnow Group acquisition

On 23 February 2022 Physitrack PLC announced, the acquisition of Wellnow Group GmbH, a German leader in smart and modern corporate health and wellness. The acquisition accelerates the growth of Physitrack's existing care offering and establishes a substantial footprint in Germany, boosting revenue streams globally by leveraging off Wellnow's impressive technology, network and scalable virtual-first business.

Physitrack will pay a total cash consideration of EUR 2.5 million upfront, and a further potential aggregate earn-out consideration of EUR 9 million over four years, subject to achieving stretching growth targets in the period which are in alignment with Physitrack's.

In the twelve months ending December 31, 2021, Wellnow delivered revenue of €0.4m. The first half of this year was impacted by Covid-19 restrictions, good recovery was seen towards the end of the year and Wellnow exited 2021 with a revenue run rate of €0.7m and an EBITDA margin of 15%. At 31 December 2021, Wellnow's gross assets were EUR 0.3 million. Initial one-off acquisition and

integration costs are estimated to reach around EUR 0.3 million over six months.

Integrated and aligned operation structures

Physitrack acquired the Physiotoools group on 30 November 2020. Over the past 12 months we have been aligning the underlying operations and structure of both businesses to a single structure which utilises the talent across several

departments. The technology departments of both businesses have now been merged and aligned into two streams: 'product and innovation' and 'implementation and execution'. This ensures that as a business we continue innovating while also being able to deliver a high-quality service to our existing customers.

As a result of the IPO, Physitrack now has readily available resources to support its M&A strategy. Allowing for a more focussed M&A process, split into workstreams for sourcing, execution and implementation.

The alignment of operation structures has allowed the group to alter its internal organisation to support both the organic and in-organic growth as the business looks to scaleup and build on the success of the 2020/21 financial period.

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.


Outlook

As outlined within the IPO prospectus, 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 supplemented by impact from future add-on acquisitions.

- **Margin:** Physitrack targets an EBITDA margin of 40-45 per cent in the medium term, with potential short term margin contractions due to add-on acquisitions impacting margins negatively.

There are no changes to these financial targets.

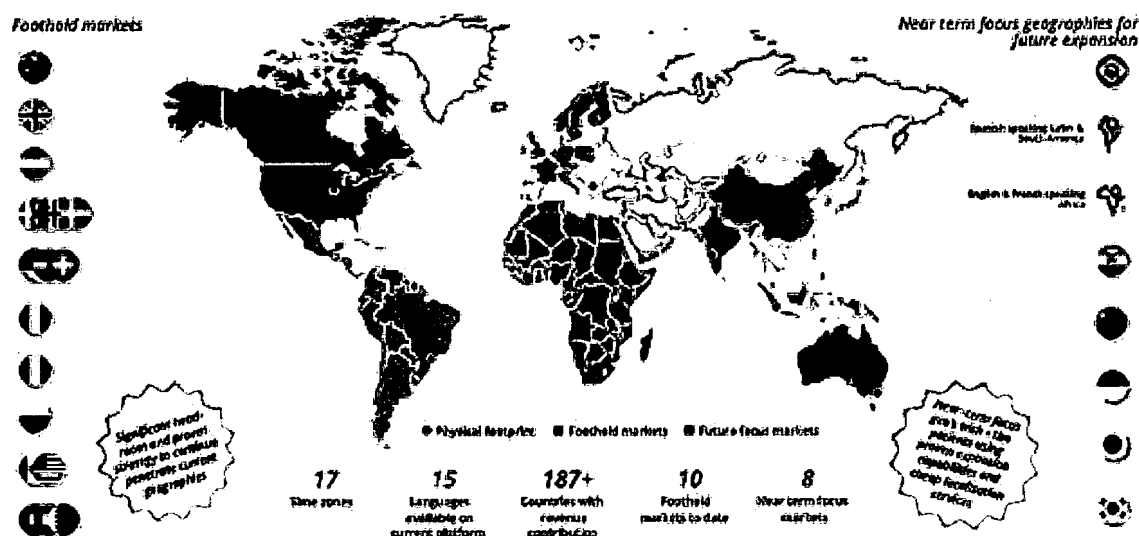

 Henrik Molin (Mar 17, 2022 12:03 GMT)

Henrik Molin
 Director / CEO & co-founder
 17 March 2022

Physitrack at a glance

Physitrack, founded in 2012, is a global digital healthcare provider, within the remote patient engagement sector predominantly focused on the B2B physiotherapy market. The Company initially developed and operated a SaaS based software platform ("SaaS platform"). This software platform was further enhanced through the acquisition of the Physiotoools group in November 2020. Through the acquisition of Rehabplus in February 2021, Physitrack has utilised the capabilities of its current service offering to launch a new business line "Virtual care". Virtual care is powered by the Physitrack technology platform through in-house physiotherapists based in the UK. Physitrack acquired Fysiotest in September 2021. The acquisition allows Physitrack and other Group companies such as Rehabplus, to enhance its virtual care offering to include testing, assessments, analysis and coaching.

Where we operate



SaaS platform

The SaaS platform service line is a software platform tailored to the needs of healthcare providers, notably physiotherapists, enabling the digitalisation of the patient journey, from initial contact to patient interactions and outcomes tracking.

The SaaS platform is offered through a cloud-based software suite that can be tailored to specific customer needs and is also offered as a 'custom app' solution. The digital infrastructure is optimised for Amazon Web Services "AWS", ensuring effective and cost-effective scale-up as well as a short time to market.

It is tailored to both single practitioners and large healthcare organisations. Physitrack's platform is utilised globally across both foothold markets, where Physitrack is already present and aims to increase its market share and new markets where there are opportunities to significantly grow market share.

Virtual care

The Company's SaaS offering is a proven product with customers globally, catering to the needs of healthcare organisations and individuals. Whilst being a competitive offering on its own, the SaaS platform is a key enabler for the virtual care offering. Identifying that the

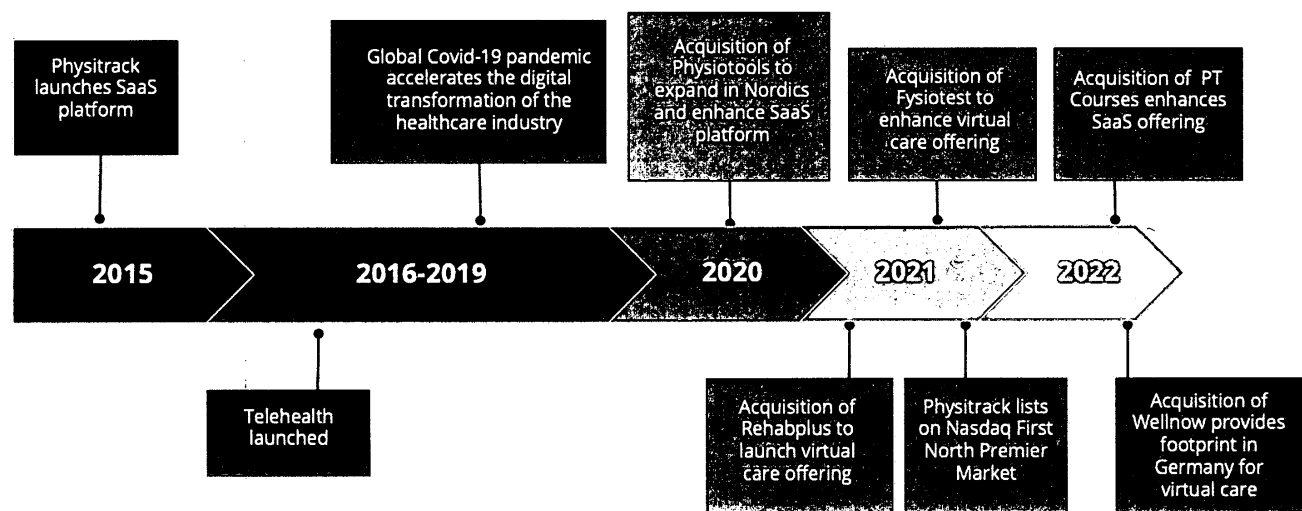
company's existing service line could be applied in a wider context.

The Virtual Care offering split across the Rehabplus and Fysiotest businesses focuses on delivering care in three areas:

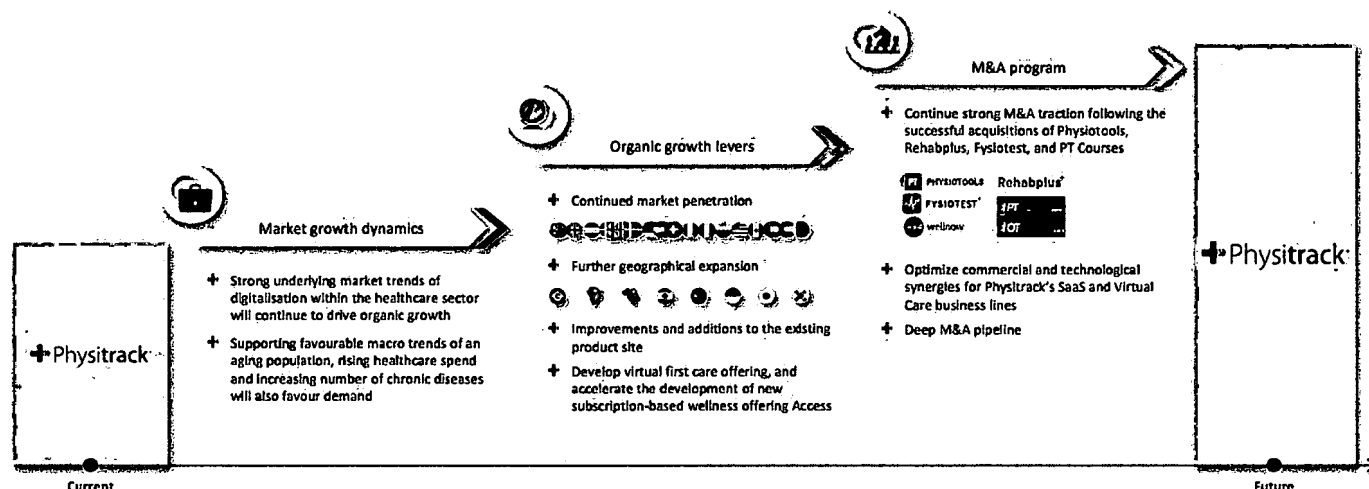
- **Prevention and Wellness Care** – Addressing general health and wellness in a pro-active and positive way, helping employers build healthy teams and cultures that increase productivity and employee retention and reduce the need for invasive treatments
- **Acute and Chronic Care** – Addressing MSK conditions that are usually non-surgical, but cause significant pain, high costs and widespread productivity loss
- **Surgical Care** – This will address pre- and post-operative cases where patient preparation, management and follow up helps ensure a better outcome

Physitrack sees great potential in the Virtual Care offering and we will continue to expand its presence.

Our history



Our strategy



Purpose

The purpose of Physitrack is to be at the forefront in the evolution of the digital global healthcare market in providing Physiotherapists with a digital solution, alongside utilising this platform to provide a virtual care offering.

Strategy

Physitrack's strategy includes growing both the SaaS offering and the Virtual care offering through organic growth and M&A, with a healthy balance between risk and ROI.

The SaaS offering

Physitrack sees significant potential in its SaaS 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, Physiotoools, and the success of this transaction has provided the framework for continued M&A driven customer expansion, product/technology expansion and company service line expansion.

In terms of M&A targets, Physitrack is particularly interested in acquiring profitable companies with valuable brands and customers that can be converted to the Physitrack premium product line over time.

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 Physiotoools, 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.

The Virtual Care offering

Physitrack aims to expand its Virtual care offering in Europe via its Rehabplus and Fysiotest subsidiaries and establish presence in the US. The Company is actively pursuing an M&A strategy for entry into the US market in the same way it entered the European market via the acquisition of Rehabplus and Fysiotest.

The Virtual Care 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 health and wellness in a pro-active and positive way, helping employers build healthy and cultures that increase productivity and employee retention and reduce the need for invasive treatments**
- **Acute and Chronic Care – Addressing MSK conditions that are usually no-surgical, but cause significant pain, high costs and widespread productivity loss**
- **Surgical Care – This will address pre- and post-operative cases where patient preparation, management and follow up helps ensure a better outcome**

Care delivery will be managed in Physitrack's Access product, which combines the use of Physitrack's engagement tools for emotional and physical wellbeing with triaging tools for mobile apps and Physitrack 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.

In addition to pursuing European M&A opportunities, Physitrack is actively pursuing an M&A agenda for North American market entry for Virtual Care. Physitrack considers North America to be a significant revenue opportunity and a particularly suitable market for its care offering. Physitrack already has significant North American presence through its SaaS offering. Through customer interactions, Physitrack has validated the interest in its Virtual care offering and expects the solution to be well received. The expansion of the Virtual care offering can be largely self-funded through the reliable cash flow from the SaaS offering.

M&A capabilities

M&A will play an important role in the future growth of Physitrack and will be executed through cost-effective hybrid in-house and outsourced M&A capabilities. In addition to providing strong commercial and technological synergies for Physitrack's SaaS and Virtual Care business lines, target companies should be cash-flow positive and low-risk, run by ambitious entrepreneurs that are ready to stay on and continue growing their companies inside the context of a larger group.

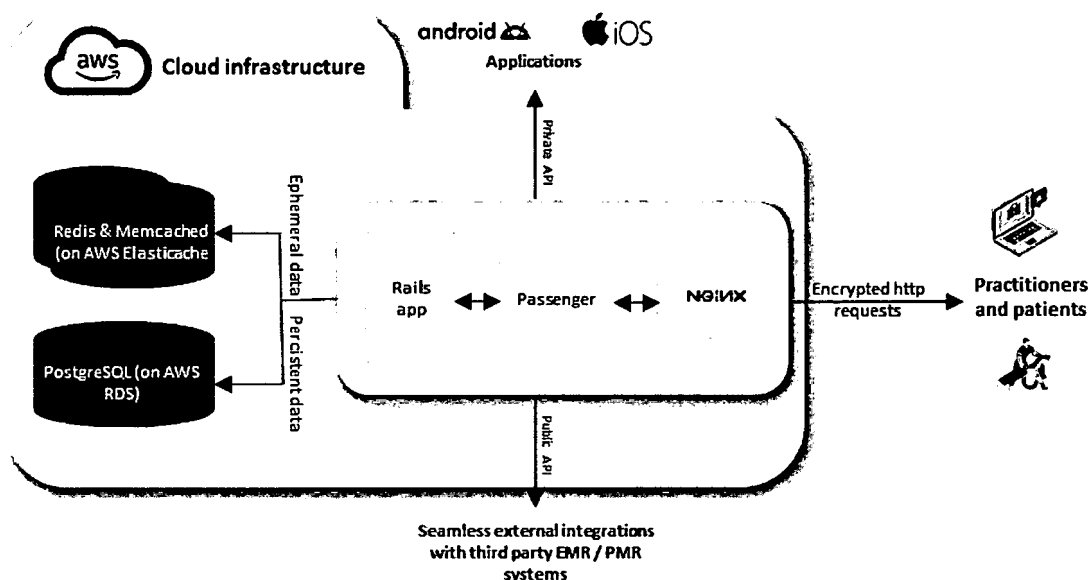
Our technology

The Physitrack SaaS offering is based on an in-house developed AWS cloud infrastructure enabling for 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 EMR systems which supports revenue acceleration via distribution agreements. As of 31 December 2021, the platform had integrations with over 30 EMR/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 very robust. The platform capacity and robustness were put to the test 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 2021, the Telehealth function was used a total of 25 million minutes.

The platform is compliant with patient data security laws globally

- + HIPAA, PHIPA (Canada) and GDPR compliant technology
- + Audio and video encryption ensures that PHI remains secure
- + ISO 27001-audited engineering
- + Fixed IP addresses for advanced firewall rules
- + Runs on AWS cloud infrastructure



Information security

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

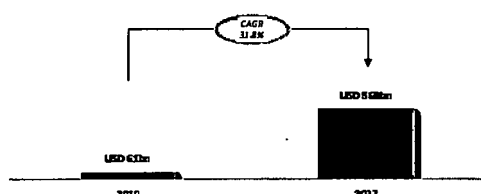
- Build a security culture within our organisation and improve information security awareness.
- Annually verify compliance through ISO27001 audit.
- Reduce potential vulnerabilities for the organisation and lower the probability of successful breach.
- Maintain strong authentication mechanisms and audit 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 HPOAA, PHPA (Canada) and GDPR compliant technology.

Market outlook

Unprecedented demand for remote care treatment, with C-19 pandemic being a strong catalyst for even more digitalisation adoption by care providers

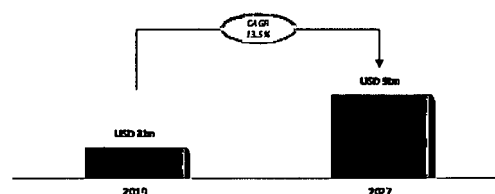
Global addressable market – Telehealth⁽¹⁾
(2019)



Market highlights – Telehealth

- » High demand for digital healthcare solutions and strong shift in perception to remote care, with post C-19 pandemic being a catalyst to accelerated digitalisation
- » Digital care innovation is highly beneficial to both patients and care providers, hence will continue to drive demand and development for digital adoption

Global addressable market – Telerehabilitation⁽²⁾
(2019)



Market highlights – Telerehabilitation

- » The segment is fuelled by increased demand driven by an ageing population⁽³⁾, increased number of chronic conditions⁽⁴⁾ and a supply shortage of physical therapists
- » Remote physical rehabilitation reduce costs and time spent per patient, and enable more effective care and more positive care outcome for patients

Footnotes: (1) CES: Digital Health Trends for 2020; (2) WHO is assuming that the amount of people 60 years or older will increase to 2bn by 2050, up from 500m 2015; (3) The number of people in the US with 1 or more chronic conditions is expected to grow from 141m to 171m by 2030 (roughly 50% of total population)
Source: Company information, Fox consulting group

Introduction to Physitrack's market

Physitrack is a global technology company with a Virtual care offering catering to the needs of healthcare professionals and payers. Physitrack operates in the Global Digital Care market. In 2019, the entire market for Digital care was valued at 116 billion USD and is expected to grow by about 28 percent per annum to 833 billion USD by 2027¹. More specifically, Physitrack is active in a subset of the Telehealth market, the Telerehabilitation market.

The Telerehabilitation market is part of the wider Telehealth market and is distinguished by the focus on rehabilitation. In June 2020, the Telerehabilitation market is valued at 3 billion USD and is expected to grow at a pace of about 13.4 percent per year². Note that these figures are pre COVID-19 estimates and the Company believe that the actual market size and expected growth is significantly higher.

Market drivers and key trends

Telehealth trends

The global Telehealth market is expected to grow by approximately 32 percent annually between 2019

and 2027.³ The expected growth is partly explained by the following market drivers.

Ageing global population and an increased prevalence of chronic conditions

The global population is ageing and there is an increased prevalence of chronic conditions. The increase in chronic conditions and ageing population is connected, however, chronic pain can for instance be the result of an increasingly sedentary lifestyle. Patients suffering from chronic conditions need, on average, twice the amount of care compared to that of a healthy individual. With 30% of the world's population needing rehabilitation in 2019⁴, studies show that virtual healthcare provides an opportunity to improve value of healthcare for chronic patients in a way that can aid greater success in risk-based reimbursement models.⁵ A 2019 study showed that 87 percent of the US citizens above the age of 65 have at least one chronic condition and 52 percent of the same group are positive to using Telehealth.⁶ The healthcare cost associated with this group is significantly higher compared to other age groups with an average spend of USD 11,316 per person and year.⁷

¹ Precedence Research: Digital Health Market Size to Hit Around US\$ 833.44 bn by 2027 <https://www.globenewswire.com/news-release/2020/11/17/2128470/0/en/Digital-Health-Market-Size-to-Hit-Around-US-833-44-bn-by-2027.html>

² Fortune Business Insights: Telehealth Market Size, Growth, Share <https://www.fortunebusinessinsights.com/telerehabilitation-market-103112>

³ Fortune Business Insights: Telehealth Market Size, Growth, Share <https://www.fortunebusinessinsights.com/telerehabilitation-market-103112>

⁴ 2019 WHO Rehabilitation statistics

https://www.who.int/health-topics/rehabilitation#tab=tab_1

⁵ McKinsey & Company, Virtual health: A look at the next frontier of care delivery <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/virtual-health-a-look-at-the-next-frontier-of-care-delivery>

⁶ Amwell: 2019 Senior Consumer Survey Finds 52 Percent of Americans Ages 65+ are Open to Telehealth <https://business.amwell.com/press-release/2019-senior-consumer-survey-finds-52-percent-of-americans-ages-65-are-open-to-telehealth>

⁷ Registered Nursing.org: Here's How much your Healthcare Costs Will Rise as You Age <https://www.registerednursing.org/articles/healthcare-costs-by-age/>

Increased acceptance

Considering that modern Telehealth is a comparatively new technology, as the use of Telehealth increases, an increasing number of people become aware of its existence, benefits, and convenience. Since inception, through customer testimonials, Physitrack has experienced an increasingly positive attitude towards Telehealth.

Physitrack expects Telehealth to follow the same adoption curve as in the case of the banking industry. Individuals already familiar with convenient and efficient technologies elsewhere in their lives were the first to embrace mobile banking apps, e-payments and paperless check deposits. As more people learned of the benefits, the masses followed. As the number of patients using Telehealth increases, digital solutions are going to be expected from all practitioners.

The increased environmental awareness also supports increased use of Telehealth. The inherently remote nature of Telehealth reduces the need for patient travel.

The number of virtual physiotherapist contact rose 83%⁸ in Sweden and 47%⁹ in the UK in 2020 compared to 2019 and 75%¹⁰ of patients would like virtual care to be standard part of their future health care offering.

Improved patient engagement, satisfaction & treatment outcomes

Telehealth can bring many benefits with improved patient engagement, satisfaction and treatment outcomes. According to a study, 16 percent of elderly U.S adults are readmitted to hospitals within a month from discharge¹¹. As such, solutions for reducing readmission rates are valuable from both a monetary perspective and health perspective.

Telerehabilitation - Specific trends

Increased demand for physiotherapists but limited supply

A driver significantly impacting the growth of Telerehabilitation is the shortfall in physiotherapists and physiotherapy.

According to a 2019 study, about 2.4 billion individuals, about one third of the global population, had conditions that would benefit from rehabilitation, contributing to about 310 million Years Lived with Disabilities (YLD). The number if YLDs has increased by 63 percent from 1990 to 2019. The disease area that most commonly would benefit from rehabilitation was musculoskeletal disorders, about 1.7 billion people, with low back pain being the most prevalent condition in 134 of the 204 countries analysed.¹²

Increased payer reimbursement

Another key driver for the Telerehabilitation market stems from an increased willingness of employers to invest in wellness and prevention programs. A study from 2019 revealed that 80 percent of employers intend to increase the health and wellness budgets for its employees. This demonstrates a significant growth from 2009 when the corresponding figure was 33 percent.¹³

Virtual care services have the benefit of being easily scalable depending on the current demand of the specific corporate and a solution where an employer would employ a physiotherapist is not as flexible. The Company deems this flexibility to be an important aspect for potential customers evaluating their virtual care needs.

⁸ <https://skr.se/download/18.4a782d2d17c01ffabddde51aa/1634305850273/Statistik-om-halso-och-sjukvard-samt-regional-utveckling-202009.pdf>

⁹ <https://www.itu.int/hub/2021/04/how-covid-19-accelerated-digital-healthcare/>

¹⁰ <https://nrchealth.com/covid-19s-impact-on-virtual-care/>

¹¹ Penn Medicine News: Preventable Hospital Readmissions Cut by More Than 25 Percent Under Innovative Contract Between University of Pennsylvania Health System and Independence Blue Cross

<https://www.pennmedicine.org/news/news-releases/2018/november/hospital-readmissions-cut-by-more-25-percent-under-innovative-contract-between-uphs-and-ibx>

¹² National Library of Medicine: Global estimates of the need for rehabilitation based on the Global Burden of Disease study 2019

<https://pubmed.ncbi.nlm.nih.gov/33275908/>

¹³ The Market Study

Chief financial officer's review

During the current financial period, Physitrack PLC's year end was changed from November to December, this has resulted in a thirteen month accounting period ended 31 December 2021. 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, we have presented key financial items and performance indicators for the twelve months ended 31 December 2021 below. This has been compared to the twelve months ended 31 December 2020 on a proforma basis.

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, Earnings per share, cash conversion, net debt / cash and net debt / cash over adjusted LTM Adjusted EBITDA as KPI's. For definitions of these measures please refer to Note 5.

Revenue

This revenue review will focus on the KPI's for the 12 months year ended 31 December 2021 against prior year comparatives on a proforma basis.

For the thirteen-month period ended 31 December 2021 (statutory reporting)

13 Month period ended / Year ended		
EUR (€), unless otherwise stated	31-Dec-21	30-Nov-20
Revenue	8,465,227	3,054,091
Current period statutory revenue growth (%)	177	N/A
Proforma revenue growth (%)	49	N/A
Subscription revenue as a proportion of total revenue (%)	83	97

For the year ended 31 December 2021 (Proforma)

Year ended		
EUR (€), unless otherwise stated	31-Dec-21	31-Dec-20 (Proforma)
Revenue	7,990,648	5,894,362
Twelve month total revenue growth (%)	152	N/A
Twelve month proforma revenue growth (%)	36	N/A
Subscription revenue as a proportion of total revenue (%)	82	90

Year ended 31 December 2021 Vs year ended 31 December 2020 on a proforma basis

For the year ended 31 December 2021, revenue grew by 36 per cent or EUR 2.1m against the year ended 31 December 2020 on a proforma basis.

This growth was driven by both organic revenue growth.

Within this, the existing Physitrack business achieved revenue growth of 42 per cent compared to the 2020 comparative period, Physiotools,

acquired in November 2020, achieved proforma revenue growth of 14 per cent, Rehabplus, acquired in February 2021, grew by 56 per cent on a proforma basis and Fysiotest acquired in September 2021 proforma revenue grew by 139 per cent.

Revenue in the Physitrack SaaS business is driven by the combination of number of users and the price per user. For the year ended 31 December 2021, Physitrack had on average 39,000 subscribers compared to 33,000 in the comparative period. At the date of reporting, Physitrack had approximately 40,000 subscribers. The growth in users is as a direct result of an increase in practitioners' adoption of digital technology, accelerated by the Covid-19 pandemic.

Due to enhancements in the underlying platform, in May 2021 Physitrack began implementing price increases of approximately 10 per cent across both its SMB and Enterprise customers. The impact of this price increase has now taken effect for the SMB customers with the enterprise customer increases being implemented in a staggered manner dependant on the agreements in place.

In Physiotoools several of its historic products were sold on a concurrent licences basis where multiple users have access to one licence; due to this legacy the number of users is in excess of the number of paid licenses. At 31 December 2021 there were approximately 11,000 paid subscription licences in place in comparison to approximately 9,000 paid subscription licences at 30 November 2020.

Physiotoools implemented price rises across its customer base starting in June 2021, as Physiotoools predominantly invoices upfront for twelve-month subscriptions and is required to provide 60-day notice for price increases these rises will continue to flow into the next financial year.

In addition to the continued drive for new business, through focussed marketing to specific customer segments and the identification of the development of growth markets, alongside core initiatives to accelerate growth in sales, management have increased focus on reducing churn, creating a new customer excellence role for the Group which is supported by a project team.

The purpose of this role is to systematically analyse our customers' current user experience with qualitative and quantitative data and work with the technology team to enhance the platform to improve the experience. A number of initiatives and features have already been launched and as a result, monthly churn¹⁴ of the combined SaaS businesses has been reduced by 0.4 per cent from 1.8 per cent in Q3 2020/21 to 1.4 per cent for the thirteen-month period ended 31 December 2021. This continues to be an area of focus for management for the 2022 financial year.

¹⁴ Monthly churn calculated as the MRR of all customers lost in the month divided by the opening MRR for the month

Key figures

Alternative Performance measures

In this financial review reference is made to key performance indicators 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. For definitions of these measures please refer to Note 5.

For the thirteen-month period ended 31 December 2021 (statutory reporting)

EUR (€), unless otherwise stated	13 Month period ended / Year ended	
	31-Dec-21	30-Nov-20
EBITDA ⁹	952,469	1,604,723
EBITDA margin (%)	11	53
Items affecting comparability	1,739,230	25,205
Adjusted EBITDA	2,691,699	1,629,928
Adjusted EBITDA margin (%)	32	53
Operating profit/loss ¹⁰	(622,879)	674,114
Operating margin (%)	(7)	22
Adjusted operating profit/loss	1,116,351	699,319
Adjusted operating margin (%)	13	23
Earnings per share ¹¹	(0.06)	0.07
Cash conversion (%)	84	125
Net debt	N/A	(482,493)
Net debt / Adjusted LTM ¹² EBITDA (ratio)	N/A	0.3

For the year ended 31 December 2021 (Proforma)

EUR (€), unless otherwise stated	Year ended	
	31-Dec-21	31-Dec-20 (Proforma)
EBITDA ⁹	888,487	1,857,449
EBITDA margin (%)	11	32
Items affecting comparability	1,739,230	25,065
Adjusted EBITDA	2,627,717	1,882,514
Adjusted EBITDA margin (%)	33	32
Operating profit/loss ¹⁰	(584,607)	877,303
Operating margin (%)	(7)	15
Adjusted operating profit/loss	1,154,623	902,368
Adjusted operating margin (%)	14	15
Earnings per share ¹¹	(0.06)	0.08

Results

Statutory – thirteen-month period ended 31 December 2021 V year ended 30 November 2020

Operating expenses before amortisation depreciation and adjusting items were EUR 5.8m for the thirteen-month period ended 31 December 2021 compared to EUR 1.4m for the year ended 30 November 2020. This increase primarily reflects the recent acquisitions of Physiotoools, Rehabplus and Fysiotest.

Adjusted EBITDA of EUR 2.7m was achieved for the period compared to EUR 1.6m for the year ended 30 November 2020 resulting in an adjusted EBITDA margin of 32 per cent, compared to 53 per cent in the prior year. This decline reflects the previously communicated impact of the acquisition of Physiotoools, Rehabplus and Fysiotest which operate a relatively higher cost base than Physitrack.

Physitrack group delivered EBITDA of EUR 1.0m (EBITDA margin of 11 per cent) for the thirteen-month period ended 31 December 2021 compared to EUR 1.6m (EBITDA margin of 53 per cent) for the year ended 30 November 2020. This fall was due to specific one-off costs incurred from the Rehabplus Fysiotest and PT Courses acquisitions of EUR 0.5m and IPO of EUR 1.2m.

Depreciation and amortisation increased by 69 per cent for the thirteen-month period ended 31 December 2021 to EUR 1.6m compared to EUR 0.9m for the year ended 30 November 2021. This resulted in an operating loss of EUR 0.6m for the thirteen-month period ended 31 December 2021 compared to an operating profit of EUR 0.7m in the comparative period.

The specific one-off costs outlined above incurred during the thirteen-month period ended 31 December 2021 have impacted operating profit. Adjusting for these non-recurring items, Physitrack generated adjusted operating profit of EUR 1.1m for the thirteen-month period ended 31 December 2021. In turn this resulted in an adjusted operating margin of 13 per cent

compared to 23 per cent for the year ended 30 November 2020. The relatively higher cost base of the Physiotoools, Rehabplus and Fysiotest businesses have also impacted the lower operating profit margins.

Proforma – year ended 31 December 2021 V year ended 31 December 2020

Adjusted EBITDA of EUR 2.6m was achieved for year ended 31 December 2021 compared to EUR 1.9m for the year ended 31 December 2020 resulting in an adjusted EBITDA margin of 33 per cent, compared to 32 per cent in the prior year. This increase reflects the successful integration of Rehabplus and Physiotoools in reducing these entities underlying cost base.

The specific one-off costs outlined above incurred during the year ended 31 December 2021 have impacted operating profit. Adjusting for these non-recurring items, Physitrack generated adjusted operating profit of EUR 1.2m for the year ended 31 December 2021. In turn this resulted in an adjusted operating margin of 15 per cent compared to 14 per cent for the year ended 31 December 2020.

Financial position and cash flows

The group's total assets at 31 December 2021 were EUR 32.2m, compared with EUR 9.5m on 30 November 2020. The main drivers of the increase were goodwill arising on the acquisition of Rehabplus and Fysiotest of EUR 8.3m as well as working capital, and other assets, acquired with these companies.

The deferred contingent consideration from the Fysiotest acquisition of EUR 4.3m, alongside the deferred contingent consideration attached to the Rehabplus acquisition of EUR 2.5m, offset by deferred and deferred contingent considerations payments to Fysiotest of EUR 1.0m contributed to the EUR 5.8m increase in deferred consideration from 30 November 2020.

As part of the identification of the fair value of net assets acquired from Fysiotest, management identified customer relationship intangible assets

with a value of EUR 0.3m and brand with a value of EUR 0.2m. These intangibles are being amortised over a useful life of five years.

The increase in the deferred income balance by EUR 0.3m from 30 November 2020 is reflective of the growth in the Physitrack and Physiotoools businesses, alongside differences in the billing cycles with Physiotoools being typically annual, compared to Physitrack which is predominantly monthly.

As outlined within the Initial Public Offering prospectus issued on 9 June 2021, part of the IPO proceeds were to be used to strengthen the balance sheet including repayment of existing borrowings. During the financial year, Physitrack repaid EUR 2.1m of external debt, resulting in Fysiotest holding a small facility of EUR 653.

Cash generated from operations prior to incurring non-recurring items outlined above was EUR 2.3m for the thirteen-month period ended 31 December 2021 compared with EUR 2.0m for the comparative period. An increase in adjusted operating profit was offset by a negative working capital movement. The working capital movement was driven by calendar year renewals for enterprise customers which are billed one month in advance, particularly in Physiotoools and is expected to unwind early next year. This resulted in cash conversion of 84 per cent compared to 125 per cent in the comparative period.

Cash outflow from investing activities amounted to (EUR 4.9m) compared to (EUR 0.8m) in the comparative period. The increase was attributable to the initial and second cash payment (EUR 1.2m) for the acquisition of Rehabplus on 28 February 2021, the acquisition of Fysiotest of (EUR 1.9m)

plus an increase in intangible asset additions driven by investment in the virtual care business, including Physitrack Access a new product to be launched in 2022, and development of the SaaS platform as signalled in the IPO prospectus.

For the thirteen-month period ended 31 December 2021, cash flow from financing activities amounted to EUR 16.1m compared to an outflow in the comparative period of EUR 3.4k. This was due to the issue of shares through the IPO net of costs, of EUR 18.6m offset by a net repayment of director's loans, bank borrowings and interest totalling EUR 2.5m.

Reconciliation of 12 month proforma Key performance indicators

To provide the users of the accounts with meaningful KPI comparators for future periods, 12-month proforma KPI's have been prepared. A reconciliation of these is provided below:

	Year ended 31 December 2021	Year ended 31 December 2020 (Proforma)
	€	€
Operating (loss)/profit	(584,607)	877,303
Operating margin	-7%	14%
Depreciation and amortisation	1,473,094	980,146
EBITDA	888,487	1,857,449
EBITDA margin	11%	29%
Items affecting comparability		
M&A and integration costs	538,084	25,205
IPO costs	1,172,218	-
Unwind of discount on consideration	28,928	-
Adjusted EBITDA	2,627,717	1,882,514
Adjusted EBITDA margin	33%	29%
Depreciation and amortisation	(1,473,094)	(980,146)
Adjusted operating profit	1,154,623	902,368
Adjusted operating margin	14%	14%

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 / CTO
Reliance on key third party and supplier relationships	Medium	Medium	CEO / COO
Technology security	Low	High	CTO
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 / CTO
People	Low	Medium	CEO
Personal data	Low	Low	CTO

There has been no increase or decrease in the likelihood or probability of these risks over the past financial period.

Physitrack PLC principal risks and uncertainties

Risk	Mitigating activity
<p>Innovation in a competitive landscape</p> <p>The Group operates in a specialised market which is highly competitive and constantly evolving to meet the needs and preferences of customers.</p> <p>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.</p>	<p>The Group holds a focus group on a monthly basis with the business development, technology development and customer services teams to understand feedback received from customers in regard to requested new features and the priority in rolling these out.</p> <p>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.</p> <p>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.</p> <p>Additionally moving into the virtual care space will diversify the business and reduce reliance on the technology space as a single source of revenue.</p>
<p>Clinical malpractice</p> <p>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.</p>	<p>For the SaaS platform, all content is produced in coordination with medical professionals to ensure that this is in-line with medical best practice.</p> <p>For our Virtual Care business there is a requirement for all Rehab+ practitioners to remain accredited. This includes maintaining continuous professional development, ensuring that high levels of clinical governance are continuously maintained.</p> <p>The Group maintains appropriate insurance policies to mitigate any financial risk arising from clinical malpractice.</p>
<p>Reliance on key third party and supplier relationships</p> <p>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.</p>	<p>The Group maintains a pro-active communication plan in place to update its customer base on any planned service outages or should there be an unplanned outage expected timelines for returning to service.</p> <p>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 an outage.</p>

<p>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.</p>	<p>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.</p>
<p>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.</p>	<p>The Group performs periodic cyber-attack simulation to ensure that the current security infrastructure is sufficient to withhold an attack.</p> <p>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.</p> <p>The Group maintains ISO 27001 certification which requires an annual audit ensuring our IT security is maintained to a high standard.</p>
<p>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, SEK and CHF. The Group's reporting currency is EUR.</p>	<p>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.</p> <p>The Group maintains relationships with challenger banks, which can have more favourable exchange rates than traditional banks.</p>
<p>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.</p> <p>These regulatory risks extend to regulations established associated with the Climate emergency which currently are not in place.</p> <p>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.</p>	<p>The Group is in the process of appointing a head of compliance, establishing compliance programmes and committees, which manage the Group's most important risks and the Group conducts assurance activities for each key risk area.</p> <p>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.</p>
<p>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</p>	<p>The Group educates staff on what IP is and how to identify potential breaches or where the Group's IP protection is not sufficient.</p>

<p>attaching to the software on which the Group has developed its technological platform is important for the Group to protect. There is a risk that the measures undertaken by the Group to protect its IP proves to be insufficient, and if so, the Group may not be appropriately protected from an IP point of view in order to maintain its competitive edge.</p>	<p>The Group seeks professional advice where there are instances of where a competitor may have used Physitrack IP illegitimately, or where we may launch a new product or features which impinges existing IP rights in place.</p>
<p>People</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>The Group places the wellbeing and development of our people at the forefront of the way we operate as a business.</p> <p>The flexible arrangements which we offer are attractive to employees and act as a retention tool.</p> <p>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.</p>
<p>Personal data</p> <p>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.</p>	<p>The Group has implemented specific tools, controls and protocols to detect, report and respond to security incidents.</p> <p>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.</p>

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 management team is asked to highlight any new or emerging new risks, these are then reported to the Audit Committee and monitored on an ongoing basis.

Ambitious growth plans which place high demands on management and internal processes

Physitrack expects to grow its business, both in terms of sales and the jurisdictions in which services are offered. Additionally future acquisitions are likely. The management's growth agenda places high demands on the management team and the Group's operation 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 Group must take these risks into consideration particularly when designing, planning, and managing processes, and there is a risk that the Group will not be able to consider every relevant risk associated with the expansion in and to existing and new jurisdictions.

As part of future expansion, the Group may also need to recruit staff who meet specific competence requirements in terms of, for example, product development, sales and marketing, and there is risk that the Group may not be able to recruit the right competence, which could result in the Group's growth rate not developing at the expected pace.

If the risks associated with growing the Group's business would materialise, the costs for expanding the business may outweigh the benefit of the Company doing so.

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 the Group to finance future corporate activity due to share price volatility.

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.

Shareholders holding 58.6 per cent of the outstanding shares and votes in the Company following the offering, have via lock-up undertakings committed not to sell their respective holdings for a certain period from the first day of trading on Nasdaq First North Premier Growth Market.

Once the lock-up period has elapsed, future sales of large blocks of shares as well as disposals made by the Main Shareholders, members of the Board of Directors and / or executive management could have a negative impact on the Company's share price.

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 21 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 21 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 2021, the Group had external borrowings of €653 and has a strategy to minimise debt held. As a result of the listing of the Group on the Nasdaq First North Premier Market in June 2021, the Group has significant cash reserves of €13.3m which is sufficient to repay any current liabilities as they fall due.

As part of the viability assessment, management 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. Due to the current significant cash reserves, there were no likely scenarios in which the business was not viable.

In addition to this, should the need arise Physitrack expects that it would be able to raise funds either through an equity raise or by putting debt facilities in place.

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

Environmental, Social, and Corporate Governance (ESG) refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business. Considering the business model of Physitrack, it aligns well with several such ESG factors.

Focus on prevention and wellness

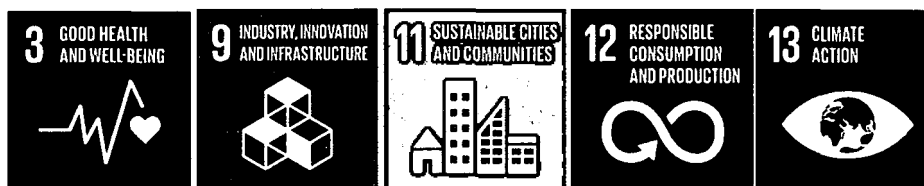
Through both the SaaS and Virtual care offering, Physitrack allows for streamlined patient engagement and remote on-demand care. Increased flexibility reduces the need for set times and limits the need for preparation between patients as all relevant patient information is available on demand through 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 democratisation of rehabilitation. Through its SaaS offering and Virtual care offering, Physitrack promotes more effective and, as a result, more affordable care. Furthermore, remote care enables for a wider range of treatment options for individuals living in remote areas and eliminates the need to travel long distance. Limited transportation is positive from an environmental perspective; however, it is also positive for the individual as health conditions that would otherwise be ignored because of the unavailability of care can now be effectively diagnosed and treated remotely.

A business model that aligns well with the Sustainable Development Goals

The Sustainable Development Goals (SDGs), also known as the Global Goals, are 17 goals adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.¹⁵ Physitrack actively contributes to five of the goals.



Figures 28: Five of the sustainable development goals

Good Health and Well-being

Enabling more effective care is at the heart of Physitrack's business model and the Company actively contributes to good health and well-being.

¹⁵ United Nations Development Programme: What are the Sustainable Development Goals?
<https://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

Industry, Innovation and Infrastructure

Both the SaaS offering, and the Virtual care offering are innovations in the healthcare digitalisation trend. Considering the remote aspect of the offering, Physitrack contributes to reaching Target 9.C “Universal access to information and communications technology”.

Sustainable Cities and Communities

Physitrack contributes towards Target 11.6: “Reduce the environmental impact of cities”. Remote care enables for less travel to and from densely populated areas. Furthermore, enabling for home exercises reduces the need for additional clinical office space.

Responsible Consumption and Production

Through remote care, Physitrack contributes to the reduced need for office space, clinical equipment and administrative materials.

Climate Action

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.¹⁶ 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 SaaS offering in Haiti described below.

Physitrack – A tangible impact

Below are selected examples of customers using the SaaS offering to deliver better care.

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.¹⁷

Handicap International/Haiti

Physitrack provided Telehealth technology to physiotherapists in Haiti. The technology is used to provide expert care from global specialists.

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

¹⁶ CarbonBrief: Healthcare in the world's largest economies' accounts for 4 percent of global emissions
<https://www.carbonbrief.org/healthcare-in-worlds-largest-economies-accounts-for-4-of-global-emissions>

¹⁷ Physitrack: Royal Flying Doctors nominated for Business Excellence Awards with Physitrack
<https://www.physitrack.com/success-story/royal-flying-doctors-nominated-for-business-excellence-awards-with-physitrack>

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.

Matters that have impacted key decisions and strategies during the period ended 31 December 2021 are as follows:

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.

The proceeds from the initial public offering are being used to accelerate the Group's ambitious growth strategy and further development of the underlying SaaS platform. This in-turn underpins the Board's commitment to the long term success of the Company, its shareholders, employees and other stakeholders.

Acquisitions

As part of the Board's strategy to utilise the current SaaS platform to develop a new Virtual Care service line, Rehabplus Limited and Fysiotest Europa AB were acquired during the current financial period. The Board believes that these acquisitions are a great fit for the business both in enhancing our current customer experience, but also broadening our addressable market. This supports the board's commitment to our key customer, shareholder returns and continuing employment security for the wider workforce.

Staff make-up

As outlined in note 7, the Group employed on average 36 members of staff (2020: 2) during the financial period, including 4 directors (2020: 2 directors). Of these 36 staff members 20 are female and 16 are male. The board is made up of 1 female and 3 males (2020: 2 males). At 31 December 2021, 49 staff were employed, of which 29 were female and 21 were male.

Further information as to how the Directors have considered key stakeholders, environmental, employee and social and community issues has been outlined further within the Sustainability report on pages 27 to 31.

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) in the eight months 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 and notes this should be performed externally every 3 years.
- 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).

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.

Shareholder structure

At 31 December 2021, Physitrack had 2,165 shareholders, holding in total 16,260,766 shares. The largest shareholders were Henrik Molin with 23.07 per cent of the issued share capital, Nathan Skwortsov with 23.07 per cent, Consensus Asset management with 16.83 per cent, Dankea Ou with 7.12 per cent, Ocampo International SA with 7.05 per cent, Breht McConville with 5.40 per cent, Atlant Funds with 3.30 per cent and Alcur Funds with 0.66 per cent of the outstanding share capital. The ten largest shareholders held an aggregate of 86.53 per cent of total number of shares in issue at 31 December 2021.

Further details on the company's largest shareholders and ownership structure can be found on the page 106 of this report.

2022 Annual General Meeting

The forthcoming annual general meeting ('AGM') of Physitrack will be held on Tuesday May 3, 2022, it will be a hybrid physical and virtual meeting as permitted in the articles of association. The date of the annual general meeting was published on the corporate website in conjunction with the interim report for the third quarter.

Information about the 2022 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

There have been no appointments of Directors since the formation of the nomination committee.

Physitrack PLC adopted the UK Corporate Governance Code in June 2021, in the eight months 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.

As of 31 December 2021 the Nomination Committee had not met. They will meet in advance of the planned AGM.

Board of directors

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

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

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

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

In summary, directors owe a duty to:

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

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

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

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

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

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

Refer to page 40 to 41 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. Since the company listed in June 2021, the Board of the company held 2 Board meetings during 2021 and a further 2 meetings in 2022, with all board members present. In addition to the Board members, the Board meetings were regularly attended by a secretary and the chief financial officer (CFO) of the company. The Board from time to time invited other persons to deliver presentations or participate in discussions on certain topics when such persons had the required expertise to make a valuable contribution to the Board's work.

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

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

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

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

Board committees

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

Audit committee

Refer to the Audit Committee Report on page 38.

Remuneration committee

The Board of Directors has not established a Remuneration Committee in accordance with

Provision 32 of the Code and consequently does not also comply with provisions 33, 35, 36, 40 and 41 of the Code.

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

CEO and management

The Chief Executive Officer (CEO) and co-founder of Physitrack is primarily responsible for the company's day-to-day management and reports to the Board. The CEO is responsible for leading, organizing and developing the business of the company in such ways that the strategic targets set by the Board are achieved and that the value of the company is enhanced. The CEO must prepare and present issues that are outside the scope of day-to-day management to the Board and the Board may instruct the CEO on how certain matters are to be handled or decided.

The CEO is required to keep the Board and the Chairman 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 four members:

the CEO, Chief Financial Officer (CFO), Chief Operating Officer (COO) and Chief Technology Officer (CTO). The CEO and management of Physitrack are presented in the Annual Report on page 41 to 42 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 26 remuneration of the CEO is by way of a monthly fee charged by a third party company "Camelot Solutions Limited. 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 thirteen month period ended 31 December 2021 is as follows:

CEO	EUR 313,415
Total senior management remuneration (including all directors)	972,449

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 21 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 and Elaine Sullivan. 3 audit committee meetings were held during 2021 with all members being present.

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 thirteen months ended 31 December 2021, 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 21 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 2021, the remuneration to the company's auditor amounted to EUR 79,050 (2020: EUR 48,512) 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 in the entrepreneurial business sector for his entire career.

Mazars LLP

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

In the period the external auditors performed audit related assurance audit services totalling £10k which represents 17% of the audit fee. These services were in relation to the interim review. The Audit Committee approved the appointment of Mazars on the basis that it was best placed to provide the services and there was no conflict of interest with its role as external auditors.

Board of directors and executive management

Board of directors

At 31 December 2021 Physitrack's board consisted of four directors, including the Chair of the Board of the Directors, elected until the annual general meeting 2022. 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 2021.

Name	Position	Director since	<i>Independent in relation to</i>	
			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

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 partner at Manchester Square Partners LLP as well as advisor, advising and mentoring senior leaders at critical times in their careers.

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

Prior positions: Partner at McSherry Brown. Managing Director of Russell Reynolds Associates and COO Global Banking at Deutsche Bank.

Holdings in the Company (including related parties): 4,000 shares

Henrik Molin (born 1975)

Executive Director and CEO

Background and education: MSc in Accounting and Economics, Umeå School of Business, Economics and Statistics (Sweden). Co-founder of Physitrack and previously Director of Marketing at SkyBridge Capital A.G. and Head of Business Development of FQS Capital Management (Cayman) Limited.

Henrik has over 20 years of experience in business development and entrepreneurship. He started his career with Reuters Plc where he developed and marketed financial information and risk management systems before moving into banking and finance.

Current positions: –

Prior positions (past five years): –

Holdings in the Company (including related parties): 3,600,001 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: Currently on a corporate sabbatical

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, Ulauna 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

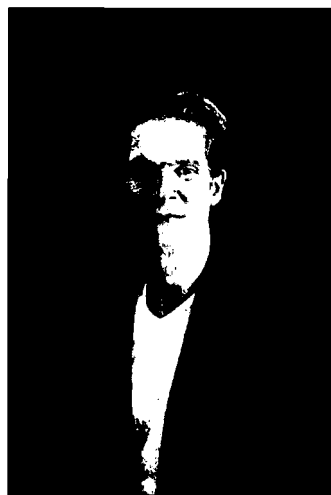
Background and education: MBBS and Medicine BSc, Bachelor's Degree in Molecular Medicine and Developmental Neurobiology, King's College London (UK) and MSc Healthcare Commissioning, the University of Birmingham (UK).

Current positions: Deputy Chief Medical Officer at AXA PPP Healthcare.

Prior positions (past five years): Director and senior executive with Health Case Management Limited. Director of Ballard Investment.

Holdings in the Company (including related parties): –

Executive management team



Henrik Molin: CEO



Charlotte Goodwin: CFO



Nathan Skwortsow: CTO



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 2021.

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

Henrik Molin (born 1975)

CEO

See above under "Board of directors".

Charlotte Goodwin (born 1989)

CFO

Background and education: Bachelor'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.

Current positions: –

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

Holdings in the Company (including related parties): 1,376 shares

Nathan Skwortsow (born 1977)

CTO

Background and education: Bachelor's Degree in Digital Communications from University of Applied Sciences, Utrecht (the Netherlands). Associate Degree in Radio and Television Production, Palomar College, San Marcos, California (USA). Co-founder of Physitrack and previously CTO at Shoebridge Knowles Media Group and Co-founder of Kamernet and Lexa.nl.

Nathan has been developing for the Internet since 1996 and co-founded Physitrack following his success with the Dutch ventures Lexa and Kamernet. Early projects in Nathan's career include UX design for the Long Beach Fire Department and design of artificial intelligence decision support for emergency first response.

Current positions: Director of Starling BV and Skylark Media Group BV.

Prior positions (past five years): Director of Amygdala Interactive AB.

Holdings in the Company (including related parties): 3,600,000 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): 1,000 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 thirteen-month period ended 31 December 2021.

Dividends

No dividends were recommended by the board or paid during the year (2019/20: 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 23. 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 €1.6m.

Risk exposure

The Group is exposed to price risk, credit risk, liquidity 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

On 23 February 2022 Physitrack PLC announced, the acquisition of Wellnow Group GmbH, a Company registered in Germany. Physitrack will pay a total cash consideration of EUR 2.5 million upfront, and a further potential aggregate earn-out consideration of EUR 9 million over four years, subject to achieving stretching growth targets in the period which are in alignment with Physitrack's.

On 25 January 2022 Physitrack PLC announced, through its US subsidiary, Physitrack Inc., the acquisition of PT Courses, a Company registered in Texas, USA, for a cash consideration of USD 1.8 million.

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.

COVID-19

The global outbreak of Coronavirus (Covid-19) caused widespread disruption to financial markets and normal

patterns of business activities across the world, including the UK. Although there was uncertainty around the effect this would have on businesses, it is not thought to represent a significant risk to the Company. Physitrack have seen significant growth in revenue due to the product being provision of virtual medical assistance. The Company has continued to operate in line with expectations.

Brexit

The Company continues to monitor the potential impact of the UK's departure from the European Union. The UK formally left the EU on 31 January 2020 under transition arrangements that lasted until 31 December 2020. The Company is continuing to evaluate the likely economic, political and regulatory risks arising on the Company's business strategy and business risks in the short, medium and long-term. In the short-term, there is no significant impact on the Company's business activities; there will be no expected immediate change in its business strategy and there is no effect on the going concern position of the Company currently envisaged. The Company will continue to monitor developments closely and will make appropriate changes to its business strategy once the consequences of the UK's departure from the EU are more certain.

Directors

The Directors, who served during or throughout the year were as follows:

N Skwortsow (resigned on 6 April 2021)

H P Molin

A Paul (appointed on 9 March 2021)

E M Sullivan (appointed on 9 March 2021)

J A Zwartendijk (appointed on 9 March 2021)

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 historically met its day to day working capital requirement through cash generated by trading. In 2021, and with COVID-19 being most prevalent globally, Physitrack has seen a significant increase in revenue due to an increase in demand for virtual medical assistance. Physitrack projects for this trend to continue. In addition, the Group generated SEK 624 million in June 2021 through its initial public offering on the Nasdaq First North Premier Market. Whilst this cash will be utilised to support the future growth of the business, it has provided it with sufficient resources in the short term should it require. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be in a cash surplus position for at least 12 months from the approval date of the financial statements. The Directors have, at the time of approving the financial statements, therefore concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As such, the Group continues to adopt the going concern basis of accounting in preparing the financial statements. Further information on the Directors going concern assessment is outlined in note 1.


Auditors

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

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

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

This report was approved by the board of Directors on 17 March 2022 and signed on its behalf by:


Henrik Molin (Mar 17, 2022 12:03 GMT)

Henri 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 period ended 31 December 2021 which comprise of 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 parent company statement of financial position, the parent company statement of changes 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the period then ended; and
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions 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, as applied to SME listed entities 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;
- Evaluating the directors' method to assess the group's and the parent company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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.

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

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.

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.

Key Audit Matter	How our scope addressed this matter
<p>Fraud risk on revenue recognition (relating to both the group and parent company)</p> <p>The Group's accounting policy for revenue recognition is set out in the revenue accounting policy note on page 63. Further details on revenue recognition can be found in Note 3.</p> <p>The Group has various contractual arrangements under which revenue is billed in advance, deferred, and recognised in the statement of comprehensive income over time (subscription and maintenance contracts). There is a risk that revenue may not be recognised in the correct period. We have determined that fraud could arise through the manipulation of the deferral of revenue in order to record revenue in one period or another.</p> <p>The risk specifically relates to the inappropriate timing of revenue recognition, linked to the revenue cut-off and contract liability valuation and accuracy assertions.</p>	<p>Our audit procedures over revenue recognition included general procedures on the methodology adopted and the related control environment, in addition to substantive testing.</p> <p>General procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • 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. <p>Substantive procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • for a sample of contracts, where revenue is recognised evenly over the contract period, we reviewed both the contract value and term, agreed to signed contracts and recalculated both recognition and deferral of revenue. • for a sample of invoices raised in the month pre and post period end, we ensured revenue cut-off treatment was appropriate.

	<ul style="list-style-type: none"> • for a sample of items included in the contract liability, we ensured these amounts were accurate and in line with the contract term. <p>Our observations</p> <p>The revenue recognition applied by the group is appropriate – no issues were identified with revenue cut-off or accuracy of contract liabilities. Based on the audit procedures, we have not identified material misstatements in the level of revenue recognised in the financial statements.</p>
<p>Acquisition accounting (relating to both the group and parent company)</p> <p>The Group's accounting policy for business combinations is set out in the accounting policy note on page 59. Please also see the business combinations Note 12.</p> <p>The group has made a number of 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.</p> <p>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</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • The review of the reasonableness of the methodology and inputs used to determine the acquired intangible values. Our work also included a review of management's other fair value adjustments that were applied to the acquired balance sheet. • The review of the business combination disclosures in the financial statements. • The agreement of values to and review of the sale and purchase agreements, including earn-out clauses, to assess the likelihood of earn-out payments. Amounts paid in relation to the acquisitions were agreed to bank statements. • Involvement of our internal valuations team as an auditor expert to review the key inputs and assumptions made by management in respect of the recognition of separately identifiable intangible assets, determination of a suitable discount rate and valuation of likely future contingent consideration payable. <p>Our observations</p> <p>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.</p>

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:

Group materiality

Overall materiality	For the consolidated group; €108,000
How we determined it	4% of adjusted EBITDA
Rationale for benchmark applied	Adjusted EBITDA was selected as being the key focus of users on profitability given the group has incurred substantial non-recurring costs relating to the IPO and a significant amortization charge relating to internally generated intangible assets. 4% was selected due to the increased risk with both the IPO and 2 acquisitions occurring during the period.
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 €81,000, which represents 75% of overall materiality. This percentage was used due to the significant journal adjustments arising from business combinations during the period.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above €3,200 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	€82,000
How we determined it	4% of adjusted EBITDA
Rationale for benchmark applied	Adjusted EBITDA was selected as being the key focus of users on profitability given the parent company has incurred substantial non-recurring costs relating to the IPO and a significant amortization charge relating to internally generated intangible assets. 4% was selected due to the increased risk with both the IPO and 2 acquisitions occurring during the period.
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 €62,000 which represents 75% of overall materiality. This percentage was used due to the significant journal adjustments arising from business combinations during the period.

Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above €2,400 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.
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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, Physiotools OY and the parent company, were subject to full scope audit performed by the group audit team.

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 period 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 North 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; or
- 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
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Corporate governance statement

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

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

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 44;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on page 26;
- Directors' statement on fair, balanced and understandable, set out on page 39;
- Board's confirmation that it has carried out a robust assessment of the e-merging and principal risks, set out on pages 21 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 37; and;
- The section describing the work of the audit committee, set out on pages 38 and 39.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 regulations, the Bribery Act 2010, anti-money laundering regulations and General Data Protection Regulations.

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:

- Inquiring of 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;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

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

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, in particular in relation to business combinations, separately identifiable intangible assets and goodwill, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit 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; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with 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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 (Mar 17, 2022 12:13 GMT)

Alistair Wesson (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Park View House 58 The Ropewalk, Nottingham NG1 5DW
Date Mar 17, 2022

Consolidated Statement of Comprehensive Income

For the thirteen-month period ended 31 December 2021

	Note	13-month period ended 31 December 2021	Year ended 30 November 2020
		€	€
Revenue	3	8,465,227	3,054,091
Gross profit		8,465,227	3,054,091
Administrative expenses		(9,088,106)	(2,379,977)
Adjusted EBITDA	5	2,691,699	1,629,928
Operating (loss)/profit	4	(622,879)	674,114
Finance costs		(71,027)	(161)
(Loss)/profit before taxation		(693,906)	673,953
Taxation	10	(189,048)	14,456
(Loss)/profit after taxation		(882,954)	688,409
Other comprehensive income			
<i>Items which will not be reclassified to (loss)/profit</i>			
Translation differences		313,568	(93,802)
Total comprehensive (loss) / income for the period		(569,386)	594,607
Basic (loss) / earnings per share	9	(0.06)	0.07
Diluted (loss) / earnings per share	9	(0.06)	0.07

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

The other comprehensive income figure represents exchange differences on translation.

The accounting policies and notes on pages 58 to 94 form part of the financial statements.

Consolidated Statement of Financial Position as at 31 December 2021

		31 December 2021	30 November 2020
Assets	Note	€	€
Non-current assets			
Goodwill	14	14,431,082	5,963,346
Intangible assets	14	2,642,926	1,631,239
Property, plant and equipment	13	48,779	5,618
Financial assets measured at FVOCI/FVTPL	15	98,264	98,469
Lease security deposit		-	12,315
Total non-current assets		17,221,051	7,710,987
Current assets			
Trade and other receivables	16	1,665,877	529,146
Inventory	17	67,315	-
Deferred tax	11	-	14,264
Cash and cash equivalents		13,324,598	1,254,233
Total current assets		15,057,790	1,797,643
Total assets		32,278,841	9,508,630
Liabilities			
Non-current liabilities			
Borrowings	18	-	(400,000)
Deferred consideration	19	(5,359,608)	-
Total non-current liabilities		(5,359,608)	(400,000)
Current liabilities			
Borrowings	18	(653)	(1,336,726)
Contract liability	20	(1,592,065)	(1,254,724)
Trade and other payables	21	(1,435,877)	(1,251,045)
Deferred tax	11	(108,029)	-
Deferred consideration	19	(492,902)	-
Total current liabilities		(3,629,526)	(3,842,495)
Net assets		23,289,707	5,266,135
Equity			
Share capital	23	64,075	13,179
Share premium	23	24,935,421	5,299,844
Shares to be issued	23	-	1,093,515
Translation reserve		(19,163)	(332,731)
Retained earnings		(1,690,626)	(807,672)
		23,289,707	5,266,135

The accounting policies and notes on pages 58 to 94 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 17 March 2022:


 Henrik Molin (Mar 17, 2022 13:03 GMT)

Consolidated Statement of Changes in Equity for the thirteen-month period ended 31 December 2021

	Share capital	Share premium	Shares to be issued	Currency translation reserve	Retained earnings	Total
	€	€	€	€	€	€
Balance at 30 November 2019	12,195	2,749,230	-	(238,929)	(1,496,080)	1,026,416
Profit for the year	-	-	-	-	688,408	688,408
Other comprehensive income for the year	-	-	-	(93,802)	-	(93,802)
Total comprehensive income for the year	-	-	-	(93,802)	688,408	594,606
Issue of share capital	984	2,550,614	-	-	-	2,551,598
Shares to be issued	-	-	1,093,515	-	-	1,093,515
Balance at 30 November 2020	<u>13,179</u>	<u>5,299,844</u>	<u>1,093,515</u>	<u>(332,731)</u>	<u>(807,672)</u>	<u>5,266,135</u>
Loss for the period	-	-	-	-	(882,954)	(882,954)
Other comprehensive income for the period	-	-	-	313,568	-	313,568
Total comprehensive income 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	<u>64,075</u>	<u>24,935,421</u>	<u>-</u>	<u>(19,163)</u>	<u>(1,690,626)</u>	<u>23,289,707</u>

The accounting policies and notes on pages 58 to 94 form part of the financial statements.

Consolidated Statement of Cash Flows for the thirteen-month period ended 31 December 2021

	Note	13-month period ended 31 December 2021	Year ended 30 November 2020
		€	€
Operating activities			
(Loss)/profit for the period		(882,954)	688,409
Adjustments for:			
Depreciation and amortisation		1,575,348	930,609
Foreign exchange gain		(49,119)	(135)
Taxation	10	189,048	-
Adjusting items	5	1,739,230	-
Net finance cost	6	71,027	164
Operating cash flows before movements in working capital		2,642,580	1,619,047
Increase in trade and other receivables		(632,032)	(51)
Increase in inventory		(17,226)	-
Increase in trade and other payables and contract liabilities		262,914	413,512
Cash generated by operations before adjusting items		2,256,236	2,032,508
Cash payment of adjusting items		(1,541,442)	-
Net cash from operating activities		714,794	2,032,508
Investing activities:			
Purchases of intangible assets		(1,789,361)	(978,252)
Purchases of property, plant and equipment		(6,239)	-
Cash balance acquired from acquisition of subsidiaries		48,813	1,227,691
Acquisition of subsidiary		(3,097,378)	(1,023,010)
Acquisition of investment		(78,588)	-
Net cash used in investing activities		(4,922,753)	(773,571)
Financing activities			
Repayment of Directors' loans		(357,286)	(418,923)
Directors' loans received		-	415,719
Drawdown of borrowings		65,873	-
Repayment of borrowings		(2,143,561)	-
Interest expense		(71,027)	(161)
Issue of shares		19,732,654	-
Share transaction costs		(1,184,336)	-
Issue of preference shares		44,640	-
Net cash generated / (used) in financing activities		16,086,957	(3,365)
Cash at the beginning of the period		1,254,233	12,251
Net movement		11,878,998	1,255,572
Gain/(loss) on exchange rate		191,367	(13,590)
Cash at the end of the period		13,324,598	1,254,233

The accounting policies and notes on pages 58 to 94 form part of the financial statements.

Notes to the Consolidated Financial Statements for the thirteen-month period ended 31 December 2021

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, 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, the Group has changed its financial year end to 31 December, resulting in a thirteen-month accounting period for the 2020/2021 financial year. As a result of the change in accounting period, the current period financial results are not comparable to the prior years.

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 95 to 105.

The accounting policies set out below have been applied consistently to all years presented in these Group financial statements. Information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Chief Executive Officer's Review on pages 3 to 6 and the Principal Risks and Uncertainties section on pages 21 to 26. The financial position of the Group, its cash flows and liquidity position are described in the Chief Financial Officer Review on pages 15 to 20.

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 and liquidity risk.

Presentational currency

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

	Balance sheet	Income statement
GBP:EUR	1.19	1.16
SEK:EUR	0.10	0.10

Going concern

The Group has historically met its day to day working capital requirement through cash generated by trading. In 2021, and with COVID-19 being most prevalent globally, Physitrack has seen a significant increase in revenue due to an increase in demand for virtual medical assistance. Physitrack projects for this trend to continue. In addition, the Group generated SEK 624 million in June 2021 through its initial public offering on the Nasdaq First North Premier Market. Whilst this cash will be utilised to support the future growth of the business, it has provided it with sufficient resources in the short term should it require. As a result of being in a cash surplus position, the Group currently holds no external borrowing facilities, other than the small overdraft facility within the Fysiotest subsidiary. At 31 December the value of this overdraft was €653.

The Group has performed its going concern assessment based on board approved detailed trading budgets for the twelve months ended 31 December 2022, alongside longer-term forecasts through to 31 December 2025.

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 on the cash-flow forecasts should the business lose all revenue and not reduce costs and due to the current cash position would continue to be in a position to fund the operations over twelve months. In this situation earn out payments would not be due which would further protect cash reserves and therefore the Directors' concluded that there is no realistic trading scenario which would result in the Group not being able to meet its commitments as they fall due.

The Directors have, at the time of approving the financial statements, therefore have 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.

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 through the Statement of Comprehensive Income within the revaluation 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 fair value through other comprehensive income ("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
Physitrack	GBP	Rehab+	EUR
Tanila	GBP	Mobilus	SEK
		Fysiotest	SEK

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 measure at cost and subsequently measured at cost or valuation, 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 years
- Customer relationships – 5 years
- 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.

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. The platform includes 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. Certain 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.

Virtual care – Provision of services – Virtual care is a new service line for Physitrack in 2021 and represents the revenue generated from the underlying Rehabplus and Fysiotest businesses. 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 billed on successful completion of the rehabilitation course, but revenue is recognised on completion of one session. Revenue from the provision of the health and wellness programme is recognised over the programme length.

Virtual care – Sale of goods – Attached to Fysiotest holistic health and wellness programme, additional goods associated with this programme such as testing equipment are on-sold. Revenue is recognised at the point of sale. Alongside this, Fysiotest has utilised its medical testing facilities and has processed Covid-19 tests during the pandemic. Revenue from this testing is also recognised within sale of goods. Revenue from Covid-19 tests are recognised on completion of the test. Goods can be returned 30 days after purchasing. The level of returns has historically been immaterial.

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.

Deferred revenue

Deferred revenue represents revenue from subscription fee, custom app maintenance and virtual care 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 and M&A 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.

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.

Capitalisation of transaction costs as part of IPO

As part of the issue of the Group's shares on the Nasdaq First North Premier Market, €1,194,336 of transaction costs were capitalised within share premium. Costs can only be capitalised if they are directly associated with the listing of Shares. All costs related to the IPO were analysed, however there were specific costs incurred in relation to both the issuing of shares and listing. As these costs were too interlinked management applied judgement and capitalised 50% of those transaction costs which both related to the issuing of shares and listing.

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 Group are EUR 17,074,008 (2020: EUR 7,594,585).

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 three CGUs as part of its impairment testing with the following carrying value at 31 December 2021:

	EUR m
Physiotools	6.0
Rehabplus	3.2
Fysiotest	5.3

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 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:

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases (Amendments): Interest Rate Benchmark Reform – Phase 2 effective for accounting periods beginning on or after 1 January 2021.

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group:

EU-endorsed (not UK-adopted)

IAS 16 Property, Plant and Equipment (Amendment): Proceeds Before Intended Use 1 January 2022

IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract 1 January 2022

IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework 1 January 2022

Annual Improvements to IFRSs (2018 – 2020 cycle) 1 January 2022

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 thirteen-month period ended 31 December 2021 the operations of the Group comprise three reporting operating segments. These segments are the provision of SaaS based software platform tailored to physiotherapy split between the existing Physitrack business (Physitrack PLC) and the recently acquired Physiotoools OY and Mobilus Digital Rehab AB "Physiotoools" businesses. As the Physitrack and Physiotoools integration continues throughout 2022, the Directors will review the results of the SaaS business as one segment rather than split by the two businesses.

On 28 February 2021 Physitrack acquired the entire share capital of Rehabplus Limited. Rehabplus has been a long-standing user of Physitrack's SaaS solution aiming to provide clinically proven and cost-efficient physiotherapy and rehabilitation services. As part of Physitrack, Rehabplus and Physitrack will focus on offering a turnkey solution for technology-enabled Virtual care.

On 30 September 2021 Physitrack acquired the entire share capital of Fysiotest Europa AB. Fysiotest Europa AB, a Nordic leader in modern occupational health care, physical testing and performance coaching. The acquisition accelerates the enhancement of Physitrack's Virtual care offering and boosts revenue streams by leveraging Fysiotest proven formula at a global scale.

This virtual care offering represents a new class of business for the Group, with the results of Rehabplus for the ten months ended 31 December 2021 and Fysiotest for the three months ended 31 December 2021 representing the performance of this segment post acquisition. Management have identified this as a separate reporting operating segment. Management only assesses segmental revenue on a geographical basis (refer note 3).

The results of these operating segments for the thirteen-month period ended 31 December 2021 is as follows:

	SaaS		Virtual Care	Total
	Physitrack	Physiotoools		
Thirteen-month period ended 31 December 2021	€	€	€	€
Total revenues	4,792,837	2,631,169	1,041,221	8,465,227
Total Depreciation and amortisation	1,547,077	23,714	4,557	1,575,348
Adjusted EBITDA	2,089,755	528,918	73,026	2,691,699
Operating (loss) / income	(1,154,452)	463,103	68,470	(622,879)
Finance income	8,593	-	-	8,593
Finance expenses	(8,189)	(57,218)	(14,213)	(79,620)
(Loss) / profit before tax	(1,154,047)	405,885	54,256	(693,906)
Income tax expense / income	99,448	77,152	12,448	189,048
Non-current asset additions – intangibles	1,684,795	97,195	7,372	1,789,362
Total assets	24,990,852	6,503,387	784,602	32,278,841
Total liabilities	(5,143,676)	(3,536,076)	(309,382)	(8,989,134)

	SaaS		Virtual Care	Total
	Physitrack	Physiotools		
Year ended 30 November 2020	€	€	€	€
Total revenues	3,054,091	-	-	3,054,091
Total Depreciation and amortisation	930,305	-	-	930,305
Adjusted EBITDA	1,629,928	-	-	1,629,928
Operating income	674,114	-	-	674,114
Finance income	-	-	-	-
Finance expenses	(161)	-	-	(161)
Loss before tax	673,953	-	-	673,953
Income tax expense / income	14,456	-	-	14,456
Non-current asset additions - PPE	-	-	-	-
Non-current asset additions - intangibles	978,252	-	-	978,252
Total assets	1,913,263	7,595,367	-	9,508,630
Total liabilities	1,165,089	3,077,406	-	4,242,495

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:

	13-month period ended 31 December 2021 €	Year ended 30 November 2020 €
SaaS platform		
Physitrack		
United Kingdom	867,285	467,490
Europe	1,395,224	931,684
North America	1,196,644	870,849
Rest of world	1,333,684	784,068
	<u>4,792,837</u>	<u>3,054,091</u>
Physiotools		
United Kingdom	634,503	-
Europe	1,542,678	-
North America	320,795	-
Rest of world	133,193	-
	<u>2,631,169</u>	<u>-</u>
Virtual Care		
Europe	416,373	-
United Kingdom	624,848	-
	<u>1,041,221</u>	<u>-</u>
Total	8,465,227	3,054,091
Revenue by product line		
Subscription fee	6,578,064	2,701,047
Custom app maintenance fee	465,987	251,289
Custom app set-up costs	379,956	101,755
Virtual care - Sale of goods	205,080	-
Virtual care – Provision of services	836,140	-
	<u>8,465,227</u>	<u>3,054,091</u>
Revenue is recognised as follows		
Overtime (Subscription, Virtual care and maintenance)	7,880,190	2,952,336
At a point in time (Set-Up fee and sale of goods)	585,037	101,755
	<u>8,465,227</u>	<u>3,054,091</u>

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 period

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

	13-month period ended 31 December 2021	Year ended 30 November 2020
	€	€
Net foreign exchange (gain)/loss	(49,118)	10,046
Amortisation of internally generated intangible assets	1,571,213	930,609
Depreciation of PPE	4,136	-
Employee benefit expense	1,670,903	-
Operating exceptional items	1,739,230	25,205
 Auditors' remuneration		
Amounts received by Auditors in respect of:		
- Audit of financial statements pursuant to legislation	69,510	48,512
- Audit related assurance services	10,000	-
- All other services	-	-
	79,510	48,512

Refer to note 5 for a breakdown of operating exceptional items

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.

Other commentary within the Annual Report and Accounts (such as the Chief Financial Officer Review on pages 15 to 20), 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 during the period and the IPO of the business 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. By standardising EBITDA through removing non-recurring, 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, 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.
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-recurring 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.
Cash conversion (per cent)	Cash generated by operations excluding adjusting items as a percentage of adjusted EBITDA.	<p>Cash conversion provides an indication of the Company's ability to generate cash flow from operating activities after investments and working capital needs.</p> <p>This is a useful measure as it provides the users with a metric showing the operating efficiency of the Group.</p>
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	<p>Proforma represents the results for the 12-month period ended 31 December 2020, had the current structure of the group at 31 December 2021 been in place at this date.</p> <p>This includes 12 months of trading results up to 31 December 2021 for Physiotoools on the assumption these entities had been acquired on 30 November 2019.</p> <p>This also includes 10 months of trading results up to 31 December 2020 for Rehabplus Limited on the assumption this had been acquired on 28 February 2020</p> <p>It includes 3 months of trading results for Fysiotest as if it has been acquired on 30 September 2020.</p>	Proforma provides a useful comparison to understand movement from the prior year on a like-for-like basis.

	13-month period ended 31 December 2021	Year ended 30 November 2020
	€	€
Operating (loss)/profit	(622,879)	674,114
Operating margin	-7%	22%
Depreciation and amortisation	1,575,348	930,609
EBITDA	952,469	1,604,723
EBITDA margin	11%	53%
Items affecting comparability		
M&A Costs	538,084	25,205
Equity / fund raising Costs	1,172,218	-
Unwind of discount on consideration	28,928	-
Adjusted EBITDA	2,691,699	1,629,928
Adjusted EBITDA margin	32%	53%
Depreciation and amortisation	(1,575,348)	(930,609)
Adjusted operating profit	1,116,351	699,319
Adjusted operating margin	13%	23%

Items affecting comparability

Adjusting items refers to events and transactions which effect on profit are important to note when profit for the period is compared to previous periods and comprise of 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 Costs	Associated costs of major acquisitions	- Acquisition of Rehabplus Limited in February 2021. - Acquisition of Fysiotest Europa AB in September 2021.	- Acquisition of Tanila Holding Oy in November 2020.
Equity / fund raising costs	Associated costs of capital raising from either issue of equity or through the issue of external borrowings	- IPO in June 2021.	N/A
Unwind of discount on consideration	On acquisition contingent consideration is deferred to present value and unwound over the life the consideration is expected to be paid out	- Unwind of discount on deferred contingent consideration attached to the Rehabplus Limited and Fysiotest Europa AB acquisitions in 2021.	N/A

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

6. Net finance cost

	13-month period ended 31 December 2021 €	Year ended 30 November 2020 €
Financial income		
Interest income	8,593	-
	<u>8,593</u>	<u>-</u>
Financial expense		
Interest on borrowings	55,013	-
Other interest expense	24,607	161
	<u>79,620</u>	<u>161</u>
Net finance costs	71,027	161

7. Staff numbers and costs

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

	13-month period ended 31 December 2021 Number	Year ended 30 November 2020 Number
Number of staff	36	2
	<u>36</u>	<u>2</u>

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 period.

The aggregate payroll costs of these persons were as follows:

	13-month period ended 31 December 2021 €	Year ended 30 November 2020 €
Wages and salaries	1,404,888	-
Social security costs	128,773	-
Other pension costs	137,242	-
	<u>1,670,903</u>	<u>-</u>

Payroll costs for the thirteen-month period ended 31 December 2021 are net of funding received during the year from government support schemes which amounted to EUR 22,211 in the UK.

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

Directors' remuneration

	13-month period ended 31 December 2021 €	Year ended 30 November 2020 €
Emoluments	97,685	-
Sums paid to third parties in respect of directors' services	384,414	376,405
	<u>482,099</u>	<u>376,405</u>

Remuneration of the highest paid director:

	€	€
Emoluments	11,588	-
Sums paid to third parties in respect of directors' services	301,827	197,102
	<u>313,415</u>	<u>197,102</u>

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 972,449 (2019/20: EUR 376,405).

9. (Loss)/earnings per share

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

	13-month period ended 31 December 2021 €	Year ended 30 November 2020 €
Ordinary earnings per share		
Net (loss)/profit	(882,954)	688,409
Number of shares		
Ordinary	13,720,445	10,006,625
Dilutive	13,720,445	10,359,199
Earnings per share		
Basic	(0.06)	0.07
Diluted	(0.06)	0.07
Weighted average number of shares reconciliation		
Weighted average number of shares in issue	13,689,481	10,006,625
Basic Earnings Per Share denominator	13,689,481	10,006,625
Dilutive options	-	352,574
Diluted Earnings per Share denominator	13,689,481	10,359,199
Shares in issue at year end	16,260,765	10,877,672

The dilution event in the prior year is related to deferred shares from the acquisition of Tanila Holdings Oy during 2020.

10. Income Tax

	13-month period ended 31 December 2021 €	Year ended 30 November 2020 €
Corporation income tax:		
Current period/year	(173,787)	-
Deferred tax		
(Utilisation)/Recognition of tax losses	(15,261)	14,456
Total	(189,048)	14,456
(Loss)/Profit before tax on continuing operations	(693,906)	673,953
(Loss)/Profit before tax multiplied by the UK rate of taxation 19% (2020: 19%)	131,842	(128,051)
Effects of:		
Change in deferred tax asset	(15,261)	128,051
Differences in overseas tax rates	(2,174)	-
Permanently disallowed exceptional costs	(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	-
Recognition of tax loss as a deferred tax asset	-	14,264
Foreign exchange difference	768	192
Total tax (charge) / credit for the period / year	(189,048)	14,456

As of 31 December 2021, the Company had unused tax losses of EUR NIL (2020: EUR 76,306).

An uncertain tax position has been recognised in the current 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.

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 Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. The rate reduction to 17% was subsequently reversed by the Finance Act 2020, such that 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 2021	30 November 2020	31 December 2021	30 November 2020	31 December 2021	30 November 2020
	€	€	€	€	€	€
Tax losses	-	14,264	-	-	-	14,264
Other	-	-	-	-	-	-
Recognised on acquisition of subsidiaries	-	-	(108,029)	-	(108,029)	-
Tax assets / (liabilities)	-	14,264	(108,029)	-	(108,029)	14,264

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 assets and liabilities are attributable to the following:

	December 2020	Recognised in income	Recognised against goodwill	Foreign exchange	31 December 2021
	€	€		€	€
Tax losses	14,264	(15,262)	-	998	-
Recognised on acquisition of subsidiary	-	-	(108,029)	-	(108,029)
Other	-	-	-	-	-
Tax assets / (liabilities)	14,264	(15,262)	(108,029)	998	(108,029)

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

On acquisition of Fysiotest Europa AB and Rehabplus Limited during the current 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 in Rehabplus Limited and Fysiotest Europa AB 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. Business combinations

Fysiotest

On 30 September 2021, Physitrack acquired the entire share capital of Fysiotest Europa AB ("Fysiotest"). Fysiotest, a Nordic leader in modern occupational health care, physical testing and performance coaching. The acquisition accelerates the enhancement of Physitrack's Virtual care offering and boosts revenue streams by leveraging Fysiotest proven formula at a global scale. Fysiotest acquired by way of cash consideration of SEK 10m upfront SEK 5m deferred to December 2021 and further contingent deferred consideration valued at SEK 43.8m. The deferred contingent 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 SEK 40m – SEK 50m.

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	985,804
Deferred consideration	492,902
Deferred contingent consideration	4,315,616
Total fair value of consideration transferred	5,794,322

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

	Fair value EUR (€)
Cash	3,999
Inventory	50,089
Intangibles	619,859
Property, plant and equipment	41,059
Trade and other receivables	199,150
Taxes payable	(26,656)
Deferred tax liability	(96,628)
Trade and other payables	(171,310)
Borrowings	(98,070)
Net identifiable assets acquired	521,492
Add: Goodwill	5,272,830
Net assets acquired	5,794,322

Acquired identifiable intangible assets include EUR 277,446 in respect of customer relationships and EUR 191,623 in respect of the Fysiotest brand. 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 Fysiotest 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 Fysiotest 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 Fysiotest been part of the group for the period ended 31 December 2021 it would have contributed revenue of EUR 1.6m, EBITDA of EUR 304k and profit before tax of EUR 291k.

Subsequent to acquisition, an additional cash payment was made to Fysiotest existing shareholders of EUR 960,268. This was split between EUR 492,902 of deferred consideration and EUR 467,366 of deferred contingent consideration due to the first earn out target being met. Neither the cash payment of the deferred or deferred contingent consideration arose from post-acquisition date increase in the carrying amount of contingent consideration.

Total cash payment made during the financial period for Fysiotest was EUR 1,946,072.

Rehabplus

On 28 February 2021, the Group acquired 100 percent of the share capital of Rehabplus Ltd ('Rehabplus'), a UK based virtual-first care provider, by way of cash consideration and further contingent deferred consideration, payable in cash. The acquisition provides Physitrack with the opportunity to further develop the Group's healthcare provider and patient user experience for the existing business. The Rehabplus team brings a breadth of knowledge in both hands-on and virtual care provision, providing the expansion of the virtual care service offering to a wider audience. The cash consideration paid, totalled EUR 0.6m and the potential deferred consideration payable has been valued at EUR 2.6m. 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 GBP 1.8m – GBP 3.3m. Total acquisition costs of EUR 0.3m was recognised within adjusting items (Refer Note 2).

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

	EUR (€)
Purchase consideration:	
Cash consideration	575,650
Deferred consideration	575,656
Deferred contingent consideration	1,975,325
	<u>3,126,631</u>
The assets and liabilities recognised as a result of the acquisition are as follows:	
	Fair value
	EUR (€)
Cash	44,814
Trade and other receivables	150,498
Intangible assets	60,004
Deferred tax liability	(11,401)
Trade and other payables	(72,097)
Borrowings	(240,093)
Net identifiable assets acquired	<u>(68,275)</u>
Add: Goodwill	3,194,906
Net assets acquired	<u>3,126,631</u>

Acquired identifiable intangible assets include EUR 60,004 in respect of the Rehabplus brand. The fair value of brand was assessed by considering the benefit to the Group's future revenue and profit generated by the Rehabplus 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 Rehabplus been part of the group for the period ended 31 December 2021 it would have contributed revenue of EUR 0.9m, EBITDA of EUR 168k and profit before tax of EUR 130k.

Subsequent to acquisition, an additional cash payment was made to Rehabplus existing shareholders of EUR 575,656, in relation to deferred consideration at acquisition date.

Total cash payment made during the financial period for Rehabplus was EUR 1,151,306.

13. Property, plant and equipment

	Plant & Machinery €
Cost	
Balance as at 1 December 2019	-
Acquisition of subsidiary	5,618
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
Accumulated depreciation	
Balance as at 1 December 2019 and 30 November 2020	-
Charge for the period	4,136
Foreign exchange movement	(38)
Balance as at 31 December 2021	4,098
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 1 December 2019	3,641,895	-	-	-	-	3,641,895
Additions	978,252	-	-	-	-	978,252
Acquisition of subsidiary	10,685	-	-	-	5,963,346	5,974,031
Exchange differences	(172,795)	-	-	-	-	(172,795)
At 1 December 2020	4,458,037	-	-	-	5,963,346	10,421,383
Additions	1,624,927	164,435	-	-	-	1,789,362
Acquisition of subsidiary	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
Amortisation						
At 1 December 2019	1,996,157	-	-	-	-	1,996,157
Charge for the period	930,305	-	-	-	-	930,305
Exchange differences	(99,664)	-	-	-	-	(99,664)
At 1 December 2020	2,826,798	-	-	-	-	2,826,798
Charge for the period	1,521,435	16,325	19,581	13,872	-	1,571,213
Exchange differences	222,041	-	-	-	-	222,041
At 31 December 2021	4,570,274	16,325	19,581	13,872	-	4,620,052
Net book value as at 31 December 2021	1,997,335	149,971	232,046	263,574	14,431,082	17,074,008
Net book value as at 30 November 2020	1,631,239	-	-	-	5,963,346	7,594,585

On acquisition of Fysiotest during the financial period, Goodwill of EUR 5,272,830 was recognised. Acquired identifiable intangible assets include EUR 277,446 in respect of customer relationships and EUR 191,623 in respect of the Fysiotest brand. These intangibles are being amortised over a five-year period.

On acquisition of Rehabplus during the financial period, Goodwill of EUR 3,194,906 was recognised. Acquired identifiable intangible assets include EUR 60,004 in respect of the Rehabplus brand. These intangibles are being amortised over a five-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 2021 being:

	31 December 2021
	€
Physiotools (Comprising Physiotools, Tanila and Mobilus)	5,963,346
Rehabplus	3,194,906
Fysiotest	5,272,830
	14,431,082

The recoverable amounts of Physiotools, Rehabplus 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. 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:

	%
Physiotools (Comprising Physiotools, Tanila and Mobilus)	13.1
Rehabplus	32.6
Fysiotest	27.2

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

As Rehabplus and Fysiotest were acquired during the current financial period, the discount rate applied reflects the internal rate of return of those entities. This represents the rate applied to discount managements forecast on acquisition back to consideration paid. Due to no changes in managements forecast due to the relative proximity from acquisition to balance sheet date, the recoverable amount of these two CGU's is in-line with carrying value of the CGU's. Management expects the discount rate applied in impairment testing for these two CGUs to decline in the preceding years to that closer of the Group.

For the prior year ended 30 November 2020, the goodwill of EUR 6.0m balance comprised Physiotools. Physiotools was acquired on 30 November 2020 and therefore no impairment testing was performed in the prior year.

Sensitivity analysis

As a result of the recoverable amount being in-line with the carrying amount for the Rehabplus and Fysiotest CGU's due to the proximity to acquisition, no sensitivity analysis has been performed on these CGU's.

Sensitivities have been applied to the forecast cash flows of the Physiotoools CGU to assess the potential impairment under different scenarios. The scenarios applied are a 10% reduction in forecast profit and a long-term growth rate of zero per cent and a 10% increase in discount rate. Under both sensitivity scenarios no impairment would be recognised. For an impairment to be recognised, the discount rate applied would need to increase to 27.8%.

Amortisation

An amortisation charge of EUR 1,571,213 has been recognised within administrative expenses in the current period (2020: EUR 930,305).

15. Financial assets measured at FVOCI/FVTPL

On 5 May 2019, the Group acquired a convertible bond from Goodlife Technology OY with a value of EUR 78,588. The bond is unsecured and bears interest of 10%. The bond is repayable on 30 April 2021, with the option to convert to shares with a total value of EUR 78,588. This bond had been designated as FVTPL.

On 30 April 2021, the Group elected to convert this bond 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 the proximity of purchase to the period end and no significant events impacting the operations and valuation of Goodlife Technology OY from acquisition, management deem that the cost which represents the purchase price is approximate to its fair value.

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 2021	30 November 2020
	€	€
Financial assets measured at FVTPL		
Convertible Bond	-	98,469
Long term loan receivables	19,676	-
	19,676	98,469
Financial assets measured at FVOCI		
<i>Unlisted securities</i>		
Goodlife Technology OY	78,588	-
	78,588	-

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 2021	30 November 2020
	€	€
Trade receivables	1,365,485	371,584
Expected credit loss	(156,090)	-
Trade receivables net of expected credit loss	1,209,395	371,584
Other receivables	171,046	118,539
Prepayments	188,784	39,022
Contract asset	96,652	-
	1,665,877	529,146

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 20 per cent (2020 35 per cent). The percentage of trade receivables outstanding more than 90 days is 15 per cent (2020 19 per cent). Trade receivables is net of an expected credit loss of EUR 156,090 (2020: NIL).

Contract asset represents accrued income from the Virtual Care 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 during the year:

	31 December 2021	30 November 2020
Opening loss allowance	-	-
Loss allowance recognised on acquisition	142,902	-
Additional allowance	13,188	-
Amounts written off	-	-
Closing loss allowance	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 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 S&P Global Default rate as the forward-looking macroeconomic rate to be applied within the ECL calculation. The Group uses the S&P 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 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, the Group 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.

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 2021	30 November 2020
	€	€
Goods for resale	67,315	-

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

No stock was written off or impaired during the period.

18. Borrowings

Amounts due within one year:

	31 December 2021	30 November 2020
	€	€
Current		
Secured		
Borrowings	-	200,000
Overdraft loan facility	653	1,136,726
	<u>653</u>	<u>1,336,726</u>

Amounts due after one year:

	31 December 2021	30 November 2020
	€	€
Non-Current		
Secured		
Borrowings	-	400,000
	<u>-</u>	<u>400,000</u>

On 18 September 2018, the Physiotoools received a loan of EUR 1,000,000 that had an interest rate of Euribor 12 months + 3.45%. This was secured by a floating charge of EUR 2,145,000 and shares in Physiotoools Oy. The repayment date was set at 18 September 2023. The total amount outstanding as of 30 November 2020 was EUR 600,000.

On 18 September 2018, the Physiotoools received a loan facility with a maximum limit of EUR 650,000. This had an interest rate of Euribor 3 months + 2.65%. The loan was repayable upon demand and is secured by a floating charge of EUR 2,145,000 and shares in Physiotoools Oy. The amount outstanding as of 30 November 2020 was EUR 386,480. EUR 750,246 is included within cash and cash equivalents and the sum of this with the amount outstanding represents the group overdraft loan facility.

The above loan and overdraft loan facility were repaid in the current period. The overdraft outstanding on 31 December 2021 relates to an unsecured overdraft facility within Fysiotest Europa AB.

19. Deferred consideration

	€
Balance as at 30 November 2020	-
Recognised on acquisition of subsidiary	7,359,499
Payment of deferred consideration	(1,535,917)
Unwind of discount on deferred consideration	28,928
Balance as at 31 December 2021	<u>5,852,510</u>
Current	492,902
Non-Current	<u>5,359,608</u>
	<u>5,852,510</u>

On acquisition of Fysiotest Europa AB on 30 September 2021 deferred consideration with a fair value of EUR 492,902 and deferred contingent consideration with a fair value of EUR 4,315,616 was recognised. As outlined in note 12, this

deferred contingent consideration is payable on certain targets being met. During the period deferred consideration of EUR 492,902 was paid on completion of specific post completion exercises. An additional EUR 467,366 of deferred contingent consideration was paid on achieving specific earn out targets.

On acquisition of Rehabplus Limited on 28 February 2021, deferred consideration with a fair value of EUR 575,656 and deferred contingent consideration with a fair value of EUR 1,975,325 was recognised. As outlined in note 12, this deferred contingent consideration is payable on certain targets being met. During the period deferred consideration of EUR 575,656 was paid in-line with the purchase sales agreement.

20. Contract liability

	31 December 2021	30 November 2020
	€	€
Subscription income received in advance	1,592,065	1,254,724
	<u>1,592,065</u>	<u>1,254,724</u>

For large enterprise customers, the Group 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 30 November 2020 and 31 December 2021, 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 of the Group, alongside the differences in billing cycles of acquired subsidiaries brought into the Group during the current financial year. These entities typically bill twelve months in advance.

The opening contract liability balance at 1 December 2019 of EUR 79,567 was recognised in full in the prior financial year. The contract liability balance at 30 November 2020 was recognised in the current financial period. It is expected that the contract liability balance at 31 December 2021 will be recognised within the 2022 financial year.

21. Trade and other payables

	31 December 2021	30 November 2020
	€	€
Trade payables	397,109	459,590
Accrued expenditure	647,837	186,435
Other payables	117,469	188,529
Social security and other taxes	161,704	65,360
Corporation tax payable	111,758	-
Directors loan account	-	351,131
	<u>1,435,877</u>	<u>1,251,045</u>

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.

The Directors' loan accounts have an interest rate of Nil% on balances raised prior to 2020. The loans raised during year ended 30 November 2020 have an interest rate of 3%. The Director's loans were repaid during the financial period. As the directors loans issued were in GBP, due to the revaluation of the loans to the prevailing spot rate at date of repayment a foreign exchange loss of EUR 6,155 was recognised. This resulted in a total cash payment of Directors loans of EUR 357,286.

22. Financial Instruments

A summary of financial instruments by category is as follows:

	31 December 2021	30 November 2020
	€	€
Financial assets at amortised cost	14,801,691	1,756,672
Financial liabilities at amortised cost	(1,435,877)	(2,987,771)
Financial assets at FVPL	19,675	98,469
Financial assets at FVOCI	78,589	-

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

- Credit risk
- Liquidity risk
- Market 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 2021	30 November 2020
	€	€
Within 30 days	1,090,021	240,927
Between 30 and 60 days	26,106	45,217
Between 60 and 90 days	45,526	15,302
Over 90 days	203,832	70,138
	<u>1,365,485</u>	<u>371,584</u>

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.

31 December 2021

	Carrying amount €	Contractual cash flows €	6 months or less €	6 – 12 months €
Non-derivative financial liabilities				
Trade payables	1,435,877	1,435,877	1,435,877	-
Overdraft	653	653	653	-
Total non-derivative financial liabilities	1,436,530	1,436,530	1,436,530	-

30 November 2020

	Carrying amount €	Contractual cash flows €	6 months or less €	6 – 12 months €
Non-derivative financial liabilities				
Trade payables	1,251,045	1,251,045	1,251,045	-
Borrowings including overdraft	1,736,726	1,736,726	400,000	1,336,726
Total non-derivative financial liabilities	2,987,771	2,987,771	1,651,045	1,336,726

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. The Group has historically managed this risk by securing fixed interest rates on a portion of its term loans. While fixed-rate interest-bearing debt is not exposed to cash flow interest rate risk, there is no opportunity for the Group to enjoy a reduction in borrowing costs in markets where rates are falling.

In addition, the fair value risk inherent in fixed rate borrowing means that the Group is exposed to unplanned costs should debt be restructured or repaid early as part of the liquidity management process.

Managements current strategy to manage interest rate risk as outlined within the IPO prospectus is to repay any outstanding debt, including debt brought in through acquisition. At 31 December 2021, the only debt outstanding was an overdraft facility of EUR 653. The borrowings outstanding at 30 November 2021 were repaid during the current financial period.

Management therefore concludes that the interest rate risk at reporting date is minimal.

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 2021	Fair value 31 December 2021	Carrying amount 30 November 2020	Fair value 30 November 2020
	€	€	€	€
Borrowings	-	-	600,000	600,000
Bank overdraft	653	653	1,136,726	1,136,726
Equity investment	78,588	78,588	-	-
Convertible Bond	-	-	98,469	98,469
Other long-term receivables	19,676	19,676	-	-
Total	98,917	98,917	1,835,195	1,835,195

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 that these costs of investments represent their fair value at 31 December 2021.

The prior year convertible bond relates to a convertible bond acquired from Goodlife Technology Oy with a value of EUR 98,469. The bond is unsecured and bears interest of 10%. The bond is repayable on 30 April 2021, with the option to convert to shares with a total value of EUR 78,588. During the current financial period, the Group elected to convert this bond to equity in Goodlife Technology Oy, representing 12% of the shares in Goodlife Technology Oy. On conversion, this equity investment was designated at fair value through PL with a fair value of EUR 78,588. In valuing the fair value of the Good Life investment at 31 December 2021, management has referred to its acquisition fair value of EUR 78,588. As the acquisition occurred within the reporting period and there have not been any events to indicate a decline in this fair value, management believe that this represents the fair value of the 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 their carrying value.

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

December 2021

	Level 1 €	Level 2 €	Level 3 €
Equity Investments	-	-	78,588
Other long-term receivables	-	-	19,676

30 November 2020

	Level 1 €	Level 2 €	Level 3 €
Convertible bonds	-	-	98,469

Equity investments at 31 December 2021 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.

There have been no transfers between levels in 2020. 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 2021	30 November 2020
	€	€
Cash and cash equivalents	13,324,598	1,254,233
Bank borrowings and overdrafts	653	1,736,726
Equity attributable to equity holders of the parent	(1,690,626)	(807,672)
Total	11,634,625	2,183,287

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 2019	9,997	12,195
Subdivision of shares	9,987,003	-
Consideration for acquisition of Tanila Holdings Oy	822,672	984
Issued during the year	58,000	-
At 1 December 2020	10,877,672	13,179
Release of deferred consideration for acquisition of Tanila Holdings Oy	352,574	392
Issued during the year through IPO	5,030,519	5,864
Issue of preference share	1	44,640
At 31 December 2021	16,260,766	64,075

Share classes

The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. At 31 December 2021 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 30 November 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	24,935,421

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

Share capital

Share capital records the nominal value received for shares sold.

Share premium

Share premium records the amount above the nominal value received for shares sold, less transaction costs.

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 and is distributable.

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. Net debt

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 2019 is provided below:

	Interest bearing liabilities	Cash and cash equivalents	Net debt
	€	€	€
At 1 December 2019	-	12,251	12,251
Cash movement	-	27,877	27,877
Exchange differences	-	(13,584)	(13,584)
Additions through acquisition	(1,736,726)	1,227,689	(509,037)
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

25. 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 2021 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 (2020: EUR 82,100).

26. Related party transactions

A loan repayment totalling EUR NIL (30 November 2020: EUR 111,667) was paid to H Molin, in respect of financing. At 31 December 2021, EUR NIL was due to the Director (30 November 2020: EUR Nil). The loan advanced was unsecured, interest free and had no stated repayment date.

A loan repayment totalling EUR 357,286 (30 November 2020: EUR 193,594) was paid to N Skwortsow, in respect of financing. At 31 December 2021, EUR NIL was due to N Skwortsow (30 November 2020: EUR 351,131). Prior year loan balances due from N Skwortsow incurred a 3 per cent interest rate with interest of EUR 4,555 being charged during the current financial period (30 November 2020 EUR 937). This loan was repayable by 26 November 2021.

A loan repayment totalling EUR NIL (30 November 2020: EUR 101,941) was paid to B McConville, a consultant, in respect of financing. At 31 December 2021, EUR NIL was due to B McConville (30 November 2020: EUR NIL). The loan advanced was unsecured, interest free and had no stated repayment date.

A loan repayment totalling EUR 45,104 (30 November 2020: EUR NIL) was paid to C Sheiban, a consultant, in respect of financing. At 31 December 2021, EUR Nil (30 November 2020: EUR 44,656) was due to C Sheiban. The loan advanced was unsecured, interest free and had no stated repayment date.

For the period ended 31 December 2021, EUR 301,837 (30 November 2020: EUR 192,405) was paid to Camelot Solutions Ltd, a Company incorporated in the British Virgin Islands. H Molin is a Director of this Company. At 31 December 2021, a balance of EUR NIL (30 November 2020: EUR 25,909), included in trade payables, was due to Camelot Solutions Ltd.

For the period ended 31 December 2021, EUR 253,867 (30 November 2020: EUR 184,000) was paid to Skylark Media Group (SKMG) BV, a Company incorporated in the Netherlands. N Skwortsow is a Director of this Company. At 31 December 2021, a balance of EUR NIL (30 November 2020: EUR 20,000), included in trade payables, was due to Skylark Media Group (SKMG) BV.

For the period ended 31 December, EUR 146,701 (30 November 2020: EUR NIL) was paid to Paloma International Advisors, a Company incorporated in Monaco. C Sheiban is a Director of this Company. At 31 December 2021, a balance of EUR NIL (30 November 2020: EUR NIL), included in trade payables, was due to Paloma International Advisors.

On 9 June 2021 the company issued one redeemable preference share “*Redeemable Share*” with a value of £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 £50,000.

27. Events after the reporting period

PT Courses acquisition

On 25 January 2022 Physitrack PLC announced, Physitrack Inc., the acquisition of PT Courses, a Company registered in Texas, USA, for a cash consideration of USD 1.8 million. 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 continued education to practitioners in attractively priced subscription bundles with Physitrack’s already popular SaaS solution, thereby boosting revenues while also increasing its addressable markets.

At the date of preparing this annual report, the acquisition balance sheet was still being finalised. As a result, the initial accounting for the business combination is incomplete at the time the financial statements were authorised for issue and disclosures in line with IFRS 3.B64-B66 have not been prepared.

Wellnow Group acquisition

On 23 February 2022 Physitrack PLC announced, the acquisition of Wellnow Group GmbH, a German leader in smart and modern corporate health and wellness. The acquisition accelerates the growth of Physitrack’s existing care offering and establishes a substantial footprint in Germany, boosting revenue streams globally by leveraging off Wellnow’s impressive technology, network and scalable virtual-first business.

Physitrack will pay a total cash consideration of EUR 2.5 million upfront, and a further potential aggregate earn-out consideration of EUR 9 million over four years, subject to achieving stretching growth targets in the period which are in alignment with Physitrack’s.

In the twelve months ending December 31, 2021, Wellnow delivered revenue of €0.4m. The first half of this year was impacted by Covid-19 restrictions, good recovery was seen towards the end of the year and Wellnow exited 2021 with a revenue run rate of €0.7m and an EBITDA margin of 15%. At 31 December 2021, Wellnow’s gross assets were EUR 0.3 million. Initial one-off acquisition and integration costs are estimated to reach around EUR 0.3 million over six months.

At the date of preparing this annual report, the acquisition balance sheet was still being finalised. As a result, the initial accounting for the business combination is incomplete at the time the financial statements were authorised for issue and disclosures in line with IFRS 3.B64-B66 have not been prepared.

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.

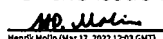
Company Statement of Financial Position as at 31 December 2021

	Note	31 December 2021	30 November 2020
Assets		€	€
Non-current assets			
Investments	29	10,462,381	4,668,058
Intangible assets	30	1,907,591	1,620,554
Total non-current assets		12,369,972	6,288,612
Current assets			
Trade and other receivables	31	2,800,961	141,119
Deferred tax		-	14,264
Cash and cash equivalents		12,838,139	26,542
Total current assets		15,639,100	181,925
Total assets		28,009,072	6,470,537
Liabilities			
Non-Current liabilities			
Deferred consideration	34	(3,364,618)	-
Total non-current liabilities		(3,364,618)	-
Current liabilities			
Trade and other payables	33	(862,207)	(1,017,966)
Contract liability	32	(315,923)	(147,123)
Deferred consideration	34	(492,902)	-
Total current liabilities		(1,671,032)	(1,165,089)
Net assets		22,973,422	5,305,448
Equity			
Share capital	23	64,075	13,179
Share premium	23	24,935,421	5,299,844
Shares to be issued	23	-	1,093,515
Translation reserve		35,637	(293,418)
Retained earnings		(2,061,711)	(807,672)
		22,973,422	5,305,448

The Company reported a total comprehensive loss for the financial period ended 31 December 2021 of EUR 1,254,039 (2020: EUR 688,408 profit).

The accounting policies and notes on pages 97 to 105 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 17 March 2022:


Henrik Molin (Mar 17, 2022 12:03 GMT)
Henrik Molin

Company Statement of Changes in Equity for the period ended 31 December 2021

	Share capital	Share premium	Shares to be issued	Currency translation reserve	Retained earnings	Total
	€	€	€	€	€	€
Balance at 30 November 2019	12,195	2,749,230	-	(238,929)	(1,496,080)	1,026,416
Profit for the year	-	-	-	-	688,408	688,408
Other comprehensive income for the year	-	-	-	<u>(54,489)</u>	-	<u>(54,489)</u>
Total comprehensive income for the year	-	-	-	(54,489)	688,408	633,919
Issue of share capital	984	2,550,614	-	-	-	2,551,598
Shares to be issued	-	-	<u>1,093,515</u>	-	-	<u>1,093,515</u>
Balance at 30 November 2020	<u>13,179</u>	<u>5,299,844</u>	<u>1,093,515</u>	<u>(293,418)</u>	<u>(807,672)</u>	<u>5,305,448</u>
Profit for the period	-	-	-	-	(1,254,039)	(1,254,039)
Other comprehensive income for the year	-	-	-	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 share	44,640	-	-	-	-	44,640
Balance at 31 December 2021	<u>64,075</u>	<u>24,935,421</u>	<u>-</u>	<u>35,637</u>	<u>(2,061,711)</u>	<u>22,973,422</u>

The accounting policies and notes on pages 97 to 105 form part of the financial statements.

28. 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, 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 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 has changed its financial year end to 31 December, resulting in a thirteen-month accounting period for the 2020/2021 financial period. As a result of the change in accounting period, the current period financial results 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	1.19	1.16

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.

Capitalisation of transaction costs as part of IPO

As part of the issue of the Group's shares on the Nasdaq First North Premier Market, €1,194,336 of transaction costs were capitalised within share premium. Costs can only be capitalised if they are directly associated with the listing of Shares. All costs related to the IPO were analysed, however there were specific costs incurred in relation to both the issuing of shares and listing. As these costs were too interlinked management applied judgement and capitalised 50% of those transaction costs which both related to the issuing of shares and listing.

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 Group are EUR 1,907,591 (2020: EUR 1,620,554).

29. 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
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
Rehabplus Limited	Office 66 - Fareham Innovation Centre Merlin House, 4 Meteor Way, Fareham, Lee-on-the-Solent, England PO13 9FU	UK	Active	100

Rehabplus Limited has claimed an audit exemption for the financial year ended 31 December 2021 under Section 479A of the Companies Act 2006.

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

The year ends of Tanila Holding Oy and Physiotools Oy differs to that of the Company's year-end of 31 December. These companies' year ends are 30 June.

Movement on the investment balance during the year is as follows:

	€
At 1 December 2019	-
Additions during the year	4,668,057
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

The Company acquired 100% of Tanila Holdings Oy on 30 November 2020 by way of a share for share exchange and part cash consideration. 1,175,246 shares were exchanged (including 352,574 deferred shares), at an average value of EUR 3.1 (GBP 2.78), in addition to cash consideration of EUR 1,023,010. Tanila Holding Oy owns 100% of the share capital of Physiotools Oy, which in turn holds 100% share capital of Mobilus Digital Rehab AB.

As outlined in note 12, on 30 September 2021 Physitrack acquired the entire share capital of Fysiotest Europa AB ("Fysiotest"). Fysiotest acquired by way of cash consideration of SEK 10m / EUR 985,804 upfront and SEK 5m / EUR

492,902 deferred, dependant on completion procedures being completed. This deferred consideration was paid in December 2021.

In addition to the cash and deferred consideration, as outlined in note 12, there was a further contingent deferred consideration valued at SEK 43.8m. On acquisition this had a fair value of EUR 4,808,519 and a carrying value at 31 December 2021 of EUR 3,848,252. The deferred contingent consideration is payable in stages, dependent upon the acquired entity reaching certain revenue targets over a defined period. In December 2021 one of the revenue targets was met and EUR 467,366 of deferred consideration was paid to Fysiotest.

In total the Company has invested EUR 1,946,072 in Fysiotest during the financial period.

Physitrack Inc was incorporated on 28 December 2021. This entity was established in order for the Group to have a legal entity established within the United States and to act as a vehicle to acquire PT Courses in January 2022. Physitrack invested USD 1 in Physitrack Inc on 28 December 2021.

At 31 December 2021 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.

30. Intangibles

	Internally generated intangible asset €	Software €	Total €
Cost			
At 1 December 2019	3,641,895	-	3,641,895
Additions	978,252	-	978,252
Exchange differences	(172,795)	-	(172,795)
At 1 December 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
Accumulated amortisation			
At 1 December 2019	1,996,157	-	1,996,157
Charge for the period	930,305	-	930,305
Exchange differences	(99,664)	-	(99,664)
At 1 December 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
Net book value at 31 December 2021	1,837,978	69,613	1,907,591
Net book value as at 30 November 2020	1,620,554	-	1,620,554

31. Trade and other receivables

	31 December 2021	30 November 2020
	€	€
Trade and other receivables		
Trade receivables	546,703	110,569
Other receivables	59,607	20,874
Prepayments	179,962	9,676
Amounts due from group companies	2,014,689	-
	<u>2,800,961</u>	<u>141,119</u>

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.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for both trade receivables and amounts due from group companies. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The Company'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 amounts due from group companies, the Company considers any changes in the credit quality of the trade receivable and amounts due from group companies from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited 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.

32. Contract liabilities

	31 December 2021	30 November 2020
	€	€
Subscription income received in advance	<u>315,923</u>	<u>147,123</u>
	315,923	147,123

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 30 November 2020 and 31 December 2021, relates to subscription income received in advance for services to be provided for in the future.

The contract liability balance at 30 November 2020 was recognised in the current financial period. It is expected that the contract liability balance at 31 December 2021 will be recognised within the 2022 financial year.

33. Trade and other payables

	31 December 2021	30 November 2020
	€	€
Trade and other payables		
Trade payables	195,727	425,704
Other payables	7,148	15,224
Directors' loan accounts	-	395,787
Corporation tax	73,013	-
Accrued expenditure	586,319	181,251
	<u>862,207</u>	<u>1,017,966</u>

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.

The Directors' loan accounts have an interest rate of Nil% on balances raised prior to 2020. The loans raised during year ended 30 November 2020 have an interest rate of 3%. The Director's loans were repaid during the financial period.

34. Deferred consideration

	€
Balance as at 30 November 2020	-
Recognised on acquisition of subsidiary	4,808,518
Payment of deferred consideration	(960,268)
Unwind of discount on deferred consideration	9,270
Balance as at 31 December 2021	<u>3,857,520</u>
Current	492,902
Non-Current	<u>3,364,618</u>
	<u>3,857,520</u>

On acquisition of Fysiotest Europa AB on 30 September 2021 deferred contingent consideration with a fair value of EUR 4,808,518 was recognised. As outlined in note 12, this deferred contingent consideration is payable on certain targets being met. During the period deferred consideration of EUR 492,902 was paid on completion of specific post completion exercises. An additional EUR 467,366 was paid on achieving specific earn out targets.

35. Employees

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

	13-month period ended 31 December 2021 Number	Year ended 30 November 2020 Number
Number of staff	5	2
	<u>5</u>	<u>2</u>

The aggregate payroll costs of these persons were as follows:

	13-month period ended 31 December 2021 €	Year ended 30 November 2020 €
Wages and salaries	326,081	-
Social security costs	36,180	-
Other pension costs	1,554	-
	<u>363,815</u>	<u>-</u>

Payroll costs for the period ended 31 December 2021 are net of funding received during the year from government support schemes which amounted to EUR NIL in the UK.

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

36. 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 2021 €	30 November 2020 €
Within 30 days	471,578	104,485
Between 30 and 60 days	7,946	5,346
Between 60 and 90 days	26,168	-
Over 90 days	41,011	739
	<u>546,703</u>	<u>110,569</u>

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 14 per cent (2020 6 per cent). The percentage of trade receivables outstanding more than 90 days is 8 per cent (2020 1 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 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	-

30 November 2020

	Carrying amount €	Contractual cash flows €	6 months or less €	6 – 12 months €
Non-derivative financial liabilities				
Trade payables	1,017,966	1,017,966	1,017,966	-
Total non-derivative financial liabilities	1,017,966	1,017,966	1,017,966	-

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.

Capital management

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

37. 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.

38. Commitments, Pension commitments, Guarantees and contingencies

The Company had no contractual commitments, pension commitments or guarantees at 31 December 2021 (2020: NIL).

Details of the Company's contingent liabilities is outlined in note 25.

39. Events after the reporting period

See note 27 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	3,600,001	22.14%	22.14%	2021-12-31
Nathan Skwortsow	3,600,000	22.14%	22.14%	2021-12-31
Consensus Asset Management	2,682,817	16.50%	16.50%	2022-02-28
Ocampo International SA	1,100,000	7.05%	7.05%	2021-06-18
Dankea Oü	1,110,984	6.83%	6.83%	2022-01-31
Breht McConville	843,000	5.40%	5.40%	2021-06-18
Atlant Funds	567,494	3.49%	3.49%	2022-02-28
Avanza Pension	340,958	2.76%	2.76%	2022-02-28
Martin Larsson (Chalex AB)	313,000	2.54%	2.54%	2022-02-28
Alcur Funds	214,996	1.74%	1.74%	2022-02-28
Total 10	14,373,250	90.59%	90.59%	
Others	1,887,516	9.41%	9.41%	
Total number of shares	16,260,766			2022-03-16

Annual general meeting

Shareholders are invited to the Annual General Meeting of the Company, which will be held on 3 May 2022 at 10:00 CEST. A notice of meeting with attendance details included will be posted on the investor website on 4 April 2022.

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 2021. 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

Year-End report (13 months) 1 December 2020 - 31 December 2021
17 March 2022

Annual General Meeting 2022
3 May 2022

Q1 report (1 Jan 2022 – 31 March 2022)
26 May 2022

Q2 report (1 Jan 2022 – 30 June 2022)
25 August 2022

Q3 report (1 Jan 2022 – 30 Sep 2022)
24 November 2022

Year-end report (1 Jan 2022 – 31 Dec 2022)
28 February 2023

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AJ Wesson Esq
Mazars LLP
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United Kingdom

17 March 2022

Dear Alistair,

Physitrack PLC and its subsidiaries - Audit for Period Ended 31 December 2021

This representation letter is provided in connection with your audit of the financial statements of Physitrack PLC and its subsidiaries (see Appendix for list of companies) for the period ended 31 December 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

We confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you.

Our responsibility for the financial statements and accounting information

We believe that we have fulfilled our responsibilities for the true and fair presentation and preparation of the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Our responsibility to provide and disclose relevant information

We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the company you determined it was necessary to contact in order to obtain audit evidence.

We confirm as directors that we have taken all the necessary steps to make us aware, as directors, of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as we are aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

We confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all management and shareholders' meetings, have been made available to you.



Section 172 (1) Statement

In accordance with The Companies (Miscellaneous Reporting) Regulations 2018, we consider there is appropriate disclosure in relation to the section 172(1) statement, corporate governance statement and a statement on engagement with suppliers, customers and others in a business relationship in respect of each of the requirements that apply to the company.

Accounting policies

We confirm that we have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the company's financial position, financial performance and cash flows

Accounting estimates

We confirm that any significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the company have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Laws and regulations

We confirm that we have disclosed to you all those events of which we are aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

We acknowledge our responsibility as directors of the company, for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

We have disclosed to you:



- all the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the entity involving:
- management and those charged with governance;
- employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.

We have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Transactions with directors

We confirm that the company has at no time during the year entered into any arrangement, transaction or agreement to provide credit facilities including loans, quasi-loans, credit transactions, mutually beneficial arrangements, or guarantees or security for the foregoing or assumed or assigned any such rights or liabilities for any directors, shadow directors, alternate directors, or their connected persons, or non-director officers except as permitted by the Companies Act 2006 and as disclosed in the financial statements.

No director or their connected persons had a direct or indirect material interest in any other transaction or arrangement with the company other than those disclosed in accordance with section 413 of the Companies Act 2006 or exempted from disclosure by the Act.

Directors' emoluments

Name	Remuneration (€)	Fees (€)	Other benefits (€)	Employer pension (€)
Henrik Molin	11,588	301,827	Nil	Nil
Nathan Skwortsow*	2,897	82,587	4,279	Nil
Elaine Sullivan	39,887	Nil	Nil	Nil
Jasper Zwartendijk	19,517	Nil	Nil	Nil
Arup Paul	19,517	Nil	Nil	Nil
Total	93,406	384,414	4,279	Nil

* Nathan Skwortsow resigned as director on 6 April 2021



Key management personnel emoluments

Name	Remuneration (€)	Fees (€)	Other benefits (€)
Henrik Molin	11,588	301,827	Nil
Nathan Skwortsow	11,588	253,837	16,880
Elaine Sullivan	39,887	Nil	Nil
Jasper Zwartendijk	19,517	Nil	Nil
Arup Paul	19,517	Nil	Nil
Charlotte Goodwin	147,938	Nil	Nil
Andrew Knox	Nil	149,870	Nil
Total	250,035	705,534	16,880

Related party transactions

We confirm that all related party relationships, transactions and balances, (including sales, purchases, loans, transfers, leasing arrangements and guarantees) have been appropriately accounted for and disclosed in accordance with the requirements of the Companies Act 2006 and relevant legislation and International Financial Reporting Standards.

We have disclosed to you the identity of the company's related parties and all related party relationships and transactions of which we are aware.

Impairment review

To the best of our knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the fixed assets and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the company's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Goodwill discount rate

We consider the discount rate used in the review of goodwill impairment is appropriate and reflects country and market specific risk adjustments in which the company operates. We believe that we have accurately forecasted to the best of our ability, factoring in the economic climate.

Future commitments

We have no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

**Subsequent events**

We confirm all events subsequent to the date of the financial statements and for which the Companies Act 2006 and International Financial Reporting Standards require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.

Covid-19

We confirm that we have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Directors' Report fairly reflects that assessment.

Brexit

We confirm that we have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Directors' Report fairly reflects that assessment.

Impact of Russian forces entering Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Directors' Report and the subsequent events note 27 to the financial statements fairly reflects that assessment.

Going concern

To the best of our knowledge there is nothing to indicate that the company will not continue as a going concern in the foreseeable future. The period to which we have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

We confirm that the effects of the unadjusted misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the unadjusted misstatements is attached to this letter as an Appendix.

Yours faithfully


Henrik Molin (Mar 17, 2022 12:03 GMT)

H Molin
Director

Schedule of unadjusted misstatements

Disclosure misstatements

It was noted that the EUR 78,588 line item in the consolidated cash flow statement related to the investment in Goodlife Technology - this was not a cash flow in the period and hence is a disclosure error. It was also noted that the EUR 48,813 cash acquired on acquisition of subsidiaries should have been netted against amounts paid for the acquisitions in the consolidated cash flow statement.

In addition, the taxation note stated deferred tax has been calculated at 19% as the timing differences are expected to reverse prior to the UK tax rate increasing to 25% - given the deferred tax at year end relates to brand and customer relationships (UK and Sweden), this is not the case. The amounts relating to RehabPlus should have been recognised at 25% - difference of EUR 3,600.

Classification, presentation and disclosure of the other long-term receivables as fair value through profit or loss – EUR 19,676. These amounts should not have been classed as fair value through profit or loss.

As these amounts are below performance materiality, they have not been adjusted.

Company only (in Euros)

Details of adjustment	Assets	Liabilities	Reserves	Income statement
DR Bank	3,784			
CR Creditors		-3,784		
Description of adjustment				
Being re-allocation of credit card liabilities included in bank balances				
DR Prepayments	35,000			
CR Accruals		-35,000		
Description of adjustment				
Being unbilled Kallan Germany legal fee related to acquisition work				
DR Trade debtors	3,241			
CR Other creditors		-3,241		
Description of adjustment				
Being re-allocation of credit balances included within trade debtors				
DR Expenses				10,930
CR Trade payables		-10,930		
Description of adjustment				
Being extrapolated error in relation to expenses cut-off testing - Dolby invoice relating to 2021 was not recognised until 2022				
DR Other debtors	8,155			
CR Other taxation and social security creditor		-8,155		
Description of adjustment				
Being re-allocation of VAT payable from other debtors				
DR Trade debtors (due in more than one year)	25,325			
CR Trade debtors (due in less than one year)	-25,325			
Description of adjustment				
Being re-allocation of trade debtors due in more than 12 months				
TOTAL UNADJUSTED MISSTATEMENTS	50,180	-61,110	0	10,930

Group (in Euros)

Details of adjustment	Assets	Liabilities	Reserves	Income statement /OCI
DR Bank	3,784			
CR Creditors		-3,784		
Description of adjustment				
Being re-allocation of credit card liabilities included in bank balances				
DR Prepayments	35,000			
CR Accruals		-35,000		
Description of adjustment				
Being unbilled Kallan Germany legal fee related to acquisition work				
DR Deferred tax liability (B/S)		6,731		
CR Deferred tax P/L				-6,731
Description of adjustment				
Being unwinding of deferred tax liability on brand and customer relationship assets in respect of RehabPlus and Fysiotest acquisitions				
DR Trade debtors (due in more than one year)	25,325			
CR Trade debtors (due in less than one year)	-25,325			
Description of adjustment				
Being re-allocation of trade debtors due in more than 12 months				
DR Bad debt provision	6,347			
CR Bad debt expense				-6,347
Description of adjustment				
Being adjustment to Milbrook bad debt provision for amounts received post year end				
DR Expenses				12,470
CR Trade payables		-12,470		
Description of adjustment				
Being extrapolated error in relation to expenses cut-off testing - Dolby invoice relating to 2021 was not recognised until 2022				
DR OCI revaluation				8,934
CR Investment in Goodlife	-8,934			
Description of adjustment				
Being downwards revaluation of investment in Goodlife Technology				
DR Debtors	-20,683			
CR Accruals		20,683		
Description of adjustment				
the cut-off accrual that was posted to capture issues like this.				
DR Trade debtors	3,241			
CR Other creditors		-3,241		
Description of adjustment				
Being re-allocation of credit balances included within trade debtors				
DR Other debtors	8,155			
CR Other taxation and social security creditor		-8,155		
Description of adjustment				
Being re-allocation of VAT payable from other debtors				
Dr Other payables		25,234		
Cr P/L				-25,234
Description of adjustment				
Being late adjustments posted to Fysiotest TB that are not included in the consolidation				
Dr Bad Debt Expense				6,360
Cr Bad Debt Provision	-6,360			
Description of adjustment				
invoice to Rotherham General Hospital (error found in the sample - £600)				
Dr Bad Debt Expense				3,074
Cr Bad Debt Provision	-3,074			
Description of adjustment				
Being the specific bad debts identified from discussion with the sales ledger clerk in Physiotools relating to John Radcliffe Hospital and HSE Primary Care Center - Donegal.				
TOTAL UNADJUSTED MISSTATEMENTS	17,476	-10,002	0	-7,474



Group companies

Company Name	Position within group	Those charged with governance	Separate statutory audit opinion issued by Mazars LLP and included within these engagement terms
Physitrack PLC	Ultimate parent	Audit committee	Yes
Physia Limited	100% subsidiary	Board of Directors	No
Physitrack Inc.	100% subsidiary	Board of Directors	No
Tanila Holding OY	100% subsidiary	Board of Directors	No
Physiotools OY	100% subsidiary of Tanila Holding OY	Board of Directors	No
Mobilus Digital Rehab AB	100% subsidiary of Physiotools OY	Board of Directors	No
Rehabplus Ltd	100% subsidiary of Physiotools OY	Board of Directors	No
Fysiotest Europa AB	100% subsidiary	Board of Directors	No