

Registered number: 10014577

OPEROSE HEALTH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



OPEROSE HEALTH LIMITED

COMPANY INFORMATION

Directors	E Perry T Dinkelman E McKenzie-Boyle (appointed 16 May 2023) B Gaverick (appointed 16 May 2023) B Layton (resigned 22 May 2023) A Chan (resigned 16 May 2023)
Registered number	10014577
Registered office	108 High Street Great Missenden, England HP16 0BG
Independent auditor	KPMG LLP Chartered Accountants & Statutory Auditor 58 Clarendon Road Watford Hertfordshire WD17 1DE

OPEROSE HEALTH LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 7
Directors' Report	8 - 11
Directors' Responsibilities Statement	12
Independent Auditor's Report	13 - 16
Consolidated Profit and Loss Account and Other Comprehensive Income	17
Consolidated Balance Sheet	18
Company Balance Sheet	19
Consolidated Statement of Changes in Equity	20
Company Statement of Changes in Equity	21
Consolidated Cash Flow Statement	22
Notes to the Financial Statements	23 - 50

OPEROSE HEALTH LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the Group Strategic Report for Operose Health Limited (the "Company") and its subsidiaries and associated companies ("the Group") for the year ended 31 December 2022.

Introduction

The principal activities of the Group comprise the provision of a range of primary healthcare services, healthcare integration consultancy services, and the provision of healthcare related technology and learning services to NHS commissioners and other NHS bodies.

The Company also acts as an investment holding company.

Business review

Review of the year ended 31 December 2022

The Group provides a range of primary care, technology, integration consultancy and learning healthcare services established to deliver high-quality patient care, increase patient access and improve service quality. The Group's strategy is centred on continued innovation and service development in partnership with NHS commissioners.

During the year to 31 December 2022, the directors have continued to be focused on further developing a robust and sustainable business model as a strategic partner to the NHS that delivers modern and sustainable care for the patient.

Growth in the business in 2022 has continued along a strong trajectory, with the number of patients registered to an Operose Health Limited practice increasing from 601,000 to 636,000 during the year. Multi-disciplinary teams, digital hubs and a new research division place the business firmly at the forefront of modern primary care, and improves the Group's ability to invest in better and more innovative services for patients, and in staff.

The Group were successful in securing the retention of the Birmingham Children's Hospital ED Primary Care Stream through a competitive tender, and integrated two new surgery GMS contracts into the business, with the Beggarwood surgery contract contributing a further 8,000 patients to the patient list in the North Hampshire region, and Springfield practice merging with the Operose Health run St. Albans practice in Nottinghamshire, adding a further 2,300 patients to the businesses Nottingham patient list.

February 2022 saw Operose Health Limited, in partnership, awarded a contract to provide an integrated urgent care service in Croydon, which commenced in June 2022. The directors believe this reflects their commitment to supporting integrated care across regions, and utilising their primary care expertise and experience in urgent care to support patients and the wider NHS system at scale.

The Group has continued to see encouraging uptake of its digital-first primary care offering, in particular using Dr.iQ, an internally developed online consultation platform, to provide remote, convenient and accessible care to patients. As of 31st December 2022, over 320,000 adult patients were signed up to the Dr.iQ platform, which is actively helping to tackle health inequalities, making it easier for all parts of the communities that Operose Health serve to get in touch for help and support. Combined with expertise in population health management, the business is transforming the way in which care is delivered by improving efficiency, accessibility and, most importantly, quality of care.

OPEROSE HEALTH LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Business review (continued)

This growth was achieved whilst continuing to prioritise the delivery of high-quality patient services. This is recognised by the Care Quality Commission, who have rated 97% of practices in the Operose Health Group as Good or Outstanding. During 2022 the Group was subject to 13 CQC inspection visits, of which 12 received a rating of Good.

During 2022, Operose Health also established a new central research function that is dedicated to delivering a range of medical research studies in primary care in collaboration with leading academic centres, NIHR CRNs, and the life science industry. In addition to building strong initial foundations, the Group has developed a large and diversified pipeline of commercial opportunities, and successfully delivered many studies in 2022. *Strategic partnerships have been forged with a number of major global pharmaceutical companies that will provide access over the coming years to a wide range of commercial opportunities supporting clinical trials and real-world evidence studies.* This research activity fully supports, and aligns with, NHS and UK government research policies.

2022 also saw the business make the initial steps toward commercialisation of its tech products. Recruitment of key personnel, and continued investment in product development, are actively enhancing functionality and user experience. The business also won a competitive tender to license EZ Analytics, a business intelligence tool, to Oxfordshire County Council, enabling them to track primary care performance relating to public health services the council commissions. In addition, the Group has secured a number of new licensing contracts of EZ Analytics to several PCNs, and has been successful in retaining Dr. iQ's accredited status on the national framework - DFOVCV - which is the primary procurement vehicle for digital front door platform for primary care.

Work on integration of teams, systems and processes has continued at pace during the year, following the acquisition of the AT Medics Group in 2021. The leadership team has refreshed the Groups internal policies to ensure alignment across the business. As part of these integration activities, and to ensure that systems continue to reflect the size and scale of the operation, the business invested in the implementation of a new Group-wide HR system, and introduced standardised annual leave, pay rates and appraisal processes for staff. The business has also introduced a series of protocols and training to support managers to effectively promote equality of opportunity in areas such as pay, recruitment and people management, and has actively introduced career pathways into structures to promote succession planning and retention of skilled employees to support the growing business.

Operose Health continued its commitment to the wellbeing of its hard-working staff by announcing the Operose Health Living Wage, which means all staff will earn at least 10 pence above the national or London Living Wage, as well as increasing staff annual leave entitlement to a minimum of 27 days per full-time staff member (on a pro-rata basis for part-time staff). This permanent commitment underlines the importance that Operose Health places on the health and wellbeing of all its staff, as well as recognising the extraordinary hard work that their employees have contributed throughout 2022, and the ongoing pressures that are faced in primary care. Operose Health is now an accredited Living Wage Employer.

To help recruit and keep talent in the face of unprecedented recruitment challenges in the health sector, the business has also benchmarked all of its clinical roles during the year, in order to ensure that staff pay and benefit offerings are market competitive, and to help maximise recruitment activity. As a result, every nine days this year, a GP joined Operose Health as a permanent member of staff. Alongside these new GPs, Operose Health recruited 42 pharmacists, 27 practice nurses, 19 practice managers, 12 physician associates and 290 receptionists and administrators. In total, the business welcomed over 500 new joiners in 2022.

OPEROSE HEALTH LIMITED

Business review (continued)

Position at 31 December 2022 and future developments

The Company and its parent undertaking have continued significant investment in its UK operations, including investing in continued organic growth of the Group's patient list size and additional primary care contracts to add to the existing portfolio. This investment is intended to lay the foundations for the Group's longer-term growth, and it is expected that the investments made through 2022 will lead to improved financial performance of the Group in future years.

The business has continued to see a high level of interest from GP partners holding GMS/PMS contracts who are seeking a succession plan and/or who are wishing to join a provider at scale to support their sustainability and resilience. This has led to two new surgery GMS contracts being added to the Groups portfolio during 2023: Hickings Lane Medical Centre, Nottingham, and The Potteries Surgery in Tilehurst, with a combined patient list of 22,000 patients. In addition, a pipeline of similar opportunities has been developed, which are expected to join the Group during 2023 and 2024 contributing to growth of the patient list, and scale in general practice thereby offering additional economies of scale, efficiencies and greater influence in the local health economies in which we operate.

Since the Year End, a substantial brand refresh exercise has been undertaken to provide greater clarity for staff, patients and other external stakeholders on how the businesses within Operose Health fit together as a Group, presenting one mission, one set of values, and one culture. This has also allowed the business to increase its brand impact and make sure that the right part of the organisation is positioned with the right audiences. Alongside the brand refresh, the business is actively working to bring its suite of technology products into the new branding and refreshing surgery websites. There is also now one corporate website holding information on the organisation, including primary care, research and recruitment.

2023 has also seen Operose Health exit its Community Services Ophthalmology contracts, as the contract terms expired, in order to focus on its core primary care business. This decision was taken with the goal of maximising the quality of service and delivery of care that Operose Health are able to provide to patients across its surgery network, as well as to provide additional management and central support capacity to growing technology and research businesses.

OPEROSE HEALTH LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial key performance indicators

The Group's strategy is entirely consistent with the widely documented need for the NHS to achieve efficiencies, adopt new ways of working and partner with innovative organisations (both public and independent sector organisations) to achieve the NHS strategy. Operose Health Limited is committed to supporting integrated care across regions and the innovative use of data that can benefit the wider NHS and the entire health and care system.

Key performance indicators

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue	112,070	89,165
EBITDA	8,294	6,407
Loss before tax	(6,286)	(7,077)

Principal risks and uncertainties

The directors have overall responsibility for the Group's approach to assessing and managing risk, with the Group's management teams being responsible for the implementation of policies on risk control and compliance with such policies. The Group central support centre offers compliance support, such as compliance audit, financial review, clinical governance and health and safety, which work to manage, reduce and, where possible, eliminate risk and uncertainties. The following key risks and uncertainties are key considerations in the Group's risk management activities:

Price risk

The Group is exposed to price risk due to normal inflationary increases in costs related to the running of its business. However, revenue for services is at contracted rates for the duration of contract periods for most of the Group's contracts. Contract rates are typically either fixed, subject to inflationary uplifts or adjusted by reference to NHS tariffs. The Group has no exposure to equity securities price risk, as it holds no listed or other equity investments. The Group's largest cost is staff salaries, with clinical staff pay rates subject to annual increases as dictated by NHS England, with revenue contracts subject to equivalent uplifts to cover this. Most of the Group's contracts are therefore largely protected from inflationary cost pressures.

Credit risk

The Group's customer base is predominantly NHS entities and secure institutions which are ultimately funded by central government and thus any credit exposure is minimal.

Liquidity risk

The Group monitors its liquidity position on a regular basis and leverages resources within the Group and from parent company support, if required.

Interest was paid during the year ended 31 December 2022 to service a property mortgage, Group intercompany loans and lease purchase agreements.

Impairment of investments

The Group holds investments in its subsidiaries. A significant change in the nature or market of these investments could lead to impairment in the carrying value of these investments.

OPEROSE HEALTH LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

Going Concern

The financial statements have been presented on a going concern basis. For more details see note 2.3 of the financial statements.

Political and Regulatory risk

Current and potential new NHS legislation is monitored by the Board and executive management to ensure the Group's product offerings are relevant to the UK healthcare market.

COVID-19

The impact of coronavirus on our surgeries and the wider NHS landscape continues to be closely monitored by management, with a range of preparedness and impact mitigation measures previously implemented to ensure that the impact on the company's ability to generate revenues and manage costs is minimised, whilst prioritising the safety and well-being of our employees and patients.

OPEROSE HEALTH LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172(1) Statement

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. The Board welcomes the direction of the UK Financial Reporting Council (the 'FRC'). This S172 statement explains how the directors of the Company:

- engaged with employees, suppliers, customers and others; and
- regarded employee interests, the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regards, including on the principal decisions taken by the Company during the financial year.

The S172 statement focuses on matters of strategic importance to the company, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of directors' duties

The directors have a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its Committees. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. The Delegation of Authority framework sets out the delegation and approval process across the broader business.

When making decisions, each director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) The likely consequences of any decision in the long term

The directors understand the business and the evolving environment in which we operate. In 2021, to help achieve our strategic ambitions, the Board continued to develop a strategy to deliver improved patient choice and service quality.

The directors recognise how our operations are viewed by our stakeholders, and the ever-increasing challenge of making decisions that align with all stakeholder interests. Given the complexity of the current healthcare environment, the directors have taken the decisions believed to best support the Company's strategic ambitions.

S172(1) (B) The interests of the Company's employees

The directors recognise that the Company's employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

In January 2022, Operose Health Limited continued its commitment to the well-being of its hard-working staff by announcing the Operose Health Living Wage, underlining the importance that Operose Health Limited places on the health and well-being of all of its staff. This has continued into 2023. In addition, in March 2022, all staff were awarded a Covid Star to publicly thank them for their hard work and dedication during the pandemic, the only primary care organisation to do so in the country. Furthermore in December 2022, Operose Health Limited implemented a new Human Resources system, which the organisation has benefited from in 2023.

OPEROSE HEALTH LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172(1) Statement (continued)

S172(1) (C) The need to foster the Company's business relationships with suppliers, customers and others

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers and governments. The Company seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. The Company continuously assesses the priorities related to customers and those with whom we do business, and the directors engage with the senior management team on these topics, for example, within the context of business strategy updates and investment proposals.

S172(1) (D) The impact of the Company's operations on the community and the environment

The directors review information on these topics to inform specific Board decisions related to specific strategic initiatives, including investment or divestment proposals and business strategy reviews, and to provide regular updates to the Company's senior management team. As the country's largest and leading provider of NHS-funded primary care services, we work hard to have a positive impact on every individual we see and care for. The Groups impact as a service provider, employer, innovator and investor in health services also goes far wider than that. As a business, procurement and investment should benefit local economies and leave the lightest possible imprint on the planet. This commitment was reflected in The Groups 2022 social value annual statement.

S172(1) (E) The desirability of the Company maintaining a reputation for high standards of business conduct

The senior management team regularly reviews and approves clear frameworks, business principles, code of conduct, ethics & compliance manuals, and modern slavery statements, and all other group-wide policies, to ensure that the highest standards are maintained both within the Company and the relationships with our stakeholders. This, complemented by the ways the directors are informed and monitor compliance with relevant governance standards, help assure that the Company acts in ways that promote high standards of business conduct. Operose Health's to high standards is reflected in the scores we have received from the Care Quality Commission, who rated 97% of our practices as Good or Outstanding.

S172(1) (F) The need to act fairly as between members of the Company

After weighing up all relevant factors, the directors consider which course of action best enables delivery of the long-term strategy, taking into consideration the impact on stakeholders and ensuring fairness between members as far as can reasonably be achieved.

This report was approved by the board and signed on its behalf.



E Perry
Director

14 November 2023

OPEROSE HEALTH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors presents their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The total comprehensive loss for the year, after taxation, amounted to £5,652k (2021: £9,113k).

The directors do not recommend the payment of a dividend in respect of the year (2021: nil).

Directors

The directors who served during the year and up to the date of approval of the financial statements were:

E Perry
T Dinkelman
E McKenzie-Boyle (appointed 16 May 2023)
B Gaverick (appointed 16 May 2023)
A Chan (resigned 16 May 2023)
B Layton (resigned 22 May 2023)

Employee engagement

The Group's human resources team and human resources systems and processes include provision for the gathering of employee feedback on matters of interest and concern to the Group's employees. Local site locations are overseen by business managers who provide a communications link to and from the senior management team. There are a range of internal communications tools, including e-mail notices, newsletters, staff surveys and briefings in order to keep employees informed of the progress of the business and the market environment.

Employment of disabled persons

The Group is committed to promoting equality of opportunity for all staff and job applicants. The Group has established an environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. The Group considers the employment needs of disabled people and complies with current legislation with regard to their employment. Where possible, the Group will continue to employ and promote the careers of existing employees who become disabled and will consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitudes and abilities.

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions for the benefit of the directors and officers was in force during the financial year.

Creditor policy

The Group seeks to follow best practice guidelines laid down by the Department of Business, Innovation and Skills to pay suppliers in line with their agreed payment terms subject to suppliers meeting their contractual obligations. The Group continually reviews its supply chain with a view to maximising the strength of relationships with its preferred suppliers and obtain best prices.

OPEROSE HEALTH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Greenhouse Gas (GHG) emissions and energy use data for the period 1st of January 2022 to 31st of December 2022

Emission source	Quantity/ Units	kWh	Tonnes of Carbon Dioxide equivalent (tCO₂e)
Scope 1			
Natural Gas	1,771,049.28	1,771,049.28	318.27
Total Scope 1		1,771,049.00	318.79
Scope 2			
National grid Electricity	3,146,305.00	3,146,305.00	608.43
Total Scope 1 & 2		4,917,354.28	927.22
Total tCO₂e per million-pounds turnover of turnover (scope 1 and 2)			8.28
Scope 3			
Transmission and distribution of UK national grid electricity		---	55.66
Transportation (Operated Internally)		764,217.45	178.72
Transportation (Operated Externally)		—	1.91
Total scope 3		764,217.45	236.29
Total Scope 1, 2 & 3		5,681,571.73	1,163.51
Total tCO₂e per million-pounds turnover of turnover			10.39

Data measurement and methodology

To quantify the total GHG emissions created by Operose Health Limited and the Group during the reporting period the following approach and methodologies have been taken:

- A full list of sites across Operose Health Limited and the Group for the reporting period has been created.
- Energy consumption for each site across Operose Health Limited and the Group for the reporting period has been gathered in kilowatt hours (kWh) where possible or has been benchmarked based on the average energy consumption across the sites.
- Fuel energy consumption data has been gathered across Operose Health Limited and the Group for the reporting period in the form of mileage or fuel spend including reasonable estimations. This data has also been converted into kWh equivalents as this is the common unit upon which GHG are then calculated.

OPEROSE HEALTH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Data measurement and methodology (continued)

- The energy consumption and fuel energy consumption for the reporting period has been converted from kWh into GHG emissions using: the UK government GHG conversion factors for 2021, the Greenhouse Gas Protocol and the BEIS Environmental reporting guidelines, reported in kilograms of carbon dioxide equivalent per kWh (kgCO₂e/kWh) and/or tonnes of carbon dioxide equivalent (t CO₂e).
- CO₂e is the universal unit of measurement to indicate the global warming potential (GWP) of GHG, expressed in terms of the GWP of one unit of carbon dioxide. There are seven main GHGs that contribute to climate change, as covered by the Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). Different activities emit different gases. Using CO₂e allows all greenhouse gases to be measured on a like-for-like basis.
- For National grid electricity consumption, Operose Health Limited and the Group has included factors for the transmission and distribution of electricity (T&D) losses, which occur between the power station and site(s). The emissions from T&D have been accounted for in Scope 3. As with other Scope 3 impacts, reporting T&D is voluntary but is recommended standard practice by UK Government.
- The intensity ratio of t CO₂e per million pounds of turnover has been chosen.
- Information on energy efficiency improvements have been gathered and described in this report as part of the compliance requirement with SECR and to improve energy efficiency across Operose Health Limited and the Group.

Energy efficiency actions taken

Operose Health Limited and the Group have taken energy efficiency and reduction actions including:

- The completion of DEC's across many of its sites to raise awareness of energy performance and improvements available to each site.
- The compliance with ESOS to identify energy saving opportunities across their sites.
- Carrying out several energy audits, which describe areas of potential energy efficiency improvement.
- Upgrading metering where required to maintain and improve energy monitoring across all sites.
- Benchmarked energy usage against other companies in the industry and engaging their broker to consider supplier packages of efficiency measures, smart meters, and green energy.
- Surveyed premises to identify any immediate cost and energy saving opportunities and built these into the maintenance plans for the coming year.
- Regular communications to staff to take sensible measures to reduce energy wastage, including making sure PCs, printers and lights are turned off out of hours; enable energy-saving modes on PCs; disable screensavers; use timers & motion-sensitive light systems; make sure heating and air conditioning systems are well controlled and never allowed to operate simultaneously.

In addition to the energy efficiency actions listed above, the following have been undertaken to help reduce Operose Health Limited and the Group's Scope 2 emissions:

OPEROSE HEALTH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Energy efficiency actions taken (continued)

- Where opportunities to switch provider were identified, sought to understand and prioritise lower carbon intensity energy tariffs when switching, provided these were also cost effective in comparison to conventional tariffs.

Matters covered in the Group Strategic Report

Where necessary, disclosures relating to principal risks and uncertainties have been made in the Group Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

Disclosure of information to auditor

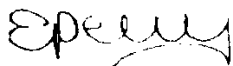
The directors at the time when this Directors' Report is approved have confirmed that:

- so far as they are aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- they have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



E Perry

Director

14 November 2023

OPEROSE HEALTH LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

OPEROSE HEALTH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPEROSE HEALTH LIMITED

Opinion

We have audited the financial statements of Operose Health Limited ("the Company") for the year ended 31 December 2022 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

OPEROSE HEALTH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPEROSE HEALTH LIMITED

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition as there are limited incentives, pressures or opportunities to perpetrate a material fraud.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journals made to unrelated accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

OPEROSE HEALTH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPEROSE HEALTH LIMITED

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement related to compliance with laws and regulations (continued)

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: NHS regulations, health and safety, employment law and data protection, recognising the nature of Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

OPEROSE HEALTH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPEROSE HEALTH LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

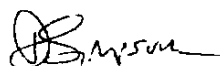
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



David Simpson (Senior Statutory Auditor)

for and on behalf of

KPMG LLP, Statutory Auditor

Chartered Accountants

58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

16 November 2023

OPEROSE HEALTH LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	4	112,070	89,165
Cost of sales		<u>(80,369)</u>	<u>(68,622)</u>
Gross profit		31,701	20,543
Administrative expenses		<u>(36,660)</u>	<u>(26,475)</u>
Operating loss	5	(4,959)	(5,932)
Foreign exchange gain/(loss) and other income/(expense)		(17)	1
Interest receivable and similar income	8	689	685
Interest payable and similar expenses	9	<u>(1,999)</u>	<u>(1,831)</u>
Loss before taxation		(6,286)	(7,077)
Tax credit/(charge) on loss	10	<u>792</u>	<u>(2,131)</u>
Loss for the financial year		<u>(5,494)</u>	<u>(9,208)</u>
Actuarial gain/(loss) on defined benefit pension scheme	25	<u>(158)</u>	95
Other comprehensive gain/(loss) for the year		<u>(158)</u>	<u>95</u>
Total comprehensive loss for the year		<u>(5,652)</u>	<u>(9,113)</u>
Gain (loss) for the year attributable to:			
Non-controlling interests		28	57
Owners of the parent company		<u>(5,680)</u>	<u>(9,170)</u>
		<u>(5,652)</u>	<u>(9,113)</u>

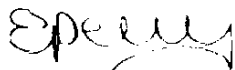
The notes on pages 23 to 50 form part of these financial statements.

OPEROSE HEALTH LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Fixed and intangible assets			
Intangible assets	11	102,608	110,587
Tangible assets	12	2,382	2,592
		<u>104,990</u>	<u>113,179</u>
Current assets			
Stocks	14	681	356
Debtors: amounts falling due after more than one year	15	14,991	14,455
Debtors: amounts falling due within one year	15	27,546	19,833
Cash at bank and in hand	16	3,505	7,773
		<u>46,723</u>	<u>42,417</u>
Creditors: amounts falling due within one year	17	(32,648)	(27,139)
Net current assets		<u>14,075</u>	<u>15,278</u>
Total assets less current liabilities		<u>119,065</u>	<u>128,457</u>
Creditors: amounts falling due after more than one year	18	(64,671)	(68,320)
Provisions for liabilities			
Other provisions	21	(218)	(337)
		<u>(218)</u>	<u>(337)</u>
Net assets		<u>54,176</u>	<u>59,800</u>
Capital and reserves			
Called up share capital	22	—	—
Share premium	23	53,699	53,699
Other reserves	23	45,534	45,534
Merger Reserves	23	25,305	25,305
Profit and loss account	23	(70,859)	(65,207)
Equity attributable to owners of the Parent Company		<u>53,679</u>	<u>59,331</u>
Non-controlling interests		497	469
		<u>54,176</u>	<u>59,800</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



E Perry
Director

14 November 2023

The notes on pages 23 to 50 form part of these financial statements.

OPEROSE HEALTH LIMITED

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Fixed and intangible assets			
Intangible assets	11	4,204	1,338
Tangible assets	12	41	107
Investments	13	126,679	126,679
		130,924	128,124
Current assets			
Debtors: amounts falling due after more than one year	15	14,390	13,714
Debtors: amounts falling due within one year	15	9,737	521
Cash at bank and in hand	16	352	2,433
		24,479	16,668
Creditors: amounts falling due within one year	17	(19,616)	(9,451)
Net current assets		4,863	7,217
Total assets less current liabilities		135,787	135,341
Creditors: amounts falling due after more than one year	18	(75,310)	(69,431)
Net assets		60,477	65,910
Capital and reserves			
Called up share capital	22	—	—
Share premium	23	53,699	53,699
Other reserves	23	42,034	42,034
Profit and loss account	23	(35,256)	(29,823)
		60,477	65,910

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the Company for the financial year was £5,433k (2021: £7,771k).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



E Perry

Director

14 November 2023

The notes on pages 23 to 50 form part of these financial statements.

OPEROSE HEALTH LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share premium £000	Other reserves £000	Merger reserves £000	Profit and loss account £000	Equity attributable to owners of the parent company £000	Non- controlling interests £000	Total equity £000
At 1 January 2021	—	37,534	25,305	(56,094)	6,745	—	6,745
Comprehensive income/(loss) for the year							
Loss (income) for the year	—	—	—	(9,208)	(9,208)	57	(9,151)
Actuarial gain on pension scheme	—	—	—	95	95	—	95
NCI recognised on acquisition in the year	—	—	—	—	—	412	412
Capital contributions during the year	—	8,000	—	—	8,000	—	8,000
Shares allotted during the year	53,699	—	—	—	53,699	—	53,699
At 1 January 2022	53,699	45,534	25,305	(65,207)	59,331	469	59,800
Comprehensive income/(loss) for the year							
Loss (income) for the year	—	—	—	(5,494)	(5,494)	28	(5,466)
Actuarial losses on pension scheme	—	—	—	(158)	(158)	—	(158)
Nil shares allotted during the year	—	—	—	—	—	—	—
Capital contributions during the year	—	—	—	—	—	—	—
At 31 December 2022	53,699	45,534	25,305	(70,859)	53,679	497	54,176

The notes on pages 23 to 50 form part of these financial statements.

OPEROSE HEALTH LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share premium £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2021	—	34,034	(22,052)	11,982
Comprehensive income/(loss) for the year				
Loss for the year	—	—	(7,771)	(7,771)
Capital contributions during the year	—	8,000	—	8,000
Shares allotted during the year	53,699	—	—	53,699
At 1 January 2022	53,699	42,034	(29,823)	65,910
Comprehensive income/(loss) for the year				
Loss for the year	—	—	(5,433)	(5,433)
At 31 December 2022	53,699	42,034	(35,256)	60,477

The notes on pages 23 to 50 form part of these financial statements.

OPEROSE HEALTH LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Loss for the financial year		(5,652)	(9,113)
Adjustments for:			
Amortisation of intangible assets	11	12,686	11,826
Depreciation of tangible assets	12	585	512
Interest paid		1,999	1,831
Interest received		(689)	(685)
Taxation charge/(credit)	10	(792)	2,131
(Increase)/decrease in stocks		(325)	(58)
(Increase)/decrease in debtors		(8,249)	(3,553)
Increase/(decrease) in creditors		867	4,775
Increase/(decrease) in provisions		(119)	(698)
Non controlling interest		28	57
Corporation tax received/(paid)		63	(2,266)
Net cash used in operating activities		<u>402</u>	<u>4,759</u>
Cash flows from investing activities			
Acquisition of subsidiary		—	(104,250)
Purchase of intangible assets	11	(4,707)	(1,090)
Purchase of tangible assets	12	(375)	(299)
Interest received		689	685
Net cash used in investing activities		<u>(4,393)</u>	<u>(104,954)</u>
Cash flows from financing activities			
Issue of ordinary shares		—	53,699
New intercompany loans		—	48,000
Repayment of loans		(37)	(39)
Capital contributions		—	6,000
Interest paid		(240)	(1,831)
Net cash from financing activities		<u>(277)</u>	<u>105,829</u>
Net increase/(decrease) in cash and cash equivalents		<u>(4,268)</u>	<u>5,634</u>
Cash and cash equivalents at beginning of year	16	7,773	2,139
Cash and cash equivalents at the end of year	16	<u><u>3,505</u></u>	<u><u>7,773</u></u>
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand	16	<u><u>3,505</u></u>	<u><u>7,773</u></u>

The notes on pages 23 to 50 form part of these financial statements.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Operose Health Limited is a private company, limited by shares, domiciled and incorporated in England and Wales. The registered office address is 108 High Street, Great Missenden, England, HP16 0BG and its registered number is 10014577.

Operose Health Limited is the UK parent of a group of companies, which are detailed in note 13.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. In preparing the consolidated financial statements, the disclosure exemption in FRS102 relating to the provisions of preparing a parent company Statement of Cash Flows has been taken. The parent company figures are included in the Consolidated Statement of Cash Flows.

The Company's functional and presentational currency is GBP.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date when the Group obtains control and are consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

AT Medics Holdings LLP has been included in the Group financial statements using the purchase method of accounting. Accordingly, the Consolidated Profit and Loss Account and Other Comprehensive Income and Consolidated Statement of Cash Flows include the results and cash flows of AT Medics Holdings LLP for the year ended 31 December 2022.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Going concern

The Group's business activities are described in the Group Strategic Report on page 1 and Directors' Report on page 8.

Notwithstanding a total comprehensive loss for the year then ended of £5,652k, and net cash outflows for the year of £4,268k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors and associated management team have prepared cash flow forecasts for the period to December 2024 which indicate that, taking account of reasonably plausible downside scenarios and available financial resources, the Group and Company will have sufficient funds, through existing cash balances, and if required, through funding from its ultimate parent company, to meet its liabilities as they fall due in the forecast period. Centene Corporation has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment for these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Group's principal activities comprise the provision of a range of primary healthcare services, healthcare integration, transformation services and the provision of healthcare related technology and learning services to NHS integrated commissioning boards and other NHS commissioning bodies. The downside scenario prepared for the cash flow forecasts assumes that actual revenue growth is lower than expected revenue growth and that the primary healthcare business continues in line with its current status.

Consequently, the directors are confident that the Company and Group will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Intangible assets and goodwill

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination.

If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the profit and loss account over its useful economic life of 10 years.

Intangible assets

Intangible assets acquired separately from a business are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired as part of business combinations are initially recognised at fair value at the date of acquisition, representing the cost to acquire those assets, and are subsequently stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if it is probable that the expected future economic benefits that are attributable to the asset will flow to the group; and the fair value can be measured reliably, provided that either:

- (a) the intangible asset arises from contractual or legal rights; or
- (b) the intangible asset is separable.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Assets under construction are not amortised until completion.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

The useful economic lives of intangible assets are as follows:

Customer relationships	7 years
Customer contracts	1 year
Computer software	3-5 years
Technology	9-10 years
Brand name	10-11 years

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The useful economic lives of tangible assets are as follows:

Freehold property	40 years
Leasehold property	Aligns with the length of the lease
Leased equipment	4 years
Office and computer equipment	3 years
Medical equipment	5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

2.7 Impairment of intangible assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence, respectively.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

2.10 Operating leases: the Group as a lessee

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

2.11 Finance leases: the Group as a lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.12 Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. *An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.* Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The Group operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognized as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial gain/(losses) on pension scheme'.

The cost of the defined benefit plan, recognised in the profit and loss account as employee costs, except where included in the cost of an asset, comprises:

- (a) the increase in net pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the profit and loss account as an 'Interest payable or similar expense'.

2.14 Interest receivable and interest payable

Interest receivable and similar income includes interest receivable from bank accounts and other deposits.

Interest payable and similar expenses include interest payable and finance expenses associated with finance leases and a mortgage loan recognized in profit and loss using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.15 Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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 retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

i. Impairment of goodwill and intangibles assets (note 11)

The Group considers whether goodwill and intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of CGUs. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

ii. Defined benefit pension scheme (note 25)

The defined benefit obligation and fair value of plan assets within the defined benefit pension scheme involves estimation based on a number of assumptions. The Group use actuarial specialists to assist with estimating these assumptions and the calculation of these balances.

4. Turnover

The total turnover of the Group for the period has been derived from its principal activity.

The Group generates its revenue from:

- i. General Practice surgeries operated under primary care contracts with the NHS.
- ii. Community based healthcare services operated under contracts with the NHS.
- iii. Provision of medical education and training services.
- iv. Provision of healthcare related technology and learning products and services.
- v. Provision of research and transformation services within the Primary Care sector

The turnover of AT Medics Holdings LLP, which was acquired on 10th February 2021, all relates to general practice surgeries operated under primary care contracts with the NHS, general practice extended access and hub services, the provision of medical education and training services, and the provision of healthcare related technology products and services.

All turnover arose within the United Kingdom.

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Operating loss

The operating loss is stated after charging:

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Depreciation of tangible fixed assets	585	512	66	79
Amortisation of goodwill and intangible assets	12,686	11,826	180	110
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	220	232	—	—
Other operating lease rentals	6,932	7,408	147	342
Defined contribution pension cost	3,963	3,253	190	199

6. Employees

Staff costs, including directors's remuneration, were as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Wages and salaries	53,021	46,206	5,544	5,008
Social security costs	5,677	4,118	714	584
Cost of defined contribution scheme	3,963	3,253	190	199
Other benefits	234	51	111	34
	62,895	<i>53,628</i>	6,559	<i>5,825</i>

The average number of persons employed by the Group and the Company during the year, analysed by category, was as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	No.	<i>No.</i>	No.	<i>No.</i>
Administrative	1,044	847	47	32
Clinical	556	536	2	6
	1,600	<i>1,383</i>	49	<i>38</i>

7. Key management personnel

The Group's key management personnel is its executive team and certain directors. Total compensation to key management personnel was £3.686k (2021: £3.637k).

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Interest receivable and similar income

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Interest receivable on financial assets	689	<i>685</i>	677	<i>677</i>
	689	<i>685</i>	677	<i>677</i>

9. Interest payable and similar expenses

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Interest payable on financial liabilities	1,999	<i>1,831</i>	1,995	<i>1,827</i>
	1,999	<i>1,831</i>	1,995	<i>1,827</i>

10. Taxation

Group	2022	<i>2021</i>
	£000	<i>£000</i>
Current tax		
Current tax on profits for the year	—	682
Adjustments in respect of previous periods	(145)	—
Total current tax charge (credit)	(145)	682
Deferred tax		
Origination and reversal of timing differences	(653)	<i>(713)</i>
Adjustments in respect of prior periods	6	—
Effect of tax rate change on opening balance	—	2,162
Total deferred tax charge (credit)	(647)	1,449
Total tax charge (credit)	(792)	2,131

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: *higher than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

Group	2022 £000	2021 £000
Loss on ordinary activities before tax	<u>(6,286)</u>	<u>(7,077)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(1,194)	(1,345)
Effects of:		
Fixed asset differences	(15)	(14)
Expenses not deductible for tax purposes	1,605	1,831
Adjustments to brought forward values	(145)	—
Other permanent differences	(13)	(13)
Adjustments to deferred tax previously recognised	6	—
Remeasurement of deferred tax for changes in tax rates	20	(967)
Group relief surrendered / (claimed)	(1,052)	(195)
Deferred tax not recognized	<u>(4)</u>	<u>2,834</u>
Total tax charge (credit) for the year	<u>(792)</u>	<u>2,131</u>

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax accordingly. Deferred tax assets and liabilities on all timing differences have been calculated at 25% as at 31 December 2021 and as at 31 December 2022.

Factors that may affect future tax charges

At 31 December 2022, there were trading losses of £57.343k (2021: £60,709k) to be used against future trading profits.

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Intangible assets

Group

	Technology £000	Customer relationships £000	Computer software £000	Assets under construction £000	Customer contracts £000	Brand name £000	Goodwill £000	Total £000
Cost								
At 1 January 2022	35,386	6,221	3,525	—	254	391	97,172	142,949
Additions	—	—	180	4,061	—	—	466	4,707
At 31 December 2022	35,386	6,221	3,705	4,061	254	391	97,638	147,656
Amortisation and impairment								
At 1 January 2022	3,487	6,221	1,320	—	232	35	21,067	32,362
Amortisation for the year	3,804	—	424	—	22	38	8,398	12,686
At 31 December 2022	7,291	6,221	1,744	—	254	73	29,465	45,048
Net book value								
At 31 December 2022	28,095	—	1,961	4,061	—	318	68,173	102,608
At 31 December 2021	31,899	—	2,205	—	22	356	76,105	110,587

The additions to the goodwill represent a revision to the estimate for the contingent consideration in relation to the acquisition of AT Medics Holdings LLP on 10 February 2021.

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Intangible assets (continued)

Company

	Computer software £000	Assets under construction £000	Total £000
Cost			
At 1 January 2022	1,507	—	1,507
Additions	179	2,867	3,046
At 31 December 2022	<u>1,686</u>	<u>2,867</u>	<u>4,553</u>
Amortisation and impairment			
At 1 January 2022	169	—	169
Amortisation for the year	180	—	180
At 31 December 2022	<u>349</u>	<u>—</u>	<u>349</u>
Net book value			
At 31 December 2022	<u>1,337</u>	<u>2,867</u>	<u>4,204</u>
<i>At 31 December 2021</i>	<u>1,338</u>	<u>—</u>	<u>1,338</u>

During 2022, the Group did not recognise any impairment charges or reversals of subsequent impairments of intangible assets or goodwill (2021: nil).

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Tangible fixed assets

Group

	Land £000	Freehold property £000	Leasehold property £000	Leased equipment £000	Office and computer equipment £000	Medical equipment £000	Total £000
Cost							
At 1 January 2022	246	574	360	84	1,640	409	3,313
Additions	—	—	—	—	66	309	375
At 31 December 2022	<u>246</u>	<u>574</u>	<u>360</u>	<u>84</u>	<u>1,706</u>	<u>718</u>	<u>3,688</u>
Depreciation							
At 1 January 2022	—	43	76	84	452	66	721
Depreciation for the year	—	14	42	—	390	139	585
At 31 December 2022	<u>—</u>	<u>57</u>	<u>118</u>	<u>84</u>	<u>842</u>	<u>205</u>	<u>1,306</u>
Net book value							
At 31 December 2022	<u>246</u>	<u>517</u>	<u>242</u>	<u>—</u>	<u>864</u>	<u>513</u>	<u>2,382</u>
At 31 December 2021	<u>246</u>	<u>531</u>	<u>284</u>	<u>—</u>	<u>1,188</u>	<u>343</u>	<u>2,592</u>

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Tangible fixed assets (continued)

Company

	Office and computer equipment £000
Cost	
At 1 January 2022	239
Additions	—
At 31 December 2022	<u>239</u>
Depreciation	
At 1 January 2022	132
Depreciation for the year	66
At 31 December 2022	<u>198</u>
Net book value	
At 31 December 2022	<u>41</u>
<i>At 31 December 2021</i>	<u>107</u>

The net book value of land and buildings may be further analysed as follows:

	Group 2022 £000	Group 2021 £000
Land	246	246
Freehold property	517	531
Leasehold property	<u>242</u>	<u>284</u>
	<u>1,005</u>	<u>1,061</u>

Leased assets

The net book value of assets held under finance leases or hire purchase contracts, included above as 'Leased equipment,' is nil (2021: nil).

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Investments

Company

Investments in
subsidiary companies
£000

Cost or valuation

At 1 January 2022 126,679

Additions —

At 31 December 2022 126,679

Impairment

At 1 January 2022 —

Charge for the period —

At 31 December 2022 —

Net book value

At 31 December 2022 126,679

At 31 December 2021 126,679

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

13. Investments (continued)

The following were subsidiary undertakings of the Company and Group as of 31 December 2022:

Name	Principal activity	Class of shares	Holding
Operose Health (Group) Limited	Investment holding company	Ordinary	100 %
The Practice Properties Limited*	Owning and renting property	Ordinary	100 %
Operose Health (Group) UK Limited*	Provision of healthcare related services	Ordinary	100 %
Chilvers & McCrea Limited*	Provision of healthcare related services	None	0 %
The Practice Surgeries Limited*	Provision of healthcare related services	None	0 %
The Practice U Surgeries Limited*	Management of defined benefit pension scheme	None	0 %
Operose Health Corporate Management Limited*	Provision of administrative support services for group companies	None	0 %
Phoenix Primary Care Limited*	Provision of healthcare related services	None	0 %
Phoenix Primary Care (South) Limited*	Provision of healthcare related services	None	0 %
AT Medics Holdings LLP	Investment holding company	Membership interests	99 %
AT Medics Limited*	Provision of healthcare related services	Ordinary	100 %
Primary Care Partners Limited*	Provision of back office services	Ordinary	100 %
AT Learning Limited*	Provision of medical education and training services	Ordinary	100 %
AT Technology Services Limited*	Provision of technology and services	Ordinary	100 %
AT Technology (Private) Limited*	Provision of technology and services	Ordinary	100 %

*indirect subsidiary

The Practice Surgeries Limited, Chilvers & McCrea Limited, The Practice U Surgeries Limited, and Operose Health Corporate Management Limited are consolidated by virtue of control being exercised as set out in section 1162(2)(4) and schedule 7 of the Companies Act 2006. Phoenix Primary Care Limited is 100% owned by The Practice Surgeries Limited. Phoenix Primary Care (South) Limited is 100% owned by Phoenix Primary Care Limited.

99% of AT Medics Holdings LLP is directly held by the Company, and 1% is directly held by the Company's immediate parent, MH Services International (UK) Limited.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13. Investments (continued)

The registered office of AT Medics Holdings LLP, AT Medics Limited, Primary Care Partners Limited, AT Learning Limited, and AT Technology Services Limited is 108 High Street, Great Missenden, England, HP16 0BG. The registered office of AT Technology (Private) Limited is Building #146, 2nd Floor, Civic Center, Block-C, Phase-4, Islamabad, Pakistan. The registered office of Operose Health (Group) Limited, The Practice Properties Limited, Operose Health (Group) UK Limited, Chilvers & McCrea Limited, The Practice Surgeries Limited, The Practice U Surgeries Limited, Operose Health Corporate Management Limited, Phoenix Primary Care Limited, and Phoenix Primary Care (South) Limited is Rose House Bell Lane, Office Village, Bell Lane, Little Chalfont, Amersham, Buckinghamshire, England, HP6 6FA.

14. Stocks

	Group	<i>Group</i>
	2022	<i>2021</i>
	£000	<i>£000</i>
Finished goods and goods for resale	681	<i>356</i>
	681	<i>356</i>

15. Debtors

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Due after more than one year				
Other debtors	601	<i>741</i>	—	<i>—</i>
Amounts owed from group undertakings	14,390	<i>13,714</i>	14,390	<i>13,714</i>
	14,991	<i>14,455</i>	14,390	<i>13,714</i>
Due within one year				
Trade debtors	13,400	<i>9,597</i>	48	<i>—</i>
Other debtors	747	<i>990</i>	—	<i>31</i>
Accrued income	8,887	<i>5,666</i>	34	<i>—</i>
Prepayments	1,123	<i>526</i>	529	<i>271</i>
Tax recoverable	453	<i>151</i>	419	<i>135</i>
Corporation taxation	3	<i>80</i>	—	<i>—</i>
Deferred taxation	2,773	<i>2,773</i>	—	<i>—</i>
Amounts owed from group undertakings	160	<i>50</i>	8,707	<i>84</i>
	27,546	<i>19,833</i>	9,737	<i>521</i>
Total Debtors	42,537	<i>34,288</i>	24,127	<i>14,235</i>

Other debtors due after more than one year include a net defined benefit pension scheme asset of £534k (2021: £674k). For more details on the defined benefit pension scheme see note 25.

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Cash and cash equivalents

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Cash at bank and in hand	<u>3,505</u>	<u>7,773</u>	<u>352</u>	<u>2,433</u>
	3,505	<i>7,773</i>	352	<i>2,433</i>

17. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank loans	34	39	—	—
Trade creditors	5,192	2,997	476	40
Amounts owed to group undertakings	9,671	387	11,043	221
Other taxation and social security	1,702	613	1,270	222
Obligations under finance lease	25	31	—	—
Other creditors	1,100	4,025	—	—
Accruals and deferred income	14,853	18,817	6,827	8,968
Corporation tax	71	230	—	—
	<u>32,648</u>	<u>27,139</u>	<u>19,616</u>	<u>9,451</u>

18. Creditors: Amounts falling due after more than one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Bank loans	146	178	—	—
Amounts owed to group undertakings	51,275	49,515	72,615	62,006
Other creditors	2,695	7,425	2,695	7,425
Deferred taxation	10,555	11,202	—	—
	<u>64,671</u>	<u>68,320</u>	<u>75,310</u>	<u>69,431</u>

Bank loans represent a mortgage loan on the property owned by The Practice Properties Limited. This mortgage loan will reach maturity during August 2027 and is subject to legal changes in favour of The Royal Bank of Scotland Plc. This mortgage loan is secured by a debenture granted by Operose Health (Group) Limited and an inter-company guarantee between Operose Health (Group) Limited and the following associated companies: The Practice Surgeries Limited, The Practice U Surgeries Limited, Chilvers & McCrea Limited, The Practice Properties Limited and Operose Health (Group) UK Limited.

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. Creditors: Amounts falling due after more than one year (continued)

The amounts owed to group undertakings includes a new loan entered into during 2021 between Operose Health Limited and an affiliate, Centene International Financing Company Limited, for an accumulated principal balance of £51.3 million as of 31 December 2022. This loan was funded to Operose Health Limited at a discounted value of £48.0 million but at maturity, February 2026, the principal position of £57.2 million will be owed, which implied an inherent accretion rate of 3.50% annually. The amounts owed to group undertakings for the Company also include balances owed by Operose Health Limited to AT Medics Limited totalling £21.3 million (2021: £12.5 million), which is unsecured and carries no interest charge.

19. Financial instruments

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Financial assets				
Financial assets measured at fair value through profit or loss	3,505	<i>7,773</i>	352	<i>2,433</i>
Financial assets that are debt instruments measured at amortised cost	23,635	<i>16,992</i>	82	<i>31</i>
	27,140	<i>24,765</i>	434	<i>2,464</i>
Financial liabilities				
Financial liabilities measured at amortised cost	(23,840)	<i>(33,264)</i>	(9,998)	<i>(16,433)</i>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals and deferred income.

20. Deferred taxation

	Group	<i>Group</i>
	2022	<i>2021</i>
	£000	<i>£000</i>
Deferred tax asset		
At beginning of year	2,773	<i>—</i>
Acquisition of subsidiary	—	<i>2,773</i>
Credited/(charged) to profit or loss	—	<i>—</i>
At end of year	2,773	<i>2,773</i>

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	Group 2022 £000	<i>Group 2021 £000</i>
Fixed asset timing differences	2,773	2,773
Short term timing differences	—	—
Tax losses carried forward and other deductions	—	—
	<u>2,773</u>	<u>2,773</u>
	Group 2021 £000	<i>Group 2020 £000</i>
Deferred tax liability		
At beginning of year	11,202	—
Acquisition of subsidiary	—	9,753
(Credited)/charged to profit or loss	(647)	1,449
At end of year	<u>10,555</u>	<u>11,202</u>

In addition to the deferred tax asset and deferred tax liability position detailed above, the Group has additional unrecognised gross tax losses of £57,343k as of 31 December 2022 (2021: £60,709k) to be used against future trading profits. Since these carry forward trading losses are not yet recoverable, these balances have not been factored into the Group's deferred tax asset position.

The Company has an unrecognised deferred tax asset of £4,284k as of 31 December 2022 (2021: £3,966k).

21. Provisions

	Legal provision £000	Dilapidations provision £000	Onerous property leases provision £000	Total £000
At 1 January 2022	187	55	95	337
(Credited)/charged to profit or loss	(119)	—	—	(119)
At 31 December 2022	<u>68</u>	<u>55</u>	<u>95</u>	<u>218</u>

The legal provision represents the Group's best estimate of the expected cost of settling liabilities, which it expects to arise in the settlement of on-going legal disputes. The timing for realising this provision is not known given the uncertainty of the outcomes and timing of these legal claims, but is expected to be in the next 2 years.

The dilapidations provision represents the Group's best estimate of its obligations under operating leases to make good any dilapidations on its leased properties. The provision is made only where the Group has an

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

21. Provisions (continued)

explicit obligation for dilapidations in the underlying lease agreements and has received formal confirmation of intent to exit the underlying properties.

The onerous property leases provision arises in respect of those operating leases which are no longer fully occupied by the Group and represents the amounts for which it is liable in excess of any income arising from sub letting these properties over the next 3 years, in line with current expiration date of this onerous lease. The onerous property leases provision is currently reflective of the liability the Group expects to incur and therefore no increases in provision were deemed necessary.

22. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
2021: 102 Ordinary shares at £0.7151 each		
2022: 102 Ordinary shares at £0.7151 each	<u>73</u>	<u>73</u>

23. Reserves

Share premium account

The share premium account arises on the excess of the consideration paid for ordinary shares between the amount paid per share and its nominal value.

Other reserves

Other reserves for the Company consist of capital contributions from the Company's immediate parent, MH Services International (UK) Limited. There were nil contributions during the year (2021: £8,000k). These reserves are classified as distributable.

Other reserves for the Group consist of capital contributions from the Company's immediate parent, MH Services International (UK) Limited. There were nil contributions during the year (2021: £8,000k). These reserves are classified as distributable.

Merger reserves

The merger reserve is attributed to the restructuring of Operose Health (Group) UK Limited as a direct subsidiary of Operose Health Limited effective December 2021. Both entities were 100% owned by MH Services International (UK) Limited at the time of the transaction.

Profit and loss account

This reserve records the cumulative retained earnings of the Group, less amounts distributed to shareholders.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

24. Related party transactions

The Group has taken advantage of the exemption in FRS 102 Section 33 to not disclose transactions with wholly owned group entities.

During the year ended 31 December 2022, Operose Health Limited incurred service charges amounting to £133k from Ribera Salud Tecnologias S.L.U. As at 31 December 2022 the amount owed by Operose Health Limited to Ribera Salud Tecnologias is nil.

During the year ended 31 December 2022, Operose Health Corporate Management Limited incurred service charges amounting to £133k from Ribera Salud Tecnologias S.L.U. As at 31 December 2022 the amount owed by Operose Health Limited to Ribera Salud Tecnologias is nil.

During the year ended 31 December 2022 AT Technology Services Limited earned income amounting to £407k from Circle Health Group Limited. As at 31 December 2022 the amount owed to AT Technology Services Limited by Circle Health Group Limited is £109k.

25. Pension commitments

Defined benefit pension scheme

The following disclosures are in relation to the Prudential Platinum Pension - The Practice U Surgeries Limited. The last actuarial valuation was as at 31 December 2021 and the assumptions used in this valuation have been updated to 31 December 2022. At the last valuation, a Recovery Plan was agreed under which contributions of £38,600 per annum will be payable for the three years commencing 1 January 2023.

The amounts recognised in the Consolidated Balance Sheet are as follows:

	2022	2021	2020
	£000	£000	£000
Defined benefit obligation	(1,386)	(2,313)	(2,474)
Fair value of plan assets	1,920	2,987	3,040
Net defined benefit (liability)/asset	534	674	566
Restriction on asset recognised	—	—	—
Net amount recognised at year end (before any adjustment for deferred tax)	534	674	566

The current and past service costs, settlements and curtailments, together with the net interest expense for the period are included in profit or loss. Remeasurements of the net defined benefit liability are included in other comprehensive income.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

25. Pension commitments (continued)

Defined benefit pension scheme (continued)

The amounts recognised in Consolidated Profit and Loss Account and Other Comprehensive Income are as follows:

	2022 £000	2021 £000
Service cost:		
Current service cost (net of employee contributions)	—	—
Administration expenses	26	74
Net interest expense/(credit)	(13)	(7)
Charge/(credit) recognised in profit or loss	<u>13</u>	<u>67</u>
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in net interest expense)	1,113	80
Actuarial (gains)/losses	(955)	(175)
Charge/(credit) recorded in other comprehensive income	<u>158</u>	<u>(95)</u>
Total defined benefit cost/(credit)	<u>171</u>	<u>(28)</u>

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Pension commitments (continued)

Defined benefit pension scheme (continued)

The principal actuarial assumptions used were:

	2022	2021	2020
Liability discount rate	4.80 %	1.90 %	1.40 %
Inflation assumption - RPI	3.10 %	2.90 %	2.7% pre 2030, 2.4% post 2030
Revaluation of deferred pensions	3.10 %	2.90 %	2.7% pre 2030, 2.4% post 2030
Increases for pensions in payment:			
RPI max 6%	3.10 %	2.90 %	2.7% pre 2030, 2.4% post 2030
RPI	3.10 %	2.90 %	2.7% pre 2030, 2.4% post 2030
Proportion of employees opting for early retirement	0.00 %	0.00 %	0.00 %
Proportion of employees commuting pension for cash	0.00 %	0.00 %	0.00 %
Expected age at death of current pensioner at age 65:			
Male aged 65 at year end:	85.9	85.8	87.3
Female aged 65 at year end:	88.8	88.7	89.6
Expected age at death of future pensioner at age 65:			
Male aged 45 at year end:	87.1	87.1	88.9
Female aged 45 at year end:	90.2	90.2	91.3

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Pension commitments (continued)

Defined benefit pension scheme (continued)

Reconciliation of scheme assets and liabilities:

	Assets £000	Liabilities £000	Total £000
At start of period 1 January 2022	2,987	(2,313)	674
Benefits paid	(16)	16	—
Administration expenses	(26)	—	(26)
Contributions from the employer	31	—	31
Interest income / (expense)	57	(44)	13
Return on assets (excluding amount included in net interest)	(1,113)	955	(158)
Actuarial gains/(losses)	—	—	—
At end of period 31 December 2022	<u>1,920</u>	<u>(1,386)</u>	<u>534</u>

The return on plan assets was:

	2022 £000	2021 £000
Interest income	57	42
Return on plan assets (excluding amount included in net interest expense)	(1,113)	(80)
Total return on plan assets	<u>(1,056)</u>	<u>(38)</u>

The major categories of scheme assets are as follows:

	2022 £000	2021 £000
Corporates	1,019	1,520
Index linked	901	1,467
Total market value of assets	<u>1,920</u>	<u>2,987</u>

The defined benefit pension scheme has no investments in the Group or Company or in property occupied by the Group or Company.

OPEROSE HEALTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Pension commitments (continued)**Defined contribution pension scheme**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The below table outlines the pension cost charge, which represents the contributions payable by the Group to the fund, as well as the contribution amount payable at the reporting date.

	2022	2021
	£000	£000
Defined contribution pension scheme contributions paid during the year	3,963	3,253
Defined contribution pension scheme pension contributions payable at year-end	4,193	4,074

26. Commitments under operating leases

The Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Amounts due within 1 year	4,361	2,927	38	38
Amounts due within 2-5 years	10,184	9,933	70	109
Amounts due later than 5 years	7,879	7,282	—	—
	22,424	20,142	108	147

27. Post Balance Sheet events

To date in 2023, Operose Health Limited has received £7.1 million of cash funding from Centene Corporation for operational cash needs.

28. Controlling party

The immediate parent entity is MH Services International (UK) Limited.

The name of the parent of the smallest and largest group of which Operose Health Limited is a member and for which group financial statements are prepared is Centene Corporation.

Centene Corporation is a publicly traded company incorporated in the United States of America. Centene Corporation's address is 7700 Forsyth Blvd., St. Louis, MO 63105, USA.

OPEROSE HEALTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

29. Subsidiary company guarantee

The following subsidiaries included in these consolidated accounts have taken advantage of the audit exemptions conferred by guarantees supplied by Operose Health Limited in line with S479A of the Companies Act:

Subsidiary	Company Number
Operose Health (Group) Limited	05685937
The Practice Properties Limited	05483424
Operose Health (Group) UK Limited	05555460
Chilvers & McCrea Limited	04149500
The Practice Surgeries Limited	06545745
The Practice U Surgeries Limited	05770108
Operose Health Corporate Management Limited	07666277
Phoenix Primary Care Limited	06280242
Phoenix Primary Care (South) Limited	07470273
AT Medics Holdings LLP	OC428198
AT Medics Limited	05057581
Primary Care Partners Limited	11953807
AT Learning Limited	10223313
AT Technology Services Limited	10315983