

Quarterly Activity Report and Appendix 4C

Doctor Care Anywhere Group PLC (ASX:DOC, “Doctor Care Anywhere” or “the Company”) is pleased to provide an update on trading and corporate activity for the quarter ended 31 December 2023 (“Q4 2023”).

Executive Summary

- On track for our first EBITDA positive quarter in Q1 2024
- Total Operating and Investing Outflows materially reduced to £0.7m/A\$1.3m in Q4 2023, down from £4.2m/A\$8.1m in Q4 2022 and £1.6m/A\$3.1m in Q3 2023, as the business drives towards profitability
- Gross margin guidance hit for whole of Q4 2023. Contribution margin guidance hit in October and November, while achieving 34% for whole of Q4 2023 due to lower December volumes.
- 174,500 consultations delivered, up 8.7% on PcP but down 3.5% QoQ due to the mild UK winter and limited marketing of our services by AXA.
- Raised £10.6m Convertible Loan Note due 31 December 2027 with no repayment of principal required until maturity. Proceeds settled in January 2024 and used to pay off AXA Loan
- Exited quarter with £6.1m / A\$13.0m cash on hand.

Operational Performance – KPIs

	Actual	% increase / (decrease) on	% increase / (decrease) on
	Q4 2023 000's	Q4 2022 (PCP)	Q3 2023 (QoQ)
Eligible Lives ² at Period End	3,016.3	10.9%	0.9%
Activated Lives ³ at Period End	1,048.4	20.7%	4.8%
Consultations ⁴ in Period	174.5	8.7%	(3.5%)
Secondary Care Journeys ⁵ in Period	9.1	0.0%	(15.1%)
Repeat Patients ⁶ in Period	133.5	13.1%	(2.1%)

Commentary

Eligible Lives at the end of Q4 2023 were 3.02 million, up 10.9% on PcP and 0.9% QoQ. Growth in Eligible Lives was primarily driven by further penetration of the Company’s services across existing channel partners.

¹ This Quarterly Activity Report and Appendix 4C is prepared in GBP in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 (UK) and is unaudited. Figures expressed in Australian Dollars (“A\$”) have been converted from British Pounds Sterling at an exchange rate of AUD:GBP 1:0.52 for the quarter ended 31 December 2023 and at 1:0.57 for the quarter ended 31 December 2022.

² **Eligible Lives** represents the total number of people who have an entitlement to use DOC’s services.

³ **Activated Lives** represents the total number of people who “sign up” for DOC’s service and enter their personal details.

⁴ **Consultations** is the number of GP, ANP, Psychiatrist and Psychologist consultations delivered to patients over the period.

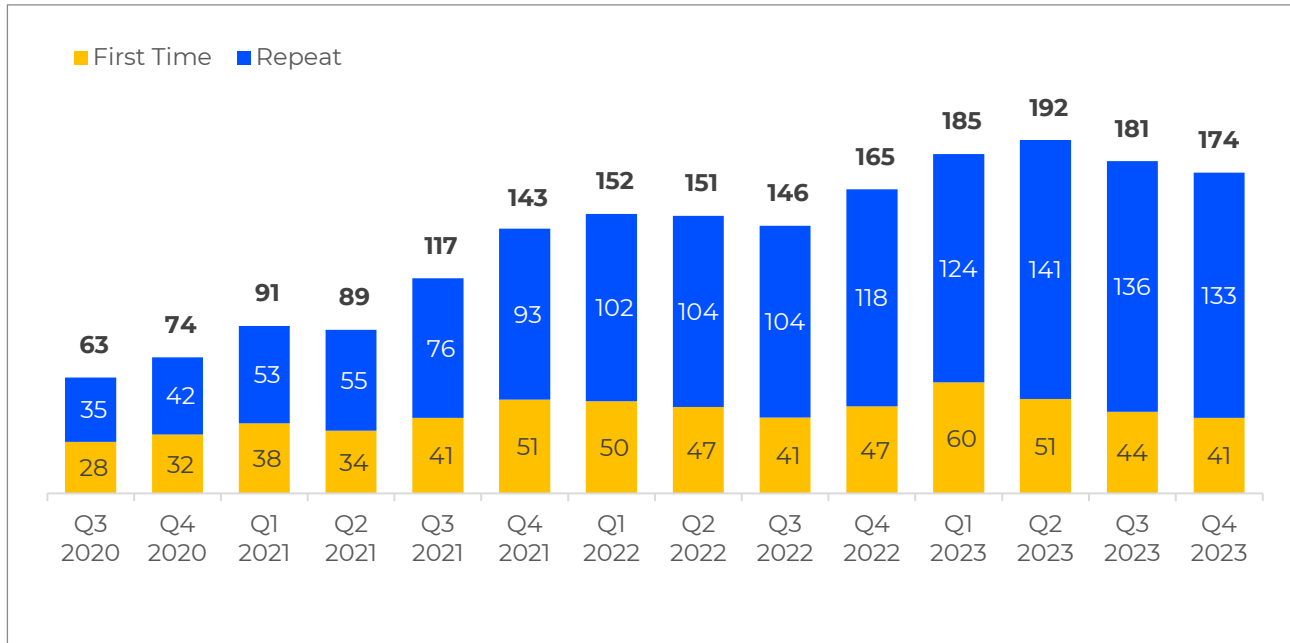
⁵ **Secondary Care Journeys** is the number of secondary care journeys completed by patients over the period following a referral from an initial GP or ANP consultation on the DCA platform.

⁶ **Repeat Patients** represents the number of consultations completed by patients who had previously completed an appointment.

At the end of Q4 2023, Activated Lives were 1.05 million, up 20.7% on PcP and 4.8% QoQ.

Consultation volumes continued to grow year-on-year, with 174,500 consultations delivered in Q4 2023, up 8.7% on PcP but down 3.5% QoQ. The increase in consultation volumes on PCP was primarily driven by both growth in activated lives and the successful launch of Mixed Clinical Workforce in June 2023, while the reduction QoQ is primarily driven by the mild UK winter and limited marketing of our services by AXA.

Consultations by Quarter (000's)



Returning patients represented 77% of all consultations in the quarter, an increase of 6 percentage points compared to the PcP and an increase of 2 percentage points QoQ. This is our highest ever percentage of returning patients, demonstrating strong satisfaction from our services.

Secondary Care journeys fell by 15.1% QoQ (no change vs PcP). DCA and AXA Health continue to review the economics of the diagnostic pathways and consider opportunities to optimise the patient journey while managing claims costs for AXA Health.

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Cash Position: Progress to Profitability and Net Cash Generation

Cash movements	Q4 2023 £000	Q3 2023 £000	% increase /(decrease) QoQ	Q4 2022 £000	% increase /(decrease) versus PcP
Receipts from customers	9,520	10,986	(13.3%)	7,871	21.0%
Other/Non-operating staff costs	(2,067)	(2,163)*	(4.4%)	(2,292)	(9.8%)
R&D/Intellectual property costs	(1,024)	(1,067)	(4.0%)	(1,734)	(40.9%)
Operating costs	(6,135)	(7,302)*	(16.0%)	(6,151)	(0.2%)
Other administrative costs	(1,454)	(2,852)	(49.0%)	(1,924)	(24.4%)
Other cash inflows	439	763	(42.5%)	13	n/m
Total operating and investing outflows	(721)	(1,635)	(55.9%)	(4,217)	(82.9%)
Financing cash flows	(133)	2,366	n/m	(29)	358.6%
Exchange gain/(loss)	(3)	(57)	n/m	(20)	(85.0%)
Net cash flow	(857)	674	(227.2%)	(4,266)	79.9%

*Q3 2023 values for other/non-operating staff costs have been reduced by £175k and operating costs have been increased by the same amount following a re-categorisation of expenditure.

The Company is making positive strides towards EBITDA breakeven in Q1 2024, with total operating and investing cash outflows reducing by £0.9 million (A\$1.7 million) QoQ and by £3.5 million (A\$6.7 million) versus PCP. This was primarily driven by cost reduction activity and the impact of several one-off items, with further details as follows:

- Cash receipts from customers decreased by 13.3% QoQ primarily driven by a combination of a reduction in consultation volumes and timing of major customer receipts. Receipts increased by 21.0% versus PcP driven by contractual price increases and increasing volumes.
- Staff cash spend was down 4.4% QoQ and down 9.8% versus PcP as the Company continues to reduce its cost base and improve productivity.
- R&D and intellectual property cash spend reduced 4.0% QoQ primarily due to continuing efficiency gains realised throughout the technology function. The 40.9% decrease versus PcP is primarily from the 2022 restructuring programme, which reduced the size of the technology development team, and ongoing productivity work.
- Operating cash spend was down 16.0% QoQ driven by a combination of lower volumes and the continued roll out of Mixed Clinical workforce ("MCW") which has reduced cost to serve. Spend was largely consistent versus PcP, despite the rise in volumes, also due to MCW.
- Other administrative costs cash spend decreased by 49.0% QoQ which was primarily due to an exceptional payment in Q3 2023 of 18 months' worth of accrued charges to Doctor at Hand Limited, DCA's Joint Venture with AXA. Adjusting for this payment, administrative cost expenditure reduced by 12%, which was primarily due to continued management of costs and timing of payments.
- Other cash inflows in Q4 2023 relate to a VAT receipt in the period, whereas those in Q3 2023 relate to a VAT receipt in the period, together with the annual R&D tax rebate for the calendar year 2022 and cash consideration received on the sale of GP2U.

Net financing cash inflows for the prior quarter of £2.4 million (A\$4.5 million) was primarily due to the drawdown of the £2.5m third tranche of the AXA loan facility. At 31 December 2023 this £10 million facility was fully drawn.

The overall cash outflow for the business in Q4 2023 was £0.9 million (A\$1.7 million) versus a cash inflow of £0.7m (A\$1.3m) in Q3 2023, the change being largely due to receipt of the AXA loan tranche in Q3 2023, offset by improvements in operating cash flows in Q4 2023.

The Company exited the quarter with £6.1 million (A\$11.7 million) of cash on hand at 31 December 2023.

Activities since previous market update

Following the market update issued as part of the Appendix 4C release on 18 October 2023, an update is provided below on key matters:

Operational and financial

- As announced on 11 December 2023, DCA signed an agreement to raise £10.6m of funds under an offer of convertible loan notes. Following shareholder approval on 4 January 2024 at the Company's Extraordinary General Meeting, the financing completed on 11 January 2024 and the funds were used to repay the outstanding balance of the Company's December 2022 senior loan facility with AXA Health. The convertible notes are not interest bearing and are due for repayment on 31 December 2027 with no repayment of principal required until maturity (unless there is an early redemption) allowing the Company to re-invest its cash resources into the business.

Further details of the convertible loan notes are set out in the announcement released on 11 January 2024.

Guidance

- As per the release dated 11 December 2023, based on its unaudited management accounts, DCA met its guidance of achieving margin targets in October and November 2023. In December 2023 the Company also achieved gross margin of over 50% while contribution margin was lower due to seasonal trends and a mild winter.
- As at the date of this report, DCA remains on track to meet the final item from its guidance issued in February 2023, being positive EBITDA in Q1 2024, which is subject to the assumptions and dependencies accompanying that guidance.

Other

As required by ASX Listing Rule 4.7C.3, the Company discloses that payments to related parties in the period totalled £0.08 million, representing payment of Director Fees to Non-Executive Directors (including pension and payroll tax payments), the same value as in the prior quarter.

This update must be read as a whole and is subject to the disclaimer that it:

- Is subject to the assumptions referred to above and, if any of those assumptions are not met, actual results may differ from this guidance;
- Is not a prediction or guarantee of future performance; and

- Involves known and unknown risks, uncertainties and other factors which are beyond the Company's control, and which may cause actual results to differ from this guidance. The Company is not liable for the accuracy and/or correctness of this information and any differences between the guidance and actual outcomes.

Corporate Overview

- 366,771,846 shares/CDIs on issue
- Market capitalisation of A\$23.8m at date of report release
- £6.1m (A\$11.7m) cash at 31 December 2023
- £10.0m (A\$19.2m) in drawn down debt under the AXA loan at 31 December 2023. The AXA loan (together with accrued interest) was repaid from the proceeds of the convertible loan note issued in January 2024.

- ENDS -

This ASX announcement has been authorised for release by the Board of Directors.

About Doctor Care Anywhere:

Doctor Care Anywhere Group PLC is one of the UK's largest private providers of telehealth services. The Company works with insurers, healthcare providers and corporate customers to connect patients to a range of digitally enabled telehealth services on its proprietary platform. It is committed to delivering the best possible patient experience and clinical care through digitally enabled, joined up, evidence-based pathways.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Doctor Care Anywhere Group PLC

ARBN

645 163 873

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter £'000	Year to date (12 months) £'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,520	38,863
1.2 Payments for		
(a) research and development	(709)	(2,689)
(b) product manufacturing and operating costs	(6,135)	(26,984)
(c) advertising and marketing	(72)	(299)
(d) leased assets	-	-
(e) staff costs	(2,067)	(8,889)
(f) administration and corporate costs	(1,362)	(8,160)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	26	48
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	700
1.8 Other (provide details if material)	414	1,160
1.9 Net cash from / (used in) operating activities	(385)	(6,251)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(21)	(173)
(d) investments	-	-

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Consolidated statement of cash flows		Current quarter £'000	Year to date (12 months) £'000
	(e) intellectual property	(315)	(2,242)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(g) entities	-	90
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(336)	(2,325)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	10,000
3.6	Repayment of borrowings	(133)	(684)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(133)	9,316

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,917	5,406
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(385)	(6,251)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(336)	(2,325)

Consolidated statement of cash flows		Current quarter £'000	Year to date (12 months) £'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(133)	9,316
4.5	Effect of movement in exchange rates on cash held	(3)	(86)
4.6	Cash and cash equivalents at end of period	6,060	6,060

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter £'000	Previous quarter £'000
5.1	Bank balances	6,060	6,917
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,060	6,917

6.	Payments to related parties of the entity and their associates	Current quarter £'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	83
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end £'000	Amount drawn at quarter end £'000
7.1	Loan facilities	10,000	10,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	10,000
7.5	Unused financing facilities available at quarter end		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <div style="border: 1px solid black; padding: 5px;"> <p>The loan facility is as announced by the Company on 12 December 2022: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02611642-2A1419999?access_token=83ff96335c2d45a094df02a206a39ff4.</p> <p>The lender is AXA PPP Healthcare Group Limited (AXA). The interest is 5%, accruing quarterly and payable in full on the Maturity Date. The loan is guaranteed by Doctor Care Anywhere Group Limited (DOC) and a number of its subsidiaries. To secure the loan, the subsidiaries have granted AXA a debenture creating fixed and floating charges over all of their assets and undertakings and DOC has granted AXA a pledge over all of its shares in the subsidiaries.</p> <p>Maturity date is 30 November 2026.</p> <p>This loan was paid off in January 2024 following the completion of the convertible loan financing arrangement.</p> </div>		

8.	Estimated cash available for future operating activities	£'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(385)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,060
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,060
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	16
	<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p>Answer:</p> </div>	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2024

Authorised by: Board of Directors

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