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Totally PLC
05 November 2018

5 November 2018

Totally PLC
("Totally", "the Company" or "the Group")

Interim results for the six months ended 30 September 2018

Totally (AIM: TLY), the provider of a range of services to the healthcare sector, is pleased to announce its unaudited interim results for the six months ended 30 September 2018.

Financial Overview

- Group turnover of £40,164,000 (Six months to 30 September 2017: £3,530,000)
- Gross profit of £5,689,000 (Six months to 30 September 2017: £1,058,000)
- Cash at Bank of £9,002,000 (31 March 2018: £10,224,000)
- EBITDA profit before exceptional items £95,000 (Six months to 30 September 2017: EBITDA loss £804,000)
- EBITDA profit including exceptional items £1,007,000 (Six months to 30 September 2017: EBITDA loss £784,000)

Operational Highlights

- Totally is making progress with its Buy and Build Strategy and continues to integrate new innovative care models into its healthcare delivery pathways.
- Across the Totally Group companies;
  - In excess of £10m new business and renewed contracts have been announced since the previous results announcement (10 July 2018); and
  - About Health has renewed all of its contracts as well as adding new business to its portfolio
- Significant progress has been made in relation to service reviews undertaken by the Care Quality Commission ("CQC") resulting in 70% of all sites inspected being rated Good.
- The pipeline of business contract opportunities remains strong as the Company continues to focus on growth and maximising efficiency across the Group.
- The Company remains focused on evaluating value accretive acquisition opportunities to consolidate the UK NHS outsourced healthcare services market, estimated to be worth in excess of £20 billion[1] per year.
- Post period end Vocare has been awarded a £3.3m contract extension for Staffordshire NHS 111 services until 31 March 2020.
- The Chancellor announced an increase in NHS funding of £20.5 billion over a 5 year period in the 2018 budget.

[1] Centre for Health and the Public Interest: The contracting NHS - can the NHS handle the outsourcing of clinical services? (2015)

Chairman's Statement

I am pleased to present interim results for what has been a transformational period for the Group. A year ago we delivered on our intention to complete a major strategic acquisition as part of our buy and build strategy to consolidate the fragmented out of hospital healthcare market.

The acquisition of Vocare brought significant scale and diversity to Totally and, with the release of the new Integrated Urgent Care requirements by NHS England, offers a significant opportunity for the Group. During the reported period we entered a period of consolidation and operational focus to enable the continued delivery of earnings enhancing milestones. Whilst the acquisition of Vocare has not been without its challenges, we remain committed to building a profitable platform for growth and our vision of establishing the Group as the leading out of hospital services sector provider and in turn delivering value to our shareholders. Our overall cash management has been excellent, and we closed the period with £9.0m cash in the bank.

Our existing core business has performed well with encouraging new contract wins. We remain confident that the new platform for business that we have created will deliver significant opportunities to support the NHS in the provision of improved out of hospital care.

I would like to take this opportunity to thank all stakeholders for their continued support over the last twelve months which has been pivotal in positioning the Group for future growth. Our strategy going forward remains unchanged and we will continue to focus on both organic growth and, where appropriate, acquisitions which will complement our existing businesses and service offering. We look forward to updating the market in due course with further developments and progress within the Group.

Bob Holt
Chairman
5 November 2018

Operational Review

Since we published our financial results for the fifteen months period ended March 2018 I am thrilled with the progress we continue to make across the Group, integrating our subsidiary businesses, making material improvements to services and securing contracts. Since the publication of our financial results for the fifteen months period to 31 March 2018, we have secured over £10m of new and renewed business and the opportunities for growth continue to be strong. The Government's recent Budget update which outlined an additional £20.5bn per annum for the NHS by 2023 will also present opportunities for Totally to further support the NHS.

One of our key successes since acquiring Vocare has been the turnaround of our position with the Care Quality Commission (CQC). It was clear that, whilst our staff were delivering excellent care to patients, Vocare's systems and processes to support care delivery needed urgent attention. We have worked closely with the CQC and our staff to ensure that the quality of services provided is recognised and that systems and processes are robust and reflective of good working practices. The positive outcome of this work is clear given the fact that over 70% of sites visited have been rated as 'Good'. Only one remaining site is currently rated 'Inadequate', however it has very recently undergone a reassessment by the CQC, for which we await imminent publication of the results. Anyone who works within the healthcare sector will recognise that improvements of this magnitude made within the short timeframe since acquisition are very impressive. We couldn't have done this without the people who lead change and delivery services across Totally and Vocare.

We still have challenges ahead and more work to complete on integration and innovation, but these are matched by major opportunities across the Out of Hospital Healthcare sector for all of the businesses within Totally plc.

Finally, I would like to thank our stakeholders for their ongoing support and all our employees who are dedicated and committed not only to our Group vision but also, most importantly, to delivering a quality service that meets the standards and requirements of our customers and patients.

Wendy Lawrence
Chief Executive Officer
5 November 2018

Financial Review

Over the course of the past twelve months good progress has been made in integrating the transformational Vocare acquisition. A significant programme of change across the Group is maximising the value delivered through our contracts. Existing, profitable contracts are being renewed and extended as we work together with Commissioners to ensure high quality patient care is delivered at sustainable contract pricing.

Gross margin is improving as anticipated, with our 14% target being achieved with further expansion expected up to 17%. The reported gross margin for the fifteen months period to 31 March 2018 was 16.5%. This included just five months of the Vocare Group which was running at a lower gross margin than the pre-acquisition Totally Group. Overhead reduction benefits are also having a meaningful impact on our profitability.

Cash has been managed very closely and carefully during the transitional period. Additional patient volumes have been billed to Clinical Commissioning Groups ("CCGs") and we are actively managing the reconciliation of these activities. Working capital is monitored weekly; both aged trade debtors and trade creditors queries are being resolved and balances cleared.

The six month period showed turnover of £40,164,000 (30 September 2017: £3,530,000) and a loss before tax of £540,000 (30 September 2017: £1,324,000). The loss for the period includes £1,011,000 (30 September 2017: £165,000) gain on reassessment of contingent consideration payable for acquisitions. The loss before tax for the period includes amortisation of acquisition intangibles of £862,000 (30 September 2017: £220,000).

Lisa Barter
Finance Director
5 November 2018

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Interim Consolidated Income Statement
For the 6 months ended 30 September 2018

	Note	6 months ended 30 September 2018 (Unaudited) £000	6 months ended 30 September 2017** (Unaudited) £000	15 months ended 31 March 2018* (Audited) £000
Revenue		40,164	3,530	42,535
Cost of sales		(34,475)	(2,472)	(35,510)
Gross profit		**5,689**	**1,058**	**7,025**
Administrative expenses		(5,594)	(1,862)	(6,842)
Exceptional items	2	912	20	4,508
Profit / (loss) before interest, tax, depreciation and amortisation		**1,007**	**(784)**	**4,691**
Depreciation and amortisation		(1,420)	(239)	(1,863)
Operating (loss)/profit		**(413)**	**(1,023)**	**2,828**
Finance income		2	-	-
Finance costs	3	(129)	(301)	(719)
(Loss)/profit before taxation		**(540)**	**(1,324)**	**2,109**
Income tax		(231)	-	(312)
(Loss)/profit attributable to the equity shareholders of the parent company		**(771)**	**(1,324)**	**1,797**
<u>(Loss)/earnings per share</u>	4			
Continuing operations				
Basic: Pence		(1.29)	(2.54)	3.64
Diluted: Pence		(1.29)	(2.54)	3.60

* The financial results for the 15 months to 31 March 2018 include the financial performance of Totally plc, Totally Health, Premier Physical Healthcare Limited, Optimum Sports Performance Centre Limited, About Health Limited for the full 15 month period and 5 months for Vocare Limited.

** The financial results for the six months to 30 September 2017 do not include Vocare Limited which was acquired on 24 October 2017.

The accompanying notes form part of the unaudited interim report.

Interim Consolidated Statement of Changes in Equity
For the 6 months ended 30 September 2018

	Share capital	Share premium account	Retained earnings	Equity shareholders' funds
	£000	£000	£000	£000
At 1 April 2017 (Unaudited)	5,201	13,463	2,740	21,404
Comprehensive loss for the period (Unaudited)	-	-	(1,324)	(1,324)
Issue of share capital (Unaudited)	49	176	-	225
Credit on issue of warrants and options (Unaudited)	-	-	16	16
At 30 September 2017 (Unaudited)	5,250	13,639	1,432	20,321
At 1 January 2017 (Audited)	2,002	9	3,112	5,123
Comprehensive profit for the period (Audited)	-	-	1,797	1,797
Issue of share capital (Audited)	3,977	16,399	-	20,376
Credit on issue of warrants and options (Audited)	-	-	42	42
At 31 March 2018 (Audited)	5,979	16,408	4,951	27,338
At 1 April 2018 (Audited)	5,979	16,408	4,951	27,338
Comprehensive loss for the period (Unaudited)	-	-	(771)	(771)
Credit on issue of warrants and Options (Unaudited)	-	-	21	21
At 30 September 2018 (Unaudited)	**5,979**	**16,408**	**4,201**	**26,588**

The accompanying notes form part of the unaudited interim report

Interim Consolidated Statement of Financial Position
As at 30 September 2018

	30 September 2018	31 March 2018
	(Unaudited)	(Audited)
	£000	£000
Non-current assets		
Intangible fixed assets	30,803	31,262
Property, plant and equipment	777	980
Deferred tax	515	646
	32,095	**32,888**
Current assets		
Inventories	30	78
Trade and other receivables	10,751	9,706
Cash and cash equivalent	9,002	10,224
	19,783	**20,008**
Total assets	**51,878**	**52,896**
Current liabilities		
Trade and other payables	(22,373)	(21,450)

Borrowings/invoice discounting	(5)	(6)
Deferred acquisition consideration	(2,027)	(452)
	(24,405)	**(21,908)**
Non-current liabilities		
Deferred acquisition consideration	-	(2,555)
Borrowings	(4)	(8)
Other payables	(881)	(1,087)
	(885)	**(3,650)**
Total liabilities	**(25,290)**	**(25,558)**
Net current liabilities	**(4,622)**	**(1,900)**
Net assets	**26,588**	**27,338**

Shareholders' Equity		
Share capital	5,979	5,979
Share premium account	16,408	16,408
Retained earnings	4,201	4,951
Equity shareholders' funds	**26,588**	**27,338**

The accompanying notes form part of the unaudited interim report

Interim Consolidated Cash Flow Statement
For the 6 months ended 30 September 2018

	6 Months ended 30 September 2018	**6 Months ended 30 September 2017**	**15 Months ended 31 March 2018**
	(Unaudited)	**(Unaudited)**	**(Audited)**
	£000	**£000**	**£000**
Cash flow from operating activities:			
(Loss)/profit for the period	(771)	(1,324)	1,797
Adjustments for:			
Options and warrants charge	21	16	42
Amortisation and depreciation	1,420	239	1,863
Impairment of development costs	-	-	739
Tax expense recognised in profit or loss	231	-	312
Revaluation of contingent consideration	(1,011)	(165)	(6,466)
Finance costs	112	300	718
Movements in working capital:			
Movement in inventory	48	-	22
Movement in trade and other receivables	(1,044)	301	1,092
Movement in trade and other payables	91	14	(3,321)
Cash generated from operations	**(903)**	**(619)**	**(3,202)**
Income tax received/(paid)	36	(27)	(277)
Net cash flows from operating activities	**(867)**	**(646)**	**(3,479)**
Cash flow from investing activities:			
Purchase of property, plant and equipment	(117)	(21)	(193)
Additions of intangible assets	(154)	(41)	(427)
Earn-out payment to subsidiaries	(81)	(2,062)	(2,378)
Accrued preference shares interest paid	-	-	(18)
Acquisition of subsidiary, net of cash acquired	-	-	(860)
Net cash flows from investing activities	**(352)**	**(2,124)**	**(3,876)**
Cash outflow before financing	**(1,219)**	**(2,770)**	**(7,355)**

Cash flow from financing activities:			
Issue of share capital, net	-	(7)	16,646
Borrowings/invoice discounting	-	23	(56)
Finance lease payments	(3)	-	(9)
Net cash flow from financing activities	**(3)**	**16**	**16,581**
Net (decrease)/increase in cash and cash equivalents	**(1,222)**	**(2,754)**	**9,226**
Cash and cash equivalents at beginning of the period	10,224	17,213	998
Cash and cash equivalents at end of the period	**9,002**	**14,459**	**10,224**

The accompanying notes form part of the unaudited interim report

Notes to the Interim Results

1. Basis of preparation

Totally plc is a public limited company incorporated in the United Kingdom under the Companies Act 2006 (registration number: 3870101). The Company's ordinary shares are admitted to trading on the AIM market of the London Stock Exchange ("AIM").

The Group's principal activities in the period under review have been the provision of innovative and consolidatory solutions to the healthcare sector, which are provided by the Group's wholly owned subsidiaries, Totally Health Limited, Premier Physical Healthcare Limited, About Health Limited, Optimum Sports Performance Centre Limited and Vocare Limited.

The Group's interim report and accounts for the six months ended 30 September 2018 have been prepared using the recognition and measurement principles of International Financial Reporting Standards and Interpretations as endorsed by the European Union (collectively "Adopted IFRS").

These condensed consolidated interim financial statements for the six months ended 30 September 2018 have been prepared in accordance with the AIM Rules for Companies and should be read in conjunction with the financial statements for the fifteen month period ended 31 March 2018, which have been prepared in accordance with IFRS as adopted by the European Union. The interim report and accounts do not include all the information and disclosures required in the annual financial statements.

The interim report and accounts have been prepared on the basis of the accounting policies set out in the Group's March 2018 Annual Report and Accounts, except for the implementation of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments" from 1 April 2018. These new standards have not had a material impact on the reported results of the Group.

The interim report and accounts do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. These condensed consolidated interim financial statements were approved by the Board of Directors on 5 November 2018. The results for the six months to 30 September 2018 and the comparative results for the six months to 30 September 2017 are unaudited. The figures for the period ended 31 March 2018 are extracted from the statutory accounts of the Group for that period.

The 30 September 2017 comparative figures have not previously been published for this period due to the change in the Group's accounting reference date from December to March 2018.

The Directors believe that a combination of the Group's current cash, projected revenues from existing and future contracts will enable the Group to meet its obligations and to implement its business plan in full. Inherently, there can be no certainty in these matters, but the Directors believe that the Group's internal trading forecasts are realistic and that the going concern basis of preparation continues to be appropriate.

2. Exceptional items

	6 months ended 30 September 2018 (Unaudited)	**6 months ended 30 September 2017 (Unaudited)**	**15 months ended 31 March 2018 (Audited)**
Expenses in connection with the acquisition of subsidiaries	-	139	1,176
Revaluation of contingent consideration	(1,011)	(165)	(6,466)
Impairment loss of development costs	-	-	739
Other costs	99	6	43
	(912)	(20)	(4,508)

3. Finance costs

Finance costs relate to the unwinding of the discount on the fair value adjustment of deferred consideration on previous acquisitions. The fair value adjustment is based on the net present value of the deferred consideration discounted at 3.5%.

4. Earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted (loss)/earnings per share takes into account the effects of share options in issue.

	6 months ended 30 September 2018 (Unaudited)	**6 months ended 30 September 2017 (Unaudited)**	**15 months ended 31 March 2018 (Audited)**

(Loss)/profit (continuing operations) (£000)	(771)	(1,324)	1,797
Weighted average number of shares used in basic earnings per share calculations ('000)	59,795	52,195	49,356
Potentially dilutive share options and contingent share consideration ('000)	-	-	592
Weighted average number of shares used in diluted earnings per share calculations (continuing operations) ('000)	59,795	52,195	49,948
Basic (loss)/earnings per share (continuing operations) (Pence)	(1.29)	(2.54)	3.64
Diluted (loss)/earnings per share (continuing operations) (Pence)	(1.29)	(2.54)	3.60

5. Dividends

No dividend is proposed for the six months ended 30 September 2018.

6. Events after the reporting period

On 17 October 2018, Vocare Limited was awarded an 11-month contract extension to provide NHS 111 services across the whole of Staffordshire. The contract extension is valued at £3.3m and will run until 31 March 2020.

7. Distribution of Interim Report

A copy of the interim report will be available shortly on the Company's website (www.totallyplc.com) in accordance with Rule 26 of the AIM Rules for Companies and copies will also be available from the Company's registered office located at Hamilton House, Mabledon Place, London WC1H 9BB.

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