Registered Number 12367948 (England and Wales)

Medtop Group Limited
Annual Report and Consolidated Financial Statements for the year ended 31 December 2020

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2020

CONTENTS

CORPORATE INFORMATION

Directors	Terence Cole Mark Steinberg
Registered Office	10 Upper Berkeley Street London W1H 7PE United Kingdom
Independent Auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR United Kingdom
Registered number	12367948

STRATEGIC REPORT

The directors present their strategic report for the Group for the year ended 31 December 2020.

Principal activities

Medtop Group Limited (the "Company") acts as a holding company for a group of digital healthcare businesses (the "Group"). The principal activity of the Group is to provide a wide range of online healthcare services via a suite of digital tools and its clinician network focused on the United Kingdom, Germany, Republic of Ireland and (since April 2021) France. The Group's customer base is primarily made up of enterprise customers (B2B), direct customers (B2C) and government organisations (B2G).

Incorporation and review of the business

The Company was incorporated on 17 December 2019 and acquired the entire issued share capital of HealthHero Group Limited (formerly Medtop Healthcare Limited) in a share for share exchange on 2 April 2020. This acquisition has been accounted for as a merger as detailed in note 2 to the financial statements.

The directors are pleased with the progress which was made during the period towards the aim of building a leading digital healthcare business. The number of trading entities has grown over the period, with five acquisitions completed in 2020 and one further acquisition completed post year-end in April 2021. The acquisitions comprise:

- July 2020: HFH Venture A GmbH (subsequently renamed HealthHero Germany GmbH) – a telehealth provider with telemedicine (e-questionnaire) service and a teleconsultation capability
- October 2020: The Validium Group Limited – provider of online, remote and face-to-face mental health services via a network of counsellors. Additional services include psychological counselling and critical incident management
- November 2020: Doctorlink Limited (UK) – an online triage platform solution and developer and provider of SaaS solutions to the digital health market (online triage, remote consultation and health risk assessments)
- November 2020: Medvivo Group Limited (UK) – provides Integrated Urgent Care (IUC) services in the South West of England
- December 2020: Online Healthcare Limited (subsequently renamed HealthHero Online Healthcare Limited) (Ireland) – services include GP teleconsultations and a telemedicine service for prescription medication
- April 2021: Qare SAS (France) – a virtual clinic service via a digital platform

Following these acquisitions, the Group has established itself as a leading pan-European digital telehealth player.

The financial results of the Group in the period are distorted by the acquisitions which were made during the year, with the revenue and costs of each new company having been included from the date of acquisition only. Under the rules of merger accounting, the 2019 figures comprise the results of HealthHero Group Limited and its subsidiaries for that year. On this basis, revenue increased to £10.7m from £3.9m, driven by the contribution of each new group company from acquisition. This revenue increase led to a growth in gross profit to £3.2m from £1.6m. The increased administrative expenses incurred in the period meant that operating losses increased to £8.8m from £1.3m. Increases in administrative expenses reflect ongoing investment in sales and marketing activities, group central functions, together with costs relating to acquisitions and financing.

Key performance indicators

In monitoring the performance of the business and assessing the risks which we face, the key financial and non-financial performance indicators are: the pace and quality of development of products on the development roadmap; the number of interactions with patients and other customers; the quality of the service delivered; revenue growth and run-rate, and the margin achieved on sales (in total and by product).

STRATEGIC REPORT (continued)

Future developments

The Group has established itself as a leading pan-European digital telehealth player, a rapidly expanding and evolving market. The addressable market is substantial, with growth accelerated by Covid-19. In addition, the Group is developing an innovative digital telehealth platform , combining pioneering configurable digital products and best-in-class services. The organisational structure of the Group will continue to develop in order to best meet the needs of customers across our markets:

- B2B services are provided to corporates and insurers, both as a service and via strategic partnerships. Services and solutions include GP/clinician services, mental health and SaaS.
- B2C services are provided direct to customers who self-pay or are reimbursed. Services include remote consultation through our network of GPs and specialist clinicians and/or online prescription services
- B2G services are provided to healthcare payors and providers. Services and solutions provided include Integrated Urgent Care (under large multi-year contracts), online triage and remote consultation

The Group will continue to selectively explore further acquisition opportunities in key markets. Acquisitions are reviewed on a case-by-case basis and are considered if they present an opportunity to enhance the Group.

Brexit

The directors have considered the extent of challenges to our business model and operations arising from the withdrawal of the United Kingdom from the European Union ("Brexit"). The directors do not envisage Brexit having a significant impact on the Group, based on the relative proportion of operations and cash flow generating elements of the business. The Group is sensitive to foreign currency movements and details of this risk and mitigation thereof are outlined within the notes to the financial statements.

The directors will continue to follow the development of the UK's negotiations with the European Union and evaluate the impact on the Group accordingly.

Covid-19

At the time of this report, the Covid-19 pandemic has caused significant disruption to economic activity, financial markets and the daily lives of a significant part of the world's population. The pandemic is ongoing and the lasting effects on the world's economies is not yet known. The Group continues to manage its principal risks as explained below and believe that it is suitable to do so also in the face of the Covid-19 pandemic.

The Covid-19 virus has led to many challenges and difficulties worldwide, resulting in many businesses suffering from a reduction in revenue.

Because of the nature of the Group's business, it has experienced an increase in sales in most areas as a result of Covid-19. The Group is committed to growing the provision of digital healthcare which will directly benefit many communities in the markets in which we operate which have been hardest hit by the pandemic.

The Group has put in place a number of procedures in response to the pandemic. Our number one has been the safety and wellbeing of employees, contractors, customers, suppliers and other individuals with whom we work. Procedures were put in place so that those staff that could work from home were able to do so, whilst implementing health and safety procedures at all Group premises that were in line with applicable national guidelines. We have kept in very close contact with key customers and suppliers, and have sought to maintain agreement and to adhere to agreed payment terms.

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, currency risk and interest rate risk. The directors review and agree policies for managing each of these risks, which are summarised below.

STRATEGIC REPORT (continued)

Credit risk: the Group's principal financial assets are cash and amounts due from customers. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Group's trade receivables. In order to manage credit risk, limits are set for individual customers, based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Where applicable, credit limits are reviewed on a Group basis.

Liquidity risk: the Group seeks to manage financial risk by ensuring sufficient liquidity is available within the Group to meet foreseeable needs and to invest cash assets safely and profitably. The Group has cash balances and has therefore been able to meet its working capital requirements throughout the period under review. The Group has entered into equity funding agreements to finance acquisitions made during the period.

Currency risk: the Group is exposed to translation and transaction foreign exchange risk as it has an international customer base, with sales and cost of sales denominated in GBP, EUR and USD, while administrative expenses are incurred primarily in GBP. The Group does not currently use foreign currency hedging or similar instruments, and will continue to monitor the potential benefits of starting to do so.

Interest rate risk: the Group has primarily used equity funding to finance acquisitions. Where bank funding is in place, the bank loans bear cash interest at rates linked to LIBOR.

Principal risks and uncertainties

Like all businesses, the Group faces a number of risks and challenges. However, the directors take comfort from the extensive experience and track record of the senior management team in managing and mitigating these risks, so far as practical, while driving the Group towards profitability. The directors have set out below the principal risks facing the business.

Competition: our products and services sell in a competitive environment where other brands look to differentiate themselves through features and design. The group continues to invest extensively in research and development to ensure that it maintains its established position in the telehealth market.

Wages and salaries overheads and variable revenues: wages and salaries are a large proportion of the group's expenditure and are fixed in the short to medium term, while revenues are variable. There is the risk that any significant changes in revenues will impact on profit margins.

The Group's business model relies on securing access to highly-skilled and qualified clinical resources. Substantial increase in costs to secure clinical resources or significant reduction in availability of clinicians may have a material adverse effect on the Group's financial position and profitability.

Compliance: The Group is required to comply with a range of increasingly complex laws, regulations and other standards. During the period the directors continued to monitor processes previously implemented to comply with GDPR laws, sanctioned country monitoring, supplier payment practices and gender pay gap reporting. During the period, mandatory new training programmes were rolled out across the Group for all employees.

The Group operates in heavily regulated healthcare industry and evolving government regulations may require increased spending or may adversely affect the Group's business, financial position and operations.

The directors are of the opinion that a thorough risk management process has been adopted which involves formal review of all the risks identified above. Where possible, processes are in place to monitor and mitigate such risks.

STRATEGIC REPORT (continued)

S172 Statement

Under Section 172(1) of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the company.

The following disclosure describes how the directors have had regard to the matters set out in Section 172(1)(a) to (f) and forms the directors' statement under section 414CZA of The Companies Act 2006. The directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the period ended 31 December 2020. We set out below how we have considered these matters in our decision making:

The long term: the directors are forever mindful of the long term and the consequence of any decision on this time frame. We have evolved our strategy since inception, continuing to invest in research and development of new products and technologies for the enhancement of its principal and future activities, with the aim of continuing to be a market leader. The directors continue to explore new markets and the impact of uncertainties around leaving the European Union and the Covid-19 on its current customers.

Employees: the commitment of our employees to our purpose and values is key to our success. The directors and senior management strive to provide an entrepreneurial culture for our employees, whilst encouraging the ethical pursuit of opportunities to expand our product offerings. We engage with our workforce to ensure that we are fostering an environment that they are happy to work in and that best supports their well-being. Employees are supported to learn continuously and are offered opportunities for training.

Business Relationships: the directors are committed to fostering the Company's business relationships. The Company is a customer facing and customer focused organisation, seeking to deliver an excellent experience to everyone we serve. We continuously engage with our customers in a multitude of ways and actively seek independent third party feedback to understand our customers' needs and deliver an excellent service. This feedback informs our decisions on product development.

Community and environment: we are mindful of the communities in which we operate, as well as external factors and events, such as Covid-19 that can impact these communities. Our charitable giving in the future will be in support of these communities. The directors recognise that the Group's activities have an effect on the environment, and are committed to identifying and implementing environmental improvements where possible.

High standards of business conduct: responsibility for setting the values and standards of the Company sits with the directors and we expect high standards of business conduct. We strive to maintain the highest standards of probity, integrity and transparency.

Shareholders: we strive to obtain investor support of our strategic objectives and how we go about executing them in order to create long-term value for our shareholders by generating sustainable results that translate into enhanced shareholder value.

By order of the board

DocuSigned by:
3318BCF621164AE
Director – Mark Steinberg

Date: 29 November 2021

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the period from incorporation to 31 December 2020 and the consolidated financial statements of the Group for the year ended 31 December 2020.

Directors

The persons who have been directors since incorporation on the 17 December 2019 are:

- Terence Cole (appointed 17 December 2019)
- Mark Steinberg (appointed 17 December 2019)

Dividends

The directors do not recommend the payment of a dividend.

Strategic Report

The company has chosen, in accordance with section 414C of the Companies Act 2006, to set out in the Strategic Report the following information which would otherwise be required to appear in the Directors' Report:

- Review of business including future developments.
- Financial risk management objectives
- Indication of exposure to liquidity risk, cash flow risk, and interest rate risk.

Qualifying third-party indemnity provisions

Throughout the year and up to the date of signing the financial statements, a qualifying third-party indemnity provision for the benefit of the directors was in force.

Going concern

The Group has reported a loss for the period as a result of £10.1m and is still in the early stages of its growth plan. The directors are of the opinion that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, that is for at least 12 months from the date of these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors are aware of the Covid-19 pandemic and the difficulties in predicting the impact that this will have on the UK economy but due to the nature of the Company's business model, they consider that that its operations have not been significantly adversely impacted to date. The directors believe that 2020 Covid-19 restrictions were a catalyst for an already shifting trend to online and therefore are of the opinion that the business will continue to grow from its current base.

Although it is not possible to reliably estimate the length or severity of the outbreak, at the date of signing the financial statements, the Group has cash reserves and committed financing line and is continuing to trade. The directors are actively managing the business on a day to day basis taking account of all changes in market conditions and any relevant government support and interventions.

Employees

It is the Group's policy to ensure continued employment, where possible, to employees who become temporarily or permanently disabled and to provide training, career development and promotion to disabled employees wherever appropriate. To satisfy that need, consultative procedures enable management and other employees to discuss matters of mutual interest, including health and safety. These procedures, which have been developed during the period as the Group has grown by acquisition, are used to keep employees informed about the Group's affairs.

Events since the balance sheet date

In April 2021, the Group completed the debt-funded acquisition of Qare, a leading French telehealth provider, for a total consideration of approximately €40m.

DIRECTORS' REPORT (continued)

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PwC will therefore continue in office.

By order of the board

DocuSigned by:

3318BCF621164AE...

Director – Mark Steinberg

Date: 29 November 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare Group and Company financial statements for each financial period. Under that law they have elected to prepare both the Group and the Company financial statements in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

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 their profit or loss for that year. 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, relevant and reliable;
- State whether they have been prepared in accordance with IFRSs ;
- Assess the Group and 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 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDTOP GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Medtop Group Limited 's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2020; the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDTOP GROUP LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the annual report, strategic report, the directors' report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDTOP GROUP LIMITED

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to direct and indirect taxes, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries or displaying bias in making accounting estimates in order to manipulate the financial statements . Audit procedures performed by the engagement team included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Testing journal entries with a focus on those posted to unusual account combinations;
- Considering the reasonableness of accounting estimates, in particular those related to the valuation of intangible assets;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEDTOP GROUP LIMITED

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

OTHER MATTER

The group financial statements for the year ended 31 December 2019, forming the corresponding figures of the group financial statements for the year ended 31 December 2020, are unaudited.

Paul Nott

Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
Date: 30 November 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020	2019 (Unaudited)
		£	£
Revenue	5	10,683,459	3,898,532
Cost of sales		(7,510,421)	(2,249,216)
Gross profit		3,173,038	1,649,316
Administrative expenses		(12,016,052)	(2,962,225)
Operating loss before non-recurring expenses		(8,843,014)	(1,312,909)
Costs related to acquisition of subsidiaries and financing		(2,509,160)	-
Operating loss		(11,352,174)	(1,312,909)
Finance income	8	24,260	237
Finance costs	9	(305,805)	(634,947)
Loss before taxation		(11,633,719)	(1,947,619)
Taxation	10	1,558,597	-
Loss for the year		(10,075,122)	(1,947,619)
Attributable to:			
Equity shareholders		(5,193,512)	(1,947,619)
Non-controlling interest		(4,881,610)	-
Other comprehensive income:			
Items that may be subsequently recycled to the income statement:			
Exchange gains arising on translation of foreign operations		431,333	-
Other comprehensive income for the year net of tax		431,333	-
Total comprehensive expense for the financial year		(9,643,789)	(1,947,619)
Attributable to:			
Equity shareholders		(4,889,315)	(1,947,619)
Non-controlling interest		(4,754,474)	-
Total comprehensive expense for the year net of tax		(9,643,789)	(1,947,619)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

	Note	31 December 2020	31 December 2019 (Unaudited)	1 January 2019 (Unaudited)
		£	£	£
Non-current assets				
Intangible assets	11	18,516,507	3,645,130	4,071,183
Goodwill	12	14,965,585	898,760	898,760
Property, plant and equipment	13	819,840	55,100	89,031
Right-of-use assets	14	2,285,775	130,912	181,588
Deferred tax asset	21	-	-	-
Total non-current assets		36,587,707	4,729,902	5,240,562
Current assets				
Trade and other receivables	16	5,483,971	646,601	396,963
Cash and cash equivalents	17	13,985,021	396,328	438,676
Total current assets		19,468,992	1,042,929	835,639
Total assets		56,056,699	5,772,831	6,076,201
Equity and liabilities				
Share capital	22	4	2	-
Other reserves	23	29,087,855	-	-
Foreign exchange translation reserve	23	304,197	-	-
Retained earnings	23	(8,859,338)	(3,665,826)	(1,718,207)
Capital and reserves attributable to owners		20,532,718	(3,665,824)	(1,718,207)
Non-controlling interest	24	18,257,280	-	-
Total equity		38,789,998	(3,665,824)	(1,718,207)
Non-current liabilities				
Financial liabilities – borrowings	19	-	958,634	1,611,768
Lease liabilities	14	954,948	76,778	123,937
Deferred tax liabilities	21	1,041,795	-	-
Provision for liabilities	20	378,000	-	-
Trade and other payables	18	2,557,166	-	-
Total non-current liabilities		4,931,909	1,035,412	1,735,705
Current liabilities				
Financial liabilities – borrowings	19	958,634	653,135	155,539
Lease liabilities	14	1,098,446	57,651	57,651
Trade and other payables	18	10,277,712	7,692,457	5,845,693
Total current liabilities		12,334,792	8,403,243	6,058,703
Total liabilities		17,266,701	9,438,655	7,794,408
Total equity and liabilities		56,056,699	5,772,831	6,076,201

CONSOLIDATED BALANCE SHEET (continued)

As at 31 December 2020

The financial statements on pages 13 to 58 were approved and authorised by the Board of Directors on 29 November 2021 and signed on its behalf by:

DocuSigned by:
3318BCF621164AE...

Director – Mark Steinberg

DocuSigned by:
Terence Cole
5808DB5F2A68437...

Director – Terence Cole

Company Number: 12367948

The accompanying notes form an integral part of these financial statements.

COMPANY BALANCE SHEET

As at 31 December 2020

	Note	31 December 2020 £
Non-current assets		
Investments	15	11,435
Total non-current assets		**11,435**
Current assets		
Trade and other receivables	16	4
Total current assets		4
Total assets		**11,439**
Equity and liabilities		
Share capital		4
Retained earnings		(125,000)
Total equity		(124,996)
Current liabilities		
Trade and other payables	18	136,435
Total current liabilities		136,435
Total liabilities		136,435
Total equity and liabilities		11,439

Company Number: 12367948

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Note	Transactions attributable to the owners						
		Share capital	Foreign exchange translation reserve	Retained earnings	Other reserves	Total	Non-controlling interests	Total
		£	£	£	£	£	£	£
Balance at 1 January 2019		**-**	**-**	**(1,718,207)**	**-**	**(1,718,207)**	**-**	**(1,718,207)**
On incorporation		2	-	-	-	2	-	2
Loss for the year		-	-	(1,947,619)	-	(1,947,619)	-	(1,947,619)
Balance at 31 December 2019		**2**	**-**	**(3,665,826)**	**-**	**(3,665,824)**	**-**	**(3,665,824)**
Loss for the year		-	-	(5,193,512)	-	(5,193,512)	(4,881,610)	(10,075,122)
Exchange gains arising on translation of foreign operations		-	304,197	-	-	304,197	127,136	431,333
Total comprehensive income for the year		**-**	**304,197**	**(5,193,512)**	**-**	**(4,889,315)**	**(4,754,474)**	**(9,643,789)**
Issue of share capital	22	2	-	-	-	2	-	2
Disposal of interest in subsidiaries to NCI without a change in control	24	-	-	-	29,087,855	29,087,855	23,011,754	52,099,609
Balance at 31 December 2020		**4**	**304,197**	**(8,859,338)**	**29,087,855**	**20,532,718**	**18,257,280**	**38,789,998**

COMPANY STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2020

	Share capital	Retained earnings	Total
	£	£	£
Loss for the period	-	(125,000)	(125,000)
Issue of share capital	4	-	4
Balance at 31 December 2020	**4**	**(125,000)**	**(124,996)**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020	2019
		£	£
Cash flows from operating activities			
Loss before taxation		(11,633,719)	(1,947,619)
Adjustments for:			
Depreciation of property, plant and equipment	13	154,294	37,923
Amortisation of intangible assets	11	1,208,007	523,986
Depreciation of right-of-use assets	14	207,211	50,676
Interest charge on right-of-use assets	14	28,855	10,492
Interest paid	9	269,043	624,455
Deferred consideration unwinding discount	9	7,907	
Interest received	8	(24,260)	(237)
		(9,782,662)	**(700,324)**
Changes in working capital:			
Increase in trade and other receivables		(643,594)	(249,638)
(Decrease)/Increase in trade and other payables		(123,250)	882,320
Increase in provisions		2,935,166	-
Cash (used by)/generated from operations		**(7,614,340)**	**(67,642)**
Tax paid		-	-
Net cash (outflow)/inflow from operating activities		**(7,614,340)**	**(67,642)**
Cash flows from investing activities			
Purchase of subsidiaries, net of cash acquired	12	(21,256,990)	-
Purchase of property, plant and equipment	13	(221,673)	(3,992)
Purchase of intangible assets	11	(1,334,130)	(97,933)
Interest received	8	24,260	237
Net cash outflow from investing activities		**(22,788,533)**	**(101,688)**
Cash flows from financing activities			
Repayment of borrowings	27	(783,818)	(299,925)
Loans with related parties	27	(6,824,487)	1,109,013
Disposal of interest in subsidiaries to NCI without a change in control		52,099,609	-
Interest paid	27	(269,043)	(624,455)
Payment of lease liabilities	14	(230,695)	(57,651)
Net cash inflow/(outflow) from financing activities		**43,991,566**	**126,982**
Net increase/(decrease) in cash and cash equivalents		13,588,693	(42,348)
Cash and cash equivalents at beginning of period		396,328	438,676
Cash and cash equivalents at end of period		**13,985,021**	**396,328**

The company had no cash flows in the period ended 31 December 2020.

The accompanying notes from an integral part of these financial statements

1. GENERAL INFORMATION

Medtop Group Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom and domiciled in England. The registered office address is 10 Upper Berkeley Street, London, W1H 7PA. The registered company number is 12367948. The financial statements cover the period from incorporation on the 17 December 2019 to 31 December 2020.

2. STATEMENT OF COMPLIANCE

These Group and Company financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

2.1 FIRST TIME ADOPTION OF IFRS

On 2 April 2020, the Company acquired the whole of the share capital of HealthHero Group Limited (formerly Medtop Healthcare Limited) by way of a share for share exchange. This transaction has been treated as a group reconstruction, with merger accounting principles being applied, and therefore the Consolidated financial statements reflect the Group as if the Company had always been the parent company. HealthHero Group Limited and its subsidiaries have previously prepared their financial statements in accordance with FRS 102, but the directors of the Company have decided to apply IFRS with a transition date of 1 January 2019. HealthHero Group Limited has not previously prepared consolidated financial statements and therefore the requirement in IFRS 1 to show a reconciliation of the opening balance sheet as prepared under previous GAAP to that prepared under IFRS is not applicable.

MedSol Holding No2 Limited and HealthHero Solutions Limited, subsidiaries that formed the substantial part of the group that existed in 2019 headed by HealthHero Group Limited, were included in the MedSol Holding No 2 Limited consolidated financial statements for the year ended 31 December 2019 and were audited by Grant Thornton UK LLP.

The following exemptions were taken from full retrospective application of IFRS:

- Business combinations occurring prior to 1 January 2019 have not been restated
- IFRS 16 "Leases" has been applied using the modified retrospective method such that the lease liability has been calculated using the discount rate at 1 January 2019 rather than the rate in effect at inception of the lease.

2.2 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ADOPTED

The amendments to IAS 28 Investments in Associates and Joint Ventures and IFRS 1 First-time Adoption of International Financial Reporting Standards are not considered to be relevant to the Group's operations.

The following standards, amendments and interpretations are not yet effective and have not been early adopted by the Group:

IFRIC 22 Foreign Currency Transactions and Advance Consideration: this clarifies which exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. There is not considered to be an impact of this standard on the Group.

The following Adopted IFRSs have been issued but have not been applied by the group in these financial statements, all of which are effective for the accounting period commencing 1 January 2022:

- Narrow scope amendments to IFRS 3, IAS 16 and IAS 27
- Annual improvements to IFRS Standards 2018 – 2020
- Amendments to IAS 1: Classification of Liabilities as 'Current' or 'Non current'.

As yet, none of these have been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed. The directors do not expect any material impact as a result of adopting the standards and amendments listed above in the financial year they become effective.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out blow:

(a) Basis of preparation

These financial statements are prepared on a concern basis under the historical cost convention and are in accordance with applicable accounting standards. The financial statements are presented in GBP.

(b) Going concern

The Group has reported a loss for the period as a result of £10.1m and is still in the early stages of its growth plan. The directors are of the opinion that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, that is for at least 12 months from the date of these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors are aware of the Covid-19 pandemic and the difficulties in predicting the impact that this will have on the UK economy but due to the nature of the Company's business model, they consider that that its operations have not been significantly adversely impacted to date. The directors believe that 2020 Covid-19 restrictions were a catalyst for an already shifting trend to online and therefore are of the opinion that the business will continue to grow from its current base.

Although it is not possible to reliably estimate the length or severity of the outbreak, at the date of signing the financial statements, the Group has cash reserves and committed financing line and is continuing to trade. The directors are actively managing the business on a day to day basis taking account of all changes in market conditions and any relevant government support and interventions.

Basis of consolidation

On 2 April 2020, Medtop Group Limited acquired the whole of the share capital of HealthHero Group Limited (formerly Medtop Healthcare Limited) by way of a share for share exchange. As explained in note 2.1, this has been treated as a group reconstruction using merger accounting principles. The financial statements therefore include the full year for the whole group as well as full comparative information.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial polices the group exercises a significant influence, are treated as associates. In group financial statements, associates are accounted for using equity method.

The company did not trade in the current year or prior period. In accordance with the exemption conferred by Section 408 of the Companies Act 2006, the company has not presented its own profit and loss account.

(c) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method of accounting. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Costs directly attributable to the business combination have been written off as incurred.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired is recognised as goodwill.

3. ACCOUNTING POLICIES (continued)

(d) Non-controlling interests

The Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value. The Group has not elected to take the option to use fair value in acquisitions completed to date.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

(e) Revenue recognition

The Group's revenue is derived from a range of healthcare services which are delivered via a suite of digital tools and an extensive clinician network. The Group mainly operates in the United Kingdom, Germany and the Republic of Ireland.

IFRS 15 establishes a comprehensive model for determining whether, how much, and when revenue is recognised. The Group follows the five-step model according to IFRS 15. The process separates the following steps: identification of the customer contract, identification of the individual performance obligations, determination of the transaction price, allocation of the transaction price to the individual contractual obligations and the determination of the timing of revenue recognition. Revenue from contracts with customers is recognised when performance obligations are satisfied, and control of the goods and services is transferred to the customer for an amount that reflects the consideration appropriate to those goods and services.

For each performance obligation within a contract, the Group determines whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

The Group has the following main revenue streams:

- Provision of remote primary healthcare and mental health services to insurance and corporate clients. Revenue is determined by applying either a per use charge or a pro-rata per-capita charge.
- Delivery of Integrated Urgent Care (IUC) support for patients and related services through long-term contracts.
- Software-as-a-service ("SaaS") applications, which allow customers to use hosted software over the contract period without taking possession of the software. Access to the platform is provided on a subscription basis, and revenue is recognised over the contract term.
- Provision of online prescriptions. Revenue is recognised at a point in time upon transfer of control to customers

The Group has determined that most of its contracts satisfy the 'over time' criteria because the customer simultaneously receives and consumes the services provided by the Group's performance as these services are provided. Access to remote primary healthcare and mental health services as well as Integrated Urgent Care services offered by the Group represents a series of distinct services that are substantially the same and have the same pattern of transfer to customer. Each distinct service represents a performance obligation that is satisfied over time and has the same measure of progress.

3. ACCOUNTING POLICIES (continued)

(f) Revenue recognition

The Group is the principal in these arrangements as it controls the goods or services prior to sale, has pricing flexibility and is also exposed credit risks. Revenue is measured at the fair value of the consideration received or receivable, and is shown net of discounts.

The appropriate standalone selling price for a performance obligation is determined with the use of judgement where necessary. The transaction price is allocated to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

- Contract assets (also known as 'accrued income') are recognised where there are excess of revenues earned over billings. Contracts are classified as assets when only the act of invoice is pending, there is an unconditional right to receive cash and only the passage of time is required as per contractual terms.
- Contract liabilities (also known as 'deferred income') are recognised when there are billings in excess of revenues. Contracts are classified as liabilities when there is an obligation to transfer goods or services to a customer for which consideration has been received (or the payment is due) but the transfer has not yet been completed.

Where contracts are subject to modification to account for changes in contract specification and requirements, such modifications are reviewed in conjunction with the original contract.

(g) Foreign currencies

The Company's functional currency is GBP. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. For the purpose of the consolidated financial statements, the results and financial position are presented in GBP.

For each entity, transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at exchange rates at the date of each transaction. All resulting exchange differences are recognised in other comprehensive income.

(h) Pension contributions and other post-employment benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. Contributions are charged in the income statement as they become payable in accordance with the rules of the schemes. Once the contributions have been paid the Group has no further payment obligations.

3. ACCOUNTING POLICIES (continued)

(i) Taxation

The taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax: current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax: deferred tax is recognised on all temporary differences at the reporting date except for unrelieved tax losses and other deferred tax assets which are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the temporary difference.

(j) Intangible assets

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred, other than for certain development costs as disclosed below.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. 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.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development	3-5 years
Licences	3-5 years
Customer lists	4-15 years
Other intangible assets	3-15 years

Development expenditure is capitalised only when the capitalisation criteria under IAS 38 are met.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects is recognised in the income statement as incurred.

3. ACCOUNTING POLICIES (continued)

(k) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to the income statement on the acquisition date.

(l) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to administrative expenses in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is provided on the following basis:

Motor vehicles	3-5 years
Fixtures and fittings	3-5 years
Computer equipment	2-5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

(m) Right-of-use assets and lease liabilities

The Group has applied IFRS 16 Leases and it recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities. Depreciation is charged to administrative expenses in the income statement.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate or, if neither rates exist, a commercial rate has been used. The Group has used rates between 5.80% and 8.90% for the 2019 and 2020 lease liabilities (see note 14).

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

3. ACCOUNTING POLICIES (continued)

(n) Right-of-use assets and lease liabilities (continued)

ROU assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. ROU assets are amortised on a straight-line basis over the remaining term of the lease.

The lease liability is measured at amortised cost using the effective interest method.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

(o) Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost
- Fair value through profit or loss ('FVTPL')
- Fair value through other comprehensive income ('FVOCI').

In the periods presented the Group does not have any financial assets categorised as FVTPL or FVOCI.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within administrative expenses.

Subsequent measurement of financial assets)

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

3. ACCOUNTING POLICIES (continued)

(o) Financial instruments (continued)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

Trade and other receivables are initially stated at their fair value plus transaction costs, then subsequently at amortised cost using the effective interest method if applicable, less impairment losses. Provisions against trade and other receivables are made when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms of those receivables. The amount of the write down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Cash and cash equivalents

The Group manages short-term liquidity through the holding of cash and highly liquid interest-bearing deposits. Only deposits that are readily convertible into cash with maturities of three months or less from inception, with no penalty of lost interest, are shown as cash and cash equivalents.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade payables and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3. ACCOUNTING POLICIES (continued)

(o) Financial instruments (continued)

Trade payables and other payables

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provision of the instruments. All financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the statement of comprehensive income.

(p) Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that the assets may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the asset is the greater of the net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets (excluding goodwill) only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss is recognised in the current year.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(q) Investments in subsidiaries

Investments in subsidiary companies in the Company's financial statements are held at historical cost less accumulated impairment losses.

(r) Provisions

A provision is recognised in the accounts when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

3. ACCOUNTING POLICIES (continued)

(s) Net financing costs

Financing expenses comprise interest payable and finance leases recognised in the income statement using the effective interest method, unwinding of the discount on provisions. Financing income comprises interest receivable on bank deposits, loan interest, and finance lease charges.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method.

(t) Share capital

Share capital represents the nominal value of shares that have been issued.

(u) Retained earnings

Retained earnings includes all current and prior period retained profits and losses.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

(a) Useful economic lives of property, plant and equipment and intangible assets

Property, plant and equipment are depreciated, and intangible assets are amortised over their useful lives. Useful lives are based on management's estimates, which are periodically reviewed for continued appropriateness.

Changes to estimates can result in variations in the carrying values and amounts charged to the income statement in specific periods.

(b) Contingent consideration

Contingent consideration represents the fair value of amounts which may become payable in the future periods provided certain revenue targets, as determined by a share purchase agreement, are met. Contingent consideration is measured at fair value at the acqusition date and will be revalued each reporting period according to the latest forecasts based on the terms of the agreement.

(c) Impairment of receivables

The Group uses the simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cashflows considering the potential for default at any point during the life of the financial instrument. When assessing impairment of trade and other receivables, management considers factors including the current credit rating of the receivable, the ageing profile of receivables and historical experience. The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due. Further details are given in note 16.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(d) Impairment of goodwill

In determining whether or not an impairment provision is required, the directors take into account a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provision that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

A majority of the group's goodwill arose from acquisitions made in the latter part of 2020 and therefore the cash flows used in the impairment analysis as at 31 December 2020 are consistent with those used as a basis for pricing the acquisitions. Accordingly no impairments have been identified. These cash flows do not include any synergy benefits that the group expects to realise

Critical accounting judgements

(a) Business combinations

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the net assets and liabilities pf the acquired entity.

The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the income statement.

5. REVENUE

All revenue arose from the provision of healthcare services and may be analysed geographically as follows:

	Year ended 31 December 2020	Year ended 31 December 2019 (Unaudited)
	£	£
UK	8,769,046	3,443,603
Europe	1,766,676	454,929
Rest of the world	147,737	-
Total revenue	10,683,459	3,898,532

Contract assets ("accrued income") reflect revenue earned but not yet invoiced. Contract liabilities ("deferred income") reflect revenue received from customers in advance of the service being provided. Significant changes in the contract assets /(liabilities) balances during the periods are as follows:

	CONTRACT ASSETS		CONTRACT LIABILITIES	
	Year ended 31 December 2020	Year ended 31 December 2019 (Unaudited)	Year ended 31 December 2020	Year ended 31 December 2019 (Unaudited)
	£	£	£	£
Opening contract assets/(liabilities)	123,973	44,187	(54,678)	(49,829)
Acquired through business combinations	671,804	-	(1,290,278)	-
Movement in the year	51,982	79,786	(141,562)	(4,849)
Closing contract assets/(liabilities)	847,759	123,973	(1,486,518)	(54,678)

Contract assets and liabilities are generally fully realised within 12 months.

6. EMPLOYEES AND DIRECTORS

Staff costs were as follows:

	Year ended 31 December 2020	Year ended 31 December 2019 (Unaudited)
	£	£
Wages and salaries (including executive directors)	4,498,092	1,136,656
Social security costs	807,555	109,660
Pension costs	163,950	27,836
	5,469,597	1,274,152

6. EMPLOYEES AND DIRECTORS (CONTINUED)

The average number of persons employed by the group (including directors) during the periods, analysed by category was as follows:

	Year ended 31 December 2020	Year ended 31 December 2019 (Unaudited)
Service delivery	101	32
Sales and marketing	13	6
Admin, finance, IT and management	29	5
Governance and compliance	4	2
Average staff numbers	**147**	45

The Group employed 536 full-time employees at 31 December 2020 (46 full-time employees at 31 December 2019). The Company had no employees at 31 December 2020.

Key management is made up of the directors of the Company and three other key executives. Their remuneration is outlined below (amounts relate to part of the year):

	Year ended 31 December 2020	Year ended 31 December 2019 (unaudited)
	£	£
Remuneration	717,220	80,931
Pension contributions	10,363	2,500
	727,583	83,431

None of the directors received any payment for their services as directors of the Company.

7. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 2020	Year ended 31 December 2019 (unaudited)
	£	£
Depreciation of fixed assets	154,294	37,923
Depreciation of right-of-use assets	207,211	50,676
Amortisation of acquired intangible assets	138,690	-
Amortisation of other intangible assets	1,069,317	523,986
Auditors' remuneration:		
Audit of these financial statements	130,000	-
Audit of financial statements of subsidiaries of the company	97,960	27,500
All other services	-	6,000

8. FINANCE INCOME

	Year ended 31 December 2020	Year ended 31 December 2019 (unaudited)
	£	£
Interest income	24,260	237
	24,260	237

9. FINANCE EXPENSES

	Note	Year ended 31 December 2020	Year ended 31 December 2019 (unaudited)
		£	£
Shareholder loan interest		138,360	479,888
Bank loan interest		130,683	144,567
IFRS 16 lease interest	14	28,855	10,492
Deferred consideration: unwinding of discount		7,907	-
		305,805	634,947

10. TAXATION

Analysis of (credit)/charge in year	**Year ended 31 December 2020**	**Year ended 31 December 2019 (unaudited)**
	£	**£**
Current period tax		
Current taxation (credit)/charge for the year	-	-
Foreign entity taxation	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	1,558,597	-
Total deferred tax	**1,558,597**	-
Tax on loss on ordinary activities	**1,558,597**	-
Reconciliation of total tax (credit)/charge:		
Loss on ordinary activities before tax	(11,633,719)	(1,947,619)
Loss on ordinary activities multiplied by the rate of corporation tax in the UK of 19.00%	**(2,210,407)**	**(370,048)**
Effects of:		
Difference in foreign tax rates	(197,205)	-
Expenses not deductible for tax purposes	430,138	112,104
Unrecognised tax losses carried forward	517,858	277,275
Other timing differences	(99,000)	(19,331)
Total taxation (credit)/charge	**(1,558,597)**	-

Factors affecting future tax charges

In the March 2021 Budget, the UK government announced an increase in the standard rate of corporation tax from the current rate of 19% to 25% with effect from 1 April 2023. As this change was not substantially enacted at the balance sheet date, deferred tax has been recognised in these financial statements based on the 19% rate in effect at year end. This change of rate will result in an increase to the deferred tax liability and the deferred tax asset as at 31 December 2020 of £826,904 and £497,916, respectively, which will be reflected in the 2021 tax charge.

11. INTANGIBLE ASSETS

GROUP

	Software development	Licences	Customer relationships	Other intangibles	Total
	£	£	£	£	£
Cost					
As at 1 January 2020	182,802	11,823	4,750,430	-	4,945,055
Acquired through business combinations	2,511,983	11,632	10,670,159	1,552,619	14,746,393
Additions	1,230,777	54,793	-	48,560	1,334,130
Foreign currency translation	(774)	-	(450)	(338)	(1,562)
As at 31 December 2020	**3,924,788**	**78,248**	**15,420,139**	**1,600,841**	**21,024,016**
Amortisation					
As at 1 January 2020	69,295	3,436	1,227,194	-	1,299,925
Charge for the year	552,129	16,727	585,036	54,115	1,208,007
Foreign currency translation	(118)	-	(156)	(149)	(423)
As at 31 December 2020	**621,306**	**20,163**	**1,812,074**	**53,966**	**2,507,509**
Net book value					
As at 31 December 2020	**3,303,482**	**58,085**	**13,608,065**	**1,546,875**	**18,516,507**
As at 31 December 2019	113,507	8,387	3,523,236	-	3,645,130
<u>Unaudited</u>					
Cost					
As at 1 January 2019	*91,350*	*5,342*	*4,750,430*	-	*4,847,122*
Additions	*91,452*	*6,481*	-	-	*97,933*
As at 31 December 2019	*182,802*	*11,823*	*4,750,430*	-	*4,945,055*
Amortisation					
As at 1 January 2019	*22,133*	*1,655*	*752,151*	-	*775,939*
Charge for the year	*47,162*	*1,781*	*475,043*	-	*523,986*
As at 31 December 2019	*69,295*	*3,436*	*1,227,194*	-	*1,299,925*
Net book value					
As at 31 December 2019	*113,507*	*8,387*	*3,523,236*	-	*3,645,130*
As at 31 December 2018	*69,217*	*3,687*	*3,998,279*	-	*4,071,183*

Software consists of capitalised development costs being an internally generated intangible asset. Licences, customer relationships and other intangibles were externally acquired.

All amortisation expenses are included in administration expenses.

The Group has incurred research and development expenses of £940,427 (2019: £nil), which are included in administration expenses.

11. INTANGIBLE ASSETS (CONTINUED)

Amortisation of intangible assets is provided to write off the cost, less residual value, in equal instalments over the directors' estimate of their useful economic lives which are:

- Software development is amortised over 3-5 years;
- Licences are amortised over 3-5 years;
- Customer lists are amortised over 4-15 years; and
- Other intangible assets are amortised over 3-15 years.

Amortisation expenses are included in administration expenses.

Intangible assets (excluding goodwill) are tested for impairment if there is an indication that they might be impaired. Following a review, the directors have concluded that there is no indication that these assets are impaired and so no impairment review has been conducted.

12. GOODWILL

	Group 31 December 2020	Group 31 December 2019 (unaudited)
	£	£
Cost of goodwill:		
Cost brought forward	898,760	898,760
Additional goodwill arising from IFRS 16 adjustments	85,957	-
Goodwill arising on acquisitions	13,985,162	-
Foreign currency translation	(4,294)	-
	14,965,585	**898,760**

During the financial year ended 31 December 2020, the Group entered into share purchase agreements to acquire share capital in a number of companies which it acquired.

Goodwill has arisen as the purchase consideration exceeds the fair value of net assets acquired. Acquisition costs (primarily advisors fee, diligence costs and banking fees) have been expensed.

All acquisitions have been included in the consolidated balance sheet at fair value at the acquisition date.

The carrying value of goodwill includes the following acquisitions during the year.

(a) **Acquisition of HFH Venture A GmbH** (subsequently renamed HealthHero Germany GmbH)

On the 23 July 2020, the Group acquired 90% of the issued share capital of HFH Venture A GmbH (subsequently renamed HealthHero Germany GmbH) - a telehealth provider with telemedicine (e-questionnaire) service and a teleconsultation capability.

	Book value	Revaluation adjustments	Fair value
	£	£	£
Software	376,007	74,258	450,265
Brand	-	157,593	157,593
Customer relationships	-	270,159	270,159
Other	-	45,027	45,027
Tangible fixed assets	3,851	-	3,851
Deferred tax liability	-	(164,111)	(164,111)
Net current assets	1,376,262	-	1,376,262
	1,756,120	382,926	2,139,046
Non-controlling interest			(213,905)
Goodwill arising on acquisitions			**2,577,510**
			4,502,651
Discharged by:			
Cash			3,602,120
Deferred consideration			900,531
			4,502,651

The turnover and loss for the acquisition included in the 2020 financial statements was:

	£
Turnover	223,921
Profit/(loss)	(608,214)

12. GOODWILL (CONTINUED)

(b) Acquisition of The Validium Group Limited

On the 6 October 2020, the Group acquired 100% of the issued share capital of The Validium Group Limited - provider of online, remote and face-to-face mental health services via a network of counsellors. Additional services include psychological counselling and critical incident management.

	Book value	Revaluation adjustments	Fair value
	£	£	£
Software	358,691	-	358,691
Brand	-	500,000	500,000
Customer relationships	-	1,200,000	1,200,000
Tangible fixed assets	54,743	-	54,743
Deferred tax liability	(57,098)	(323,000)	(380,098)
Net current assets	(264,529)	-	(264,529)
	91,807	1,377,000	1,468,807
Goodwill arising on acquisitions			**3,706,065**
			5,174,872
Discharged by:			
Cash			2,000,000
Deferred consideration			2,965,239
Deferred contingent consideration			164,173
Working capital adjustment			45,460
			5,174,872

The turnover and profit for the acquisition included in the 2020 financial statements was:

	£
Turnover	1,310,668
Profit/(loss)	44,433

Deferred contingent consideration represents the fair value of additional consideration that may become payable in the year ended 30 September 2023 provided certain revenue targets, as determined by a share purchase agreement, are met. The probability-weighted contingent consideration is discounted to present value using a risk adjusted discount rate.

12. GOODWILL (CONTINUED)

(c) Acquisition of Medvivo Group Limited

On the 12 November 2020, the Group acquired 100% of the issued share capital of Medvivo Group Limited – provider of Integrated Urgent Care (IUC) services in the South West of England.

	Book value	Revaluation adjustments	Fair value
	£	£	£
Software	221,285	-	221,285
Brand	-	400,000	400,000
Customer relationships	-	8,650,000	8,650,000
Tangible fixed assets	520,737	-	520,737
Deferred tax asset	71,649	-	71,649
Deferred tax liability	-	(1,719,500)	(1,719,500)
Net current assets	1,604,488	-	1,604,488
	2,418,159	7,330,500	9,748,659
Goodwill arising on acquisitions			**3,147,861**
			12,896,520
Discharged by:			
Cash			10,873,270
Loan from target to purchaser			2,023,250
			12,896,520

The turnover and loss for the acquisition included in the 2020 financial statements was:

	£
Turnover	3,046,283
Profit/(loss)	(80,362)

12. GOODWILL (CONTINUED)

(d) Acquisition of DoctorLink Limited

On the 19 November 2020, the Group acquired 100% of the issued share capital of DoctorLink Limited - an online triage platform solution and developer and provider of SaaS solutions to the digital health market (online triage, remote consultation and health risk assessments).

	Book value	Revaluation adjustments	Fair value
	£	£	£
Software	2,995,218	(1,845,218)	1,150,000
Brand	-	450,000	450,000
Customer relationships	-	550,000	550,000
Other	11,632	-	11,632
Tangible fixed assets	355,023	-	355,023
Deferred tax liability	-	(408,500)	(408,500)
Net current assets	(522,745)	-	(522,745)
	2,839,128	(1,253,718)	1,585,410
Goodwill arising on acquisitions			**4,057,917**
			5,643,327
Discharged by:			
Cash			5,700,000
Agreed adjustment to cash consideration			(56,673)
			5,643,327

The turnover and loss for the acquisition included in the 2020 financial statements was:

	£
Turnover	343,450
Profit/(loss)	(1,077,655)

12. GOODWILL (CONTINUED)

(e) Acquisition of Online Healthcare Limited (subsequently renamed HealthHero Online Healthcare Limited)

On the 28 December 2020, the Group acquired 100% of the issued share capital of Online Healthcare Limited (subsequently renamed HealthHero Online Healthcare Limited) – provider of GP teleconsultations and a telemedicine service for prescription medication.

	Book value	Revaluation adjustments	Fair value
	£	£	£
Software	331,742	-	331,742
Tangible fixed assets	3,632	-	3,632
Net current assets	(80,493)	-	(80,493)
	254,881	-	254,881
Goodwill arising on acquisitions			**495,809**
			750,690
Discharged by:			
Cash			330,843
Deferred consideration			419,847
			750,690

The turnover and profit for the acquisition included in the 2020 financial statements was:

	£
Turnover	-
Profit/(loss)	-

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Fixtures and fittings	Computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2020	97,042	98,401	62,794	258,237
Acquired through business combinations	240,738	433,188	24,425	698,351
Foreign currency translation	(130)	(228)	-	(358)
Additions	25,000	196,673	-	221,673
Disposals	-	(930)	-	(930)
As at 31 December 2020	**362,650**	**727,104**	**87,219**	**1,176,973**
Depreciation				
At 1 January 2020	66,514	81,316	55,307	203,137
Foreign currency translation	(16)	(140)	-	(156)
Charge for the year	52,218	94,901	7,175	154,294
Disposals	-	(142)	-	(142)
As at 31 December 2020	**118,716**	**175,935**	**62,482**	**357,133**
Net book Value				
As at 31 December 2020	**243,934**	**551,169**	**24,737**	**819,840**
<u>Unaudited</u>				
As at 31 December 2019	30,528	17,085	7,487	55,100
Cost				
At 1 January 2019	*97,042*	*94,409*	*62,794*	*254,245*
Additions	-	*3,992*	-	*3,992*
As at 31 December 2019	*97,042*	*98,401*	*62,794*	*258,237*
Depreciation				
At 1 January 2019	*47,274*	*67,918*	*50,022*	*165,214*
Charge for the year	*19,240*	*13,398*	*5,285*	*37,923*
As at 31 December 2019	*66,514*	*81,316*	*55,307*	*203,137*
Net book value				
As at 31 December 2019	*30,528*	*17,085*	*7,487*	*55,100*
As at 31 December 2018	*49,768*	*26,491*	*12,772*	*89,031*

14. RIGHT-OF-USE ASSETS

The Group leases properties, motor vehicles and equipment. Rental contracts are typically made for fixed periods of 3-11 years. There are no options to purchase at the end of the lease lives. In all cases, the lease obligations are secured by the lessor's title to the leased assets.

The Group leases several assets which consists of property, equipment and motor vehicles. Interest rate used to discount lease payment ranges between 5.80% and 8.90%.

The right-of-use assets included in the statement of financial position are as follows:

GROUP	Properties	Motor vehicles	Equipment	Total
	£	£	£	£
Cost				
At 1 January 2020	181,588	-	-	181,588
Acquired through business combinations	2,806,327	376,845	100,858	3,284,030
Additions	25,000	-	-	25,000
As at 31 December 2020	**3,012,915**	**376,845**	**100,858**	**3,490,618**
Depreciation				
At 1 January 2020	50,676	-	-	50,676
Acquired through business combinations	746,130	187,849	12,977	946,956
Charge for the year	184,315	20,463	2,433	207,211
As at 31 December 2020	**981,121**	**208,312**	**15,410**	**1,204,843**
Net book Value				
As at 31 December 2020	**2,031,794**	**168,533**	**85,448**	**2,285,775**
As at 31 December 2019	130,912	-	-	130,912

14. RIGHT-OF-USE ASSETS (CONTINUED)

Unaudited

GROUP	*Properties*	*Motor vehicles*	*Equipment*	*Total*
	£	*£*	*£*	*£*
Cost				
At 1 January 2019	*181,588*	-	-	*181,588*
Additions	-	-	-	-
As at 31 December 2019	*181,588*	-	-	*181,588*
Depreciation				
At 1 January 2019	-	-	-	-
Charge for the year	*50,676*	-	-	*50,676*
As at 31 December 2019	*50,676*	-	-	*50,676*
Net book Value				
As at 31 December 2019	*130,912*	-	-	*130,912*
As at 31 December 2018	*181,588*	-	-	*181,588*

The weighted average incremental borrowing rate applied to the lease liability recognised in the statement of financial position at the date of initial application is noted above. This is based on the companies' incremental borrowing rate of the date of initial recognition.

Lease liabilities – maturity analysis (contractual undiscounted cash flows)

	Group Year ended 31 December 2020	**Group Year ended 31 December 2019 (unaudited)**
	£	**£**
Less than one year	1,069,099	57,651
One to five years	1,035,343	88,136
Total undiscounted lease liabilities at year end	2,104,442	145,787
Lease liabilities included in the statement of financial position		
Current	1,098,446	57,651
Non-current	954,948	76,778
	2,053,394	134,429
Lease liabilities included in the statement of comprehensive income		
Interest on lease liability	28,855	10,492
Deprecation of lease	199,398	50,676
Expenses relating to short-term leases	800	-
Amounts recognised in the statement of cash flow		
Cash flow from operating activities	28,855	10,492
Cash flow from financial activities	(230,695)	(57,651)

15. INVESTMENTS

COMPANY	Investment in group undertakings	Total
	£	£
Cost		
At 1 January 2020	-	-
Additions	11,435	11,435
As at 31 December 2020	11,435	11,435
Net book Value		
As at 31 December 2020	11,435	11,435
As at 31 December 2019	-	-

Details of the Group's subsidiaries owned directly and indirectly at 31 December 2020, all of which are registered in England and Wales unless otherwise stated, are as follows:

Subsidiary undertaking	*Country of incorporation*	*Registered office*	*Principal activity*	*Types of shares held*	*Proportion held*
Medsol Holding No. 1 Limited*		a	Holding company	Ordinary	46%
Medsol Holding No. 2 Limited*		a	Holding company	Ordinary	46%
HealthHero Solutions Limited		a	Provision of healthcare services	Ordinary	46%
Healthhero Healthcare Ireland Limited	Ireland	b	Provision of healthcare services	Ordinary	46%
Healthhero Online Healthcare Limited	Ireland	c	Provision of healthcare services	Ordinary	46%
Medtop Validium Limited		a	Holding company	Ordinary	46%
The Validium Group Limited*		a	Provision of healthcare services	Ordinary	46%
Medtop Medvivo Limited		a	Holding company	Ordinary	46%
Medvivo Group Limited		d	Provision of healthcare services	Ordinary	46%
Medtop Doctorlink Limited		a	Holding company	Ordinary	46%
DoctorLink Limited		a	Provision of clinical health decision support applications	Ordinary	46%
DoctorLink Innovations Limited		a	Provision of clinical health decision support applications	Ordinary	46%
Doctorlink Inc	USA	a	Provision of clinical health decision support applications	Ordinary	46%
HealthHero Technologies Limited		a	Head office company	Ordinary	46%
HealthHero Services Limited		a	Head office company	Ordinary	46%

15. INVESTMENTS (CONTINUED)

Subsidiary undertaking	Country of incorporation	Registered office	Principal activity	Types of shares held	Proportion held
HealthHero Group Limited*		a	Head office company	Ordinary	46%
Medtop Intermediate Limited*		a	Holding company	Ordinary	49%
IPMED Sarl	Luxemburg	e	Holding company	Ordinary	49%
Medtop Ireland Sarl	Luxemburg	e	Holding company	Ordinary	49%
Medtop Fidelio Sarl	Luxemburg	e	Holding company	Ordinary	49%
Fernarzt.com Limited*		a	Online prescription	Ordinary	44%
HealthHero Germany GmbH	Germany	f	Online prescription	Ordinary	44%
Medtop France Sarl	Luxemburg	e	Holding company	Ordinary	49%
Medtop International SA	Luxemburg	e	Holding company	Ordinary	49%
Medtop Intermediate SA	Luxemburg	e	Holding company	Ordinary	49%
Medtop TopCo SA	Luxemburg	e	Holding company	Ordinary	49%
Medtop Group SA	Luxemburg	e	Holding company	Ordinary	63%
Medtop Lux SA	Luxemburg	e	Holding company	Ordinary	97%
MT Medtop Sarl	Luxemburg	e	Holding company	Ordinary	100%
Medtop GP Sarl	Luxemburg	e	Holding company	Ordinary	100%
MedTop SCS	Luxemburg	e	Holding company	Ordinary	76%

Registered office address:

a) 10 Upper Berkeley Street, London, W1H 7PE, United Kingdom
b) 13-18 City Quay, Dublin 2, Ireland
c) 10 Bushy Park Road, Rathgar, Dublin 6 DO6 C5F2, Ireland
d) Fox Talbot House, Bellinger Close, Chippenham, Wiltshire, SN15 1BN, United Kingdom
e) 17 a Rue des Bains, Luxembourg
f) Rosa-Luxemburg-Str. 2, Berlin, Germany

*For the year ended 31 December 2020 the above noted subsidiaries have taken the entitled exemption from audit under Section 479A of the Companies Act.

16. TRADE AND OTHER RECEIVABLES

	Group 31 December 2020	Group 31 December 2019	Group 1 January 2019	Company 31 December 2020
	£	£	£	£
Amounts falling due within one year:				
Trade receivables	**2,046,326**	420,566	313,909	-
Other receivables	**878,256**	1,907	1,905	4
Prepayments	**1,710,869**	100,155	36,962	-
Contract assets (see note 5)	**847,759**	123,973	44,187	
Corporation Tax	**761**	-	-	-
	5,483,971	646,601	396,963	4

All of the trade receivables were non-interesting bearing, receivable under normal commercial terms, and the directors expect the value of credit losses on the trade receivables to be nil. The directors consider that the carrying value of trade and other receivables approximates to their fair value.

The concentration of credit risk for trade receivables at the balance sheet date from customers was:

	Group 31 December 2020	Group 31 December 2019 (unaudited)	Group 1 January 2019 (unaudited)
	£	£	£
Customers			
Credit quality of financial assets and impairment losses			
The ageing of trade receivables at the balance sheet date was:			
Not past due	**1,614,370**	184,031	206,197
Past due 0 – 30 days	**283,808**	82,430	73,301
Past due 31 – 120 days	**84,848**	16,752	34,410
More than 120 days	**63,300**	137,353	-
Total receivables	**2,046,326**	420,566	313,909

The Company had no trade receivables at the balance sheet date.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
	£	£
At start of the year	**28,023**	-
Acquired	**69,471**	-
Impairment loss recognised	**50,000**	28,023
Balance at 31 December	**147,494**	28,023

17. CASH AND CASH EQUIVALENTS

	Group	Group	Group	Company
	31 December 2020	31 December 2019 (unaudited)	1 January 2019 (unaudited)	31 December 2020
	£	£	£	£
Cash and cash equivalents				
Cash at bank	13,985,021	396,328	438,676	-
	13,985,021	396,328	438,676	-

18. TRADE AND OTHER PAYABLES

	Group	Group	Group	Company
	31 December 2020	31 December 2019 (unaudited)	1 January 2019 (unaudited)	31 December 2020
	£	£	£	£
Current liabilities				
Trade payables	2,395,480	420,270	207,398	-
Accruals	3,314,977	458,027	102,331	136,435
Other tax and social security	1,135,963	73,355	28,105	-
Other payables	45,745	-	360,804	-
Contract liabilities	1,486,518	54,678	49,829	-
Deferred considerations	1,899,029	-	-	-
Amounts payable to related parties	-	6,686,127	5,097,226	-
	10,277,712	7,692,457	5,845,693	136,435
Non-current liabilities				
Deferred considerations	2,392,993	-	-	-
Deferred contingent consideration	164,173	-	-	-
	2,557,166	-	-	-

As at the year ended 31 December 2020, and included within other payables, the Group had outstanding defined contribution plan obligations of £123,578 (31 December 2019: £18,428).

The directors consider that the carrying value of trade and other payables approximates to their fair value. Trade payables are non-interest bearing and are normally settled monthly.

Contract liabilities represent consideration received for performance obligations not yet satisfied.

19. FINANCIAL LIABILITIES – BORROWINGS

	Group 31 December 2020	Group 31 December 2019 (unaudited)	Group 1 January 2019 (unaudited)
	£	£	£
Current liabilities			
Bank loans	958,634	653,135	155,359
Non-current liabilities			
Bank loans	-	958,634	1,611,768
	958,634	1,611,769	1,767,127

The bank has a floating charge over certain of the Group's assets to secure the bank loan. This loan was repaid in full in June 2021.

20. PROVISIONS FOR LIABILITIES

	Group Year ended 31 December 2020	Group 31 December 2019 (unaudited)	Group 1 January 2019 (unaudited)
	£	£	£
Dilapidation provision	378,000	-	-
	378,000	-	-

The dilapidations provision was recognised during the year ended 31 December 2020 as part of business combinations. The provision represents the net present value of the potential costs of refurbishing certain leased properties at the end of the lease.

21. NET DEFERRED TAX

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
	£	£
Deferred tax liability	(1,041,795	-
	(1,041,795)	-

There was no deferred tax as at 1 January 2019.

	Deferred tax asset	Deferred tax liability	Net deferred tax
	£	£	£
At 1 January 2020	-	-	-
Acquired	1,579,272	(2,614,838)	(1,035,566)
Movement in the year	(2,539)	(3,690)	(6,229)
Balance at 31 December 2020	**1,576,733**	**(2,618,528)**	**(1,041,795)**

Deferred tax asset primarily represents losses carried forward and deferred tax liability primarily represents temporary differences in respect of intangible assets acquired in business combinations.

22. SHARE CAPITAL

At 31 December 2020

Class of Shares	Number of shares in issue	Price per share	Share capital (£)
A Ordinary Shares	2.00	1.00	2.00
B Ordinary Shares	2.00	1.00	2.00
Total			**4.00**

At 31 December 2019 and 1 January 2019

Class of Shares	Number of shares in issue	Price per share	Share capital (£)
A Ordinary Shares	1.00	1.00	1.00
B Ordinary Shares	1.00	1.00	1.00
Total			**2.00**

A Ordinary Shares

Each share:

a) Carries one vote
b) Ranks Pari passu with any other ordinary shares as to rights:
   I. As respects dividends, to participate in a distribution
   II. As respects capital, to participate in a distribution (including on a winding up).

The ordinary shares are not redeemable.

22. SHARE CAPITAL (CONTINUED)

B Ordinary Shares

Each share:
- a) Carries one vote
- b) Ranks Pari passu with any other ordinary shares as to rights:
  - I. As respects dividends, to participate in a distribution
  - II. As respects capital, to participate in a distribution (including on a winding up).

The ordinary shares are not redeemable.

23. RESERVES

Retained Earnings - includes all retained profits and losses.

Other reserves – includes excess consideration arising on share issues in subsidiary companies to non-controlling interests relative to the attributable share of net assets.

Foreign exchange translation reserve – includes currency translation differences on foreign currency net investments.

24. NON-CONTROLLING INTERESTS ("NCI")

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
	£	£
As at 1 January	-	-
Additions	24,541,376	-
Disposal	(1,529,622)	
Share of (loss)/profit for the year	(4,881,610)	-
Share of currency translation reserve	127,136	-
At 31 December 2020	18,257,280	-

The following subsidiaries had material NCI:

Health Hero Group Limited

The non–controlling interest relates to the disposal of a 6% shareholding in April 2020.

MedTop Lux SA

The non–controlling interest relates to the disposal of a 3% shareholding in April 2020.

MedTop Group SA

The non–controlling interest relates to the disposal of a 30% shareholding in May 2020 and a further disposal of 4.9% in August 2020.

Medtop TopCo SA

The non–controlling interest relates to the disposal of a 18.6% shareholding in October 2020 and a further disposal of 4.1% in November 2020.

25. FINANCIAL RISK MANAGEMENT

Summary of financial assets and liabilities by category:

	Group	Group	Group	Company
	31 December 2020	31 December 2019	1 January 2019	31 December 2020
	£	£	£	£
Financial assets				
Financial assets measured at amortised cost				
Cash and Cash equivalents	13,985,021	396,328	438,676	-
Trade receivables	2,046,326	420,566	313,909	-
Other receivables	878,256	1,907	1,905	4
	16,909,603	818,801	754,490	4
Financial liabilities				
Financial liabilities measured at amortised cost				
Lease liabilities (Current and Non-current)	(2,053,394)	(134,429)	(181,588)	-
Borrowings (Current and Non-current)	(958,634)	(1,611,769)	(1,767,127)	-
Deferred consideration (Current and Non-current)	(4,456,195)	-	-	
Trade payables	(2,395,480)	(420,270)	(207,398)	-
Other payables	(45,745)	-	(360,804)	-
	(9,909,448)	(2,166,468)	(2,516,917)	-
Net financial assets and liabilities	7,000,155	(1,347,667)	(1,762,427)	4

Financial instruments measured at fair value

The fair value of the Group's financial instruments and its borrowing at 31 December 2020 did not differ materially from their carrying values.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in actives markets for identical assets or liabilities;
- Level 2: valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's assets and liabilities are categorised in Level 1 in the fair value hierarchy.

Risk Management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, and cash.

The main purpose of these financial instruments is to finance the Group's operations.

Risk management is carried out by the finance department under policies approved by the directors. The finance department identifies, evaluates and manages financial risks. The directors provide guidance on overall risk management including foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

The impact of the risks required to be discussed under IFRS 7 are detailed below:

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements.

As at 31 December 2020	Carrying amount	Contractual cashflows	1 year or less	1 < 2 years	2 < 5 years	> 5 years
Group	£	£	£	£	£	£
Non-derivative financial liabilities						
Bank loans	958,634	958,634	958,634	-	-	-
Leasing liabilities (current and non current)	2,053,394	2,104,442	1,069,099	959,851	75,492	-
Deferred consideration (current and non current)	4,456,195	4,456,195	1,899,029	2,392,992	164,174	
Trade payables	2,395,480	2,395,480	2,395,480	-	-	-
Other payables	45,745	45,745	45,745	-	-	-
Total	9,909,448	9,960,496	6,367,987	3,352,843	239,666	-

As at 31 December 2019 (unaudited)	Carrying amount	Contractual cashflows	1 year or less	1 < 2 years	2 < 5 years	> 5 years
Group	£	£	£	£	£	£
Non-derivative financial liabilities						
Bank loans	1,611,769	1,611,769	653,135	958,634	-	-
Leasing liabilities (current and non current)	134,429	145,787	57,651	88,136	-	-
Trade payables	420,270	420,270	420,270	-	-	-
Total	2,166,468	2,177,826	1,131,056	1,046,770	-	-

The Company had no financial liabilities in either 2020 or 2019.

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Liquidity risk – continued

Secured bank loans – Year ending 2020

	Nominal interest rate	Year of Maturity	Face Value (£)
Santander - Mezzanine	Libor + 5%	25/05/2022	958,634

The Santander - Mezzanine loan was repaid on the 2 June 2021

Secured bank loans – Year ending 2019

	Nominal interest rate	Year of Maturity	Face Value (£)
Santander - Senior	Libor + 3.5%	31/03/2022	473,680
Santander - Mezzanine	Libor + 5%	25/05/2022	1,138,089

The Santander - Senior loan was repaid on the 30 September 2020.

The bank has a floating charge over certain of the Group's assets to secure the bank loan. The loan was repaid in full in June 2021.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holding of financial instruments.

Market risk – foreign currency risk

GROUP

At 31 December 2020	Sterling	Euro	US Dollar	TOTAL
	£	£	£	£
Cash and Cash equivalents	12,871,940	887,094	225,987	13,985,021
Trade receivables	1,894,183	67,323	84,820	2,046,326
Bank loans	(958,634)	-	-	(958,634)
Trade payables	(1,982,959)	(406,067)	(6,454)	(2,395,480)
Balance sheet exposures	11,824,530	548,350	304,353	12,677,233

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

GROUP

At 31 December 2019	Sterling	Euro	US Dollar	TOTAL
	£	£	£	£
Cash and Cash equivalents	396,328	-	-	396,328
Trade receivables	420,566	-	-	420,566
Bank loans	(1,611,769)	-	-	(1,611,769)
Trade payables	(420,270)	-	-	(420,270)
Balance sheet exposures	(1,215,145)	-	-	(1,215,145)

The Company has no exposure to foreign currency risks.

Market risk – interest rate risk

The Group and Company have no exposure to interest rate risk as the loans outstanding at the balance sheet date were repaid in June 2021.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may, subject to shareholders' approval as appropriate, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

26. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and bank accounts. The carrying value of these are all recorded at amortised cost. The fair values of these financial instruments are approximate to their carrying values due to either their short-term nature or being priced at market-based variable interest rates.

27. CHANGES IN FINANCING LIABILITIES

	Current and non-current liabilities		
	Loans and Borrowings	**Lease liabilities**	**Total**
	£	**£**	**£**
At 1 January 2019	6,864,353	181,588	7,045,941
	1,767,127	181,588	1,948,715
Changes from financing cash flows			
Repayment of loans	(299,925)	-	(299,925)
Loans with related parties	1,109,013		1,109,013
Payment of lease liabilities	-	(57,651)	(57,651)
Total charges from financing cash flows	**809,088**	**(57,651)**	**751,437**
Other charges			
Interest changes	624,455	10,492	634,947
Total other charges	**624,455**	**10,492**	**634,947**
Balance at 31 December 2019	**8,297,896**	**134,429**	**8,432,325**

	Current and non-current liabilities		
	Loans and Borrowings	**Lease liabilities**	**Total**
	£	**£**	**£**
At 1 January 2020	8,297,896	134,429	8,432,325
Acquired through business combinations	-	2,120,805	2,120,805
	8,297,896	2,255,234	10,553,130
Changes from financing cash flows			
Repayment of loans	(783,818)	-	(783,818)
Repayment of loans from related parties	(6,824,487)		(6,824,487)
Payment of lease liabilities	-	(230,695)	(230,695)
Total charges from financing cash flows	**(7,608,305)**	**(230,695)**	**(7,055,182)**
Other charges			
Interest changes	269,043	28,855	297,898
Total other charges	**269,043**	**28,855**	**297,898**
Balance at 31 December 2020	**958,634**	**2,053,394**	**3,012,028**

28. RELATED PARTY TRANSACTIONS

The following balances are transactions and balances outstanding at year end:

	Transactions		Outstanding balance	
	Year ended 31 December 2020	Year ended 31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
MedSol Holding No. 1 Limited				
Marcol Finance Limited	-	-	-	(3,327,811)
Ultimate shareholders				(2,209,970)
HealthHero Solutions Limited				
Ultimate shareholders	10,884	2,282	-	(402,282)
Marcol Finance Limited	14,876	37,174	-	(745,844)
Sofia Medical Ltd	839,956	75,600	-	-
Medtop Healthcare Limited				
Alltime Technologies	45,938	3,481	-	3,481
Marcol Health Limited	393,721	-	-	-
Marcol Capital Europe S.A. (£)	263,944	-	-	-
Marcol Capital Europe S.A. (Euros)	525,532	-	-	-
Marcol International Asset Management Limited	1,294	-	190	-
Ultimate shareholders	2,148	-	-	-
Key management personnel	-	-	25,592	-
MedTop Fidelio S.à r.l.				
Marcol European Services Sarl	8,260	-	1,578	-
Medtop France Sarl				
Marcol European Services Sarl	6,802	-	1,578	-
MT Group SA				
Marcol European Services Sarl	14,229	-	1,578	-
MedTop Intermediate S.A.				
Marcol European Services Sarl	9,768	-	1,578	-
MedTop International S.A.				
Marcol European Services Sarl	8,362	-	1,578	-
Marcol Capital Europe S.A.	1,060,102	-	100,982	-
Marcol Health Limited	476,630	-	-	-
Total c/fwd	3,684,445	118,536	134,653	(6,682,426)

28. RELATED PARTY TRANSACTIONS (CONTINUED)

	Transactions		Outstanding balance	
	Year ended 31 December 2020	Year ended 31 December 2019	31 December 2020	31 December 2019
	£	£	£	£
Total b/fwd	3,684,445	118,536	134,653	(6,682,426)
Medtop Ireland Sarl				
Marcol European Services Sarl	6,802	-	1,578	-
MedTop TopCo S.A.				
Marcol European Services Sarl	139,296	-	45,756	-
Totals	**3,830,543**	**118,536**	**181,987**	**(6,682,426)**

29. CONTROLLING PARTIES

At the balance sheet date, Mark Steinberg and Terence Cole were considered to be the joint controlling parties of the Group.

30. EVENTS AFTER THE REPORTING DATE

In April 2021, the Group completed the debt-funded acquisition of Qare SAS, a leading French telehealth provider, for a total consideration of approximately €40m.