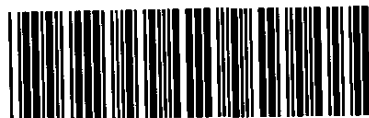


Filed in relation to Healthhero Services Ltd
(13027196)

Registered Number 12367948 (England and Wales)

Medtop Group Limited
Annual Report and Consolidated Financial Statements for the year ended
31 December 2022

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MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

CONTENTS

	Pages
Corporate information	1
Strategic report	2 – 5
Directors' report	6
Directors' responsibilities statement	7
Independent auditors' report to the members of Medtop Group Limited	8 – 11
Consolidated statement of comprehensive income	12
Consolidated balance sheet	13 - 14
Company balance sheet	15
Consolidated statement of changes in equity	16
Company statement of changes in equity	17
Consolidated statement of cash flows	18
Notes to the financial statements	19 - 58

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

CORPORATE INFORMATION

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

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

STRATEGIC REPORT

The directors present their strategic report for the Group for the year ended 31 December 2022.

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 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.

The directors are pleased with the progress which was made during the period towards the aim of building a leading digital healthcare business. Following its acquisitions in 2020 and 2021, the Group has established itself as a leading pan-European digital healthcare player.

The digital healthcare market is very strong and continues to grow rapidly following the acceleration of adoption associated with the Covid-19 pandemic. Demand is driven by factors such as the inability of national health services to meet increasing patient needs, ageing populations, the difficulties associated with recruiting and retaining clinical staff, and the changing behaviours of consumers who are choosing the convenience and accessibility offered by digital healthcare. Digital healthcare is now an essential part of private medical insurance cover and employee benefit offerings as well as a key element of national health service planning.

Future developments

The Group has established itself as a leading pan-European digital healthcare player. The addressable market is substantial, with growth accelerated by Covid-19 and other factors described above. In addition, the Group is developing innovative software, combining pioneering configurable digital products and best-in-class services. Over time, the focus will evolve towards addressing patients’ long term and chronic care needs. 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.

Key performance indicators

To evaluate the Group’s financial performance, revenue and operating profit/loss before exceptional expenses are measured and reviewed:

- In 2022, revenue increased from £54.0m to £77.8m, driven mainly by organic growth. It should be noted that the financial results of the Group in 2021 were distorted by the acquisition of Qare SAS which was made during the prior year, with the revenue and costs of the new company having been included from the date of acquisition only.
- In 2022, operating losses before exceptional expenses increased from £(39.6)m to £(45.5)m. The increased operating losses were incurred, despite the revenue growth noted above, because of increased administrative expenses which grew as the Group expanded during 2022.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

STRATEGIC REPORT (continued)

In addition to the financial metrics described above, the performance of the business is also monitored and assessed using non-financial performance indicators such as: the pace and quality of development of products on the development roadmap, the number of interactions with patients and other customers, and the quality of the service delivered.

Impairment

The Group undertook a goodwill impairment assessment as at the end of 2022. For the purpose of determining any impairment, goodwill is allocated to the lowest-level of cash-generating units (CGUs) at which it is monitored for internal management purposes. The Group identified five CGUs which meet this criteria – UK & Ireland Enterprise, UK NHS, France, Germany and Ireland B2C. In the course of this impairment test, no impairments were identified. In 2021, an impairment charge of £13.4m was identified in respect of a single CGU, UK & Ireland Enterprise. Further information is provided in note 12 to the consolidated financial statements.

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.

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 entered into equity and debt funding agreements to finance its acquisitions during 2021 and 2022. The Going Concern section of this Report includes an assessment of the Group's ability to raise further funding.

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 used a combination of debt and equity funding to finance acquisitions. The Group does not have any material borrowings at variable interest rates that would expose it to interest rate risk.

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 to ensure that it maintains its established position in the digital healthcare market.

Covid-19: the Covid-19 pandemic caused significant disruption to economic activity, financial markets and the daily lives of a significant part of the world's population. Covid-19 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 experienced an increase in sales in most areas as a result of Covid-19. Where Covid-19 led to additional costs, the Group has in certain situations been able to pass these costs on to customers. 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 were hardest hit by the pandemic.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

STRATEGIC REPORT (continued)

The war in Ukraine: this has led to significant disruption to supply chains and global uncertainty. While the Group does not have any significant operations in Russia or Ukraine, the directors are conscious that it may be impacted by the rise in cost of power and other commodities, and are prepared to take mitigating actions either through cost efficiencies or pricing.

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 the 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.

Going Concern

During 2022, the Group incurred a loss for the year of £70.1m (2021: loss of £63.5m) and operating cash outflows of £38.9m (2021: £34.8m). As at 31 December 2022, the Group had a net liability position of £97m (2021: £21.8m) and had cash and cash equivalents of £9.6m (2021: £19.2m).

Cost saving initiatives were put in place in the second half of 2022 which have led to a significant improvement in the Group's path to profitability. However, the Group does continue to require additional cash resources to fund working capital requirements, incur capital expenditure (including related to software development) and generally fund the continued growth of the business. During 2021 and 2022, the Group has financed its operations principally through a combination of equity and debt.

The directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements which indicate that additional funding will be required during that period to fund the Group's liabilities as they become due.

Although there is no assurance that additional funds will be available on acceptable terms, the directors believe that they will be successful in raising the additional financing needed to execute the planned growth strategy and to meet working capital and capital expenditure requirements that may fall due. The directors have based this belief on the strong record of fundraising which has been established in 2021 and 2022, and the fact that the Group has achieved significant revenue growth and is able to demonstrate a clear path to profitability.

In addition, while the future results of the Group's operations could be adversely affected by multiple factors, the directors have planned for cost mitigation and liquidity management strategies which are available to management and within their control which would help offset potential declines in future cash flows during the forecast period.

As a result, the directors believe it remains appropriate to prepare the consolidated and the Company's financial statements on a going concern basis. However, the above analysis indicates that there are material uncertainties in respect of the Group's ability to raise further funding that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and therefore, to continue to fund its liabilities in the normal course of business. The consolidated and the Company's financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

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 2022. 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.

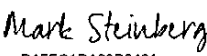
Business Relationships: the directors are committed to fostering the Company's business relationships. The Company is a customer facing and customer focused organisation, seeking to deliver an excellent experience to everyone we serve. We continuously engage with our customers in a multitude of ways 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:

D1FEC1DA20D3401...
Director – Mark Steinberg

Date: 31 July 2023

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company and the audited financial statements of the Group for the year ended 31 December 2022.

Directors

The persons who have been directors during the year and subsequently are:

- Terence Cole (deceased 19 December 2022)
- Niki Cole (appointed 10 May 2023)
- Mark Steinberg

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.

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

Since 31 December 2022, the Group entered into two restructuring arrangements with the aim of strengthening its balance sheet. Firstly, the EUR19m and EUR28m Convertible loans which are described in note 26 were converted to equity. Secondly, the term of certain loans was extended to 2025 and they were redenominated into USD.

There have been no other events after the balance sheet date which are material for disclosure.

Disclosure of information to auditors

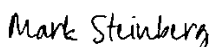
The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make 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 auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the board

DocuSigned by:



DIRECTOR - Mark Steinberg

Date: 31 July 2023

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 UK adopted international accounting standards.

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 UK adopted international accounting standards;
- 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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

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 2022 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions 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 2022; 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the group's and the company's ability to continue as a going concern. As detailed in Note 3, the directors have prepared cash flow forecasts which indicate that additional funding will be required during the next twelve months from the date of approval of these financial statements to fund the Group's and company's liabilities as they become due. Although the directors expect to be able to raise the additional financing needed, there is no assurance that additional funds will be available on acceptable terms. These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

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

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

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

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 2022 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, 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.

MEDTOP GROUP LIMITED

Annual report and consolidated financial statements

31 December 2022

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 healthcare quality standards, 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;
- Ensuring that relevant companies in the group are registered with the Care Quality Commission (CQC) and reviewing the CQC's website and other publications for any evidence of non-compliance with laws and regulations;
- 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.

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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

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.



Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
Date: 4 August 2023

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022	2021
		£	£
Revenue	5	77,754,002	54,012,379
Cost of sales		(56,163,602)	(39,946,876)
Gross profit		21,590,400	14,065,503
Administrative expenses		(67,106,775)	(53,633,304)
Operating loss before exceptional expenses		(45,516,375)	(39,567,801)
Exceptional costs related to acquisition of subsidiaries and financing		-	(5,792,555)
Impairment	12	-	(13,391,154)
Operating loss		(45,516,375)	(58,751,510)
Finance income	8	54,085	40,321
Finance costs	9	(16,870,011)	(9,096,284)
Foreign currency exchange loss on loans	9	(7,777,751)	-
Loss before taxation	7	(70,110,052)	(67,807,473)
Taxation	10	21,864	4,267,208
Loss for the year		(70,088,188)	(63,540,265)
Attributable to:			
Equity shareholders		(34,252,234)	(30,789,963)
Non-controlling interest		(35,835,954)	(32,750,302)
Other comprehensive (expense)/income:			
Items that may be subsequently recycled to the income statement:			
Exchange (losses)/gains arising on translation of foreign operations (net)		(4,650,198)	98,593
Other comprehensive (expense)/income for the year net of tax		(4,650,198)	98,593
Total comprehensive expense for the financial year		(74,738,386)	(63,441,672)
Attributable to:			
Equity shareholders		(36,679,269)	(30,755,379)
Non-controlling interest		(38,059,117)	(32,686,293)
Total comprehensive expense for the year net of tax		(74,738,386)	(63,441,672)

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

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

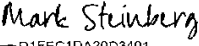
	Note	31 December 2022	31 December 2021
		£	£
Non-current assets			
Intangible assets	11	31,329,389	28,123,894
Goodwill	12	48,155,521	45,973,587
Property, plant and equipment	13	1,185,909	1,139,376
Right-of-use assets	14	1,465,670	1,418,742
Deferred tax asset	21	26,721	8,578
Total non-current assets		82,163,210	76,664,177
Current assets			
Trade and other receivables	16	15,199,513	11,750,899
Cash and cash equivalents	17	9,558,655	19,192,209
Total current assets		24,758,168	30,943,108
Total assets		106,921,378	107,607,285
Equity and liabilities			
Share capital	22	4	4
Other reserves	23	26,060,783	26,923,776
Share based payment reserve	25	2,448,555	1,790,089
Foreign exchange translation reserve	23	(2,088,254)	338,781
Accumulated losses	23	(73,901,535)	(39,649,301)
Capital and reserves attributable to owners		(47,480,447)	(10,596,651)
Non-controlling interest	24	(49,528,022)	(11,246,438)
Total equity		(97,008,469)	(21,843,089)
Non-current liabilities			
Financial liabilities – borrowings	19	128,084,215	-
Lease liabilities	14	697,236	422,463
Provision for liabilities	20	321,000	668,630
Trade and other payables	18	-	193,344
Total non-current liabilities		129,102,451	1,284,437
Current liabilities			
Financial liabilities – borrowings	19	54,775,009	107,612,772
Lease liabilities	14	534,842	908,644
Trade and other payables	18	19,517,545	19,644,521
Total current liabilities		74,827,396	128,165,937
Total liabilities		203,929,847	129,450,374
Total equity and liabilities		106,921,378	107,607,285

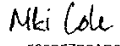
MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

CONSOLIDATED BALANCE SHEET (continued)

As at 31 December 2022

The financial statements were approved and authorised by the Board of Directors on 31 July 2023 and signed on its behalf by:

DocuSigned by:

D1FEC1DA20D3401
Director – Mark Steinberg

DocuSigned by:

595BF7B2AD9848B
Director – Niki Cole

Company Number: 12367948

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

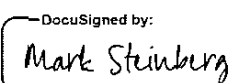
MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

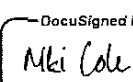
COMPANY BALANCE SHEET

As at 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
Non-current assets			
Investments	15	11,435	11,435
Total non-current assets		11,435	11,435
Current assets			
Trade and other receivables	16	4	4
Total current assets		4	4
Total assets		11,439	11,439
Equity and liabilities			
Share capital	22	4	4
Accumulated losses		(621,022)	(337,000)
Total equity		(621,018)	(336,996)
Current liabilities			
Trade and other payables	18	632,457	348,435
Total current liabilities		632,457	348,435
Total liabilities		632,457	348,435
Total equity and liabilities		11,439	11,439

The financial statements were approved and authorised by the Board of Directors on 31 July 2023 and signed on its behalf by:

DocuSigned by:

D1FEC1DA20D3401
Director – Mark Steinberg

DocuSigned by:

595BF7B2A088489
Director – Niki Cole

Company Number: 12367948

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

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Transactions attributable to the owners						
		Share capital	Foreign exchange translation reserve	Accumulated losses	Other reserves	Share based payment reserve	Total	Non-controlling interests
		£	£	£	£	£	£	£
Balance at 1 January 2021		4	304,197	(8,859,338)	29,087,855	-	20,532,718	18,257,280
Loss for the year		-	-	(30,789,963)	-	-	(30,789,963)	(32,750,302)
Exchange gains arising on translation of foreign operations		-	34,584	-	-	-	34,584	64,009
Total comprehensive expense for the year		-	34,584	(30,789,963)	-	-	(30,755,379)	(32,686,293)
Disposal of interest in subsidiaries to NCI without a change in control	24	-	-	(2,164,079)	-	-	(2,164,079)	2,070,665
Credit to equity for equity settled share based payments	25	-	-	-	-	1,790,089	1,790,089	1,111,910
Balance at 31 December 2021		4	338,781	(39,649,301)	26,923,776	1,790,089	(10,596,651)	(11,246,438)
Loss for the year		-	-	(34,252,234)	-	-	(34,252,234)	(35,835,954)
Exchange losses arising on translation of foreign operations		-	(2,427,035)	-	-	-	(2,427,035)	(2,223,163)
Total comprehensive expense for the year		-	(2,427,035)	(34,252,234)	-	-	(36,679,269)	(38,059,117)
Acquisition of interest in subsidiaries from NCI without a change in control	24	-	-	(862,993)	-	-	(862,993)	(910,726)
Credit to equity for equity settled share based payments	25	-	-	-	-	658,466	658,466	688,259
Balance at 31 December 2022		4	(2,088,254)	(73,901,535)	26,060,783	2,448,555	(47,480,447)	(49,528,022)

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital	Accumulated losses	Total
	£	£	£
Balance at 31 December 2020	<u>4</u>	<u>(125,000)</u>	<u>(124,996)</u>
Loss for the year	-	(212,000)	(212,000)
Issue of share capital	-	-	-
Balance at 31 December 2021	<u>4</u>	<u>(337,000)</u>	<u>(336,996)</u>
Loss for the year	-	(284,022)	(284,022)
Issue of share capital	-	-	-
Balance at 31 December 2022	<u>4</u>	<u>(621,022)</u>	<u>(621,018)</u>

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

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022	2021
		£	£
Cash flows from operating activities			
Loss before taxation		(70,110,052)	(67,807,473)
Adjustments for:			
Share-based payment	25	1,346,725	2,901,999
Depreciation of property, plant and equipment	13	725,761	1,015,178
Amortisation of intangible assets	11	7,036,023	4,574,696
Depreciation of right-of-use assets	14	997,160	1,600,816
Impairment		-	13,391,154
Loss/(gain) on disposal of fixed assets		63,921	(22,302)
Loss on lease termination		-	45,426
Finance costs	9	16,870,011	9,096,284
Interest received	8	(54,085)	(40,321)
Exchange loss	9	7,777,751	-
		(35,346,785)	(35,244,543)
Changes in working capital:			
Increase in trade and other receivables		(3,448,077)	(3,507,127)
Increase in trade and other payables		245,658	4,105,233
Decrease in provisions		(347,630)	(125,000)
Cash used in operating activities		(38,896,834)	(34,771,437)
Tax paid		-	-
Net cash outflow from operating activities		(38,896,834)	(34,771,437)
Cash flows from investing activities			
Purchase of subsidiaries, net of cash acquired	12	-	(10,841,451)
Purchase of property, plant and equipment	13	(812,152)	(931,293)
Purchase of intangible assets	11	(9,395,978)	(6,462,500)
Deferred consideration paid in the year		(1,779,552)	(2,899,029)
Interest received	8	54,085	40,321
Net cash outflow from investing activities		(11,933,597)	(21,093,952)
Cash flows from financing activities			
Proceeds from new loans issues	27	34,335,458	60,166,495
Proceeds from issuance of convertible loan notes	27	9,706,796	16,561,892
Repayment of borrowings	27	(20,636)	(14,149,342)
Acquisition of interest in subsidiaries from NCI without a change in control		(1,773,719)	-
Interest paid	27	-	(3,984)
Payment of lease liabilities	14	(1,051,022)	(1,502,484)
Net cash inflow from financing activities		41,196,877	61,072,577
Net (decrease)/increase in cash and cash equivalents		(9,633,554)	5,207,188
Cash and cash equivalents at beginning of period		19,192,209	13,985,021
Cash and cash equivalents at end of period		9,558,655	19,192,209

The Company had no cash flows in the year ended 31 December 2022 nor in the period ended 31 December 2021.

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

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

Notes to the 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 7PE. The registered company number is 12367948. The financial statements cover the year 1 January 2022 to 31 December 2022. The principal activities are given in the strategic report on page 2.

2. STATEMENT OF COMPLIANCE

These Group and Company financial statements have been prepared in accordance with UK adopted international accounting standards and in accordance with the requirements of the Companies Act 2006.

2.1 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE GROUP

New standards, amendments and interpretations of existing standards to be adopted by the Group for the first time had no material impact on the consolidated financial statements.

2.2 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ADOPTED

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a single transaction (Amendments to IAS 12).

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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

3. ACCOUNTING POLICIES

The principal accounting policies that have been applied consistently in the preparation of these financial statements are set out below:

(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

During 2022, the Group incurred a loss for the year of £70.1m (2021: loss of £63.5m) and operating cash outflows of £38.9m (2021: £34.8m). As at 31 December 2022, the Group had a net liability position of £97m (2021: £21.8m) and had cash and cash equivalents of £9.6m (2021: £19.2m).

Cost saving initiatives were put in place in the second half of 2022 which have led to a significant improvement in the Group's path to profitability. However, the Group does continue to require additional cash resources to fund working capital requirements, incur capital expenditure (including related to software development) and generally fund the continued growth of the business. During 2021 and 2022, the Group has financed its operations principally through a combination of equity and debt.

The directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements which indicate that additional funding will be required during that period to fund the Group's and company's liabilities as they become due.

Although there is no assurance that additional funds will be available on acceptable terms, the directors believe that they will be successful in raising the additional financing needed to execute the planned growth strategy and to meet working capital and capital expenditure requirements that may fall due. The directors have based this belief on the strong record of fundraising which has been established in 2021 and 2022, and the fact that the Group has achieved significant revenue growth and is able to demonstrate a clear path to profitability.

In addition, while the future results of the Group's operations could be adversely affected by multiple factors, the directors have planned for cost mitigation and liquidity management strategies which are available to management and within their control which would help offset potential declines in future cash flows during the forecast period.

As a result, the directors believe it remains appropriate to prepare the consolidated and the Company's financial statements on a going concern basis. However, the above analysis indicates that there are material uncertainties in respect of the Group's ability to raise further funding that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and therefore, to continue to fund its liabilities in the normal course of business. The consolidated and the Company's financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

(c) Basis of consolidation

The Group financial statements consolidate the financial statements of Medtop Group Limited and all its subsidiary undertakings drawn up to 31 December 2022.

Subsidiaries are entities controlled by the Group. The Group controls an entity exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries acquired during the period are consolidated using the acquisition method. Their results are incorporated from the date the control passes.

Details of the group's trading subsidiary companies are set out in Note 15.

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

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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

3. ACCOUNTING POLICIES (continued)

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.

(d) 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.

(e) 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.

(f) 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, France, 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 and is recognised over time.
- *Delivery of Integrated Urgent Care (IUC) support for patients and related services through long-term contracts.* Revenue is recognised over the contract term.
- 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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

3. ACCOUNTING POLICIES (continued)

(f) Revenue recognition (continued)

- Provision of online prescriptions. Revenue is recognised at a point in time upon transfer of control to customers.
- Provision of teleconsultations via a digital platform with revenue recognised either at a point in time when teleconsultation is provided or monthly in case of a subscription access.

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.

(i) Share based payments

The Group has applied the requirements of IFRS 2 in relation to share option schemes allowing certain employees within the Group to acquire shares. For all grants of share options, the fair value as at the date of grant is calculated using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are likely to vest, except where forfeiture is only due to market-based conditions not achieving the threshold for vesting. The expense is recognised over the expected life of the option.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

3. ACCOUNTING POLICIES (continued)

(j) 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 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 have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the temporary difference.

(k) 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, including internal employee costs, 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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

3. ACCOUNTING POLICIES (continued)

(l) 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.

(m) 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.

(n) 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 3.60% and 8.90% for the 2021 and 2022 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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

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'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost, 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 borrowings, 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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

3. ACCOUNTING POLICIES (continued)

(o) Financial instruments (continued)

Borrowings, 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.

Financial liabilities and equity

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

(p) Impairment of non-financial assets

Goodwill and other indefinite-life intangible assets are tested at least annually for impairment. For the purpose of testing for impairment, goodwill is allocated to the lowest cash-generating units at which it is monitored for internal management purposes. An impairment charge is recognised when the recoverable amount of the asset falls below its carrying amount. The recoverable amount for goodwill is determined on the basis of forward-looking estimates and assumptions which are set by management and continuously monitored and updated. Further details are shown in note 12.

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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

3. ACCOUNTING POLICIES (continued)

(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.

(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) 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.

(c) 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. See note 12 for further details and key assumptions used.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(d) Accrued income

The Group's activities in France involve the provision of teleconsultations directly to consumers. The state reimburses the Group for these teleconsultations once certain validation checks have been completed. At each reporting date, the directors assess the value of teleconsultations which have been completed but have not been re-imbursed and record this as accrued income. In determining the appropriate value of accrued income, the directors take into account factors such as the volume of completed but not re-imbursed teleconsultations and the likelihood that the validation checks will be completed on a timely basis.

Of the accrued income recognised in these financial statements, approximately £1.7m remains uncollected as of the financial statements' signing date. A further £0.8m of revenue has not been recognised as the directors do not currently believe there is sufficient certainty over its recoverability.

(e) Recoverability of deferred tax asset

The Group recognises the deferred tax asset in respect of unused tax losses carried forward only to the extent of taxable temporary differences that arise upon the recognition of the intangible assets acquired in business combinations. This assumes that taxable temporary differences relating to the same taxation authority are expected to reverse in the same period as the unused tax losses.

Although the directors expect the Group to become profitable, there is not currently sufficient evidence to demonstrate that it is probable that the Group will make sufficient taxable profits to utilise the remaining losses and therefore it is not yet appropriate to recognise the excess as a deferred tax asset. If the Group starts to demonstrate a track record of profitability then this potential deferred tax asset of £11.7m may be recognised in future periods.

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 of the acquired entity.

In 2021, the Group made judgements and estimates in relation to the fair value allocation of the purchase price. No similar judgements were needed in 2022.

(b) Assessment of structured entity

The Group's subsidiary, Qare SAS, has a service agreement with Centre de Santé Access Santé (the "Association") which manages health care centres in France. The Association does not have any share capital because it is a not-for-profit organisation. Management has used judgement to assess the level of control exercised by the Group over the Association and concluded that because the Group has the practical ability to unilaterally direct the relevant activities of the Association, it should be consolidated within Group's consolidated financial statements.

(c) Share based payments

The costs of the share based payments is determined on the basis of the fair value of the equity instrument at grant date. Determining the fair value assumes choosing the most suitable valuation model for the equity instruments, for which the characteristics of the grant have a decisive influence. This assumes also the input into the valuation model of some relevant judgements, like the share price at grant date, the estimated term of the awards and the volatility. See note 25 for details of key assumptions used.

(d) Convertible loan notes

Convertible loan notes were issued during 2021 and 2022. These are alternative types of instruments whereby investors paid an amount of cash and in return receive a variable number of shares at an equity raise over a certain amount (qualifying round), or by a long stop date if an equity raise has not occurred. The ability to settle the convertible loan notes prior to the longstop date might be viewed as a prepayment option, which would have to be treated as an embedded derivative and separated from the host instrument unless it is a closely related embedded derivative. In accounting for convertible loan notes issued in 2021, management has made a judgement that the fair value at the inception of the convertible loan notes is equivalent to their par value and that the prepayment

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

option is closely related and therefore the derivative is not separated from the host instrument. The convertible loan notes are held at amortised cost with an effective interest rate calculated based on a conversion date of 30 April 2022. This was considered management's best estimate of the qualifying round date at the date of inception of each loan note.

5. REVENUE

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

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
UK	39,266,569	37,330,363
Europe	37,343,156	15,453,497
Rest of the world	1,144,277	1,228,519
Total revenue	77,754,002	54,012,379

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 2022	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2021
	£	£	£	£
Opening contract assets/(liabilities)	3,992,232	847,759	(1,074,146)	(1,486,518)
Acquired through business combinations	-	1,983,854	-	-
Movement in the year	4,525,377	1,160,619	(196,002)	412,372
Closing contract assets/(liabilities)	8,517,609	3,992,232	(1,270,148)	(1,074,146)

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

6. EMPLOYEES AND DIRECTORS

Staff costs were as follows:

	Year ended 31 December 2022	(restated) Year ended 31 December 2021
	£	£
Wages and salaries (including executive directors)	52,768,772	36,430,977
Social security costs	12,457,478	6,012,908
Pension costs	3,625,005	1,701,363
Share-based payment expenses (note 25)	1,346,725	2,901,999
Capitalised employee costs	(7,143,068)	(3,463,100)
	63,054,912	43,584,147

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

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 2022	(restated) Year ended 31 December 2021
	Number	Number
Service delivery	724	614
Sales and marketing	70	92
Admin, finance, IT and management	187	119
Governance and compliance	22	28
Average staff numbers	1,003	853

The Group employed 891 full-time employees at 31 December 2022 (840 full-time employees at 31 December 2021). The Company had no employees at 31 December 2022 nor at 31 December 2021.

Key management is made up of the directors of the Company and three other key executives. Their remuneration is outlined below:

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Remuneration	601,507	606,237
Pension contributions	6,500	4,875
Share based payment expenses	845,400	1,490,300
	1,453,407	2,101,412

Neither 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 2022	Year ended 31 December 2021
	£	£
Depreciation of property, plant and equipment	725,761	1,015,178
Depreciation of right-of-use assets	997,160	1,600,816
Amortisation of intangible assets	7,036,023	4,574,696
Impairment	-	13,391,154
Auditors' remuneration:		
Audit of these financial statements	152,000	108,000
Audit of financial statements of subsidiaries of the company	130,280	138,700
Non-audit services	-	33,400

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

8. FINANCE INCOME

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Interest income	54,085	40,321
	54,085	40,321

9. FINANCE COSTS

	Note	Year ended 31 December 2022	Year ended 31 December 2021
		£	£
Loan interest		9,102,685	3,698,365
Bank loan interest		-	3,984
IFRS 16 lease interest	14	71,808	106,799
Deferred consideration: unwinding of discount		35,318	49,800
Convertible loan note interest		7,660,200	5,237,336
		16,870,011	9,096,284

Certain loans were redenominated to USD during the year ended 31 December 2022 which resulted in a foreign exchange loss of £7,777,751.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

10. TAXATION

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Analysis of (credit)/charge in year		
Current period tax		
Current taxation (credit)/charge for the year	-	-
Foreign entity taxation	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(21,864)	(4,265,150)
Changes in tax rate	-	(2,058)
Total deferred tax	(21,864)	(4,267,208)
Tax on loss on ordinary activities	(21,864)	(4,267,208)
Reconciliation of total tax (credit)/charge:		
Loss on ordinary activities before tax	(70,110,052)	(67,807,473)
Loss on ordinary activities multiplied by the rate of corporation tax in the UK of 19.00%	(13,320,909)	(12,883,419)
Effects of:		
Difference in foreign tax rates	3,178,277	(1,477,238)
Adjustments in respect of UK tax rates	-	(2,058)
Expenses not deductible for tax purposes	26,722	346,075
Unrecognised tax losses carried forward	9,731,121	10,698,001
Other differences	362,925	(948,569)
Total taxation credit	(21,864)	(4,267,208)

Factors affecting future tax charges

In the March 2022 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. This was substantively enacted on 24 May 2022 and accordingly deferred tax has been recognised at 25%.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

11. INTANGIBLE ASSETS

GROUP

	Software development	Licences	Customer relationships	Other intangibles	Total
	£	£	£	£	£
Cost					
As at 1 January 2022	21,382,389	206,846	15,402,245	5,875,250	42,866,730
Additions	9,359,318	36,660	-	-	9,395,978
Foreign currency translation	1,012,014	-	284,595	(3,657)	1,292,952
As at 31 December 2022	31,753,721	243,506	15,686,840	5,871,593	53,555,660
Accumulated amortisation					
As at 1 January 2022	6,621,651	203,595	6,912,786	1,004,804	14,742,836
Foreign currency translation	389,434	-	20,356	37,622	447,412
Charge for the year	5,719,394	14,214	693,842	608,573	7,036,023
As at 31 December 2022	12,730,479	217,809	7,626,984	1,650,999	22,226,271
Net book value					
As at 31 December 2022	19,023,242	25,697	8,059,856	4,220,594	31,329,389
As at 31 December 2021	14,760,738	3,251	8,489,459	4,870,446	28,123,894
Cost					
As at 1 January 2021	3,924,788	78,248	15,420,139	1,600,841	21,024,016
Acquired through business combinations	11,655,397	-	-	4,438,246	16,093,643
Additions	6,321,251	131,844	-	9,405	6,462,500
Disposals	-	(3,246)	-	-	(3,246)
Foreign currency translation	(519,047)	-	(17,894)	173,242	(710,183)
As at 31 December 2021	21,382,389	206,846	15,402,245	5,875,250	42,866,730
Accumulated amortisation					
As at 1 January 2021	621,306	20,163	1,812,074	53,966	2,507,509
Charge for the year	2,604,189	38,246	1,349,017	583,244	4,574,696
Impairment	3,476,093	148,432	3,755,095	383,334	7,762,954
Disposals	-	(3,246)	-	-	(3,246)
Foreign currency translation	(79,937)	-	(3,400)	(15,740)	(99,077)
As at 31 December 2021	6,621,651	203,595	6,912,786	1,004,804	14,742,836
Net book value					
As at 31 December 2021	14,760,738	3,251	8,489,459	4,870,446	28,123,894
As at 31 December 2020	3,303,482	58,085	13,608,065	1,546,875	18,516,507

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

11. INTANGIBLE ASSETS (CONTINUED)

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 £nil (2021: £nil), which are included in administration expenses.

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 (see note 12).

12. GOODWILL AND IMPAIRMENT

	Group	Group
	31 December	31 December
	2022	2021
	£	£
Cost of goodwill:		
Cost brought forward	45,973,587	14,965,585
Goodwill arising on acquisitions	-	37,741,672
Impairment of goodwill	-	(5,210,024)
Foreign currency translation	2,181,934	(1,523,646)
	48,155,521	45,973,587

Goodwill arises on acquisitions completed by the Group where the purchase consideration exceeds the fair value of net assets acquired. Acquisition costs (primarily advisors fee, diligence costs and banking fees) have been expensed. Acquisition are included in the consolidated balance sheet at fair value at the acquisition date.

The Group assessed its goodwill and other non-current assets for impairment at the end of the reporting period. The impairment test compared the carrying amount with the recoverable amount, in other words the higher of net realisable value and value in use. The calculation of value in use is on the basis of discounted future cash flow projections from internal budgets for the Group's standard five year planning period, as approved by management, and reflect management's expectations of revenue, gross margin and EBITDA growth, capital expenditure and operating cash flows, based on past performance and future expectations of business performance. Cash flows beyond the fifth year have been extrapolated using perpetuity growth rates.

For the purpose of determining any impairment, the goodwill and intangible assets are allocated to the lowest-level of cash-generating units (CGUs) at which they are monitored for internal management purposes. The Group has identified five CGUs which meet this criteria – UK & Ireland Enterprise, UK NHS, France, Germany and Ireland B2C.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

12. GOODWILL AND IMPAIRMENT (CONTINUED)

The allocation of the Group's goodwill balance to each CGU was determined with reference to the acquired subsidiaries which are included in each CGU.

	Group 31 December 2022 £	Group 31 December 2021 £
Goodwill by CGU:		
UK & Ireland Enterprise	-	-
UK NHS	6,686,537	6,686,537
France	38,444,436	36,421,640
Germany	2,535,924	2,402,496
Ireland B2C	488,624	462,914
	<u>48,155,521</u>	<u>45,973,587</u>

The future cash flows in the detailed planning period were discounted using pre and post tax cost of capital rates of 14.63% and 12.85% respectively (2021:pre and post tax rate of 14.1%) which were determined using the 'Capital Asset Pricing Model' (CAPM). At the end of the detailed planning period, the Group applies a perpetual annuity based on a sustainable average growth rate of 2.0%.

In the course of this impairment test, no impairments were identified. In 2021, the recoverable amount was found to be lower than the carrying amount in respect of the UK & Ireland Enterprise CGU. As a result, an impairment charge was recorded in the previous year of £13.4m which was recognised against the following assets.

	2021 £
Goodwill	5,210,024
Other intangible assets (note 11)	7,762,954
Property, plant and equipment (note 13)	<u>418,176</u>
	<u>13,391,154</u>

Sensitivity tests were performed separately for each CGU. Given the proven growth opportunities that exist in the markets in which the Group operates, the cash flow projections for all CGUs include significant revenue increases. For the UK & Ireland Enterprise CGU this will be driven from Corporates and Insurers, and for the UK NHS CGU there is significant growth in particular in respect of Integrated Urgent Care (IUC) contracts. While removing this revenue growth from the projections could lead to impairment charges being required, management is satisfied that the assumed revenue growth represents a reasonable scenario. Therefore management has not recognised an impairment in respect of these CGUs. The France CGU includes significant revenue and gross margin growth over the planning period. Significantly reducing this growth may give rise to an impairment charge being required. However, this business has a strong recent track record of growth, and therefore management has not recognised an impairment in respect of this CGU. For the Germany CGU, the impairment assessment showed the value in use to be significantly in excess of the carrying value, while management is confident that there is sufficient headroom to mean that an impairment should not be required in all reasonable circumstances. The impairment calculation for the Ireland B2C CGU shows significant headroom, and the carrying value of the goodwill and other non-current assets recognised in respect of this CGU is not material.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

12. GOODWILL AND IMPAIRMENT (CONTINUED)

The Group made the following acquisitions in the year ended 31 December 2021:

Acquisition of Qare SAS

On the 21 April 2021, the Group acquired 100% of the issued share capital of Qare SAS – a virtual clinic provider in France, targeting mainly the B2C market.

	Book value	Revaluation adjustments	Fair value
	£	£	£
Software	3,248,762	8,406,635	11,655,397
Brand	-	3,783,655	3,783,655
Customer relationships	-	652,354	652,354
Other intangible assets	1,382,640	(1,380,403)	2,237
Tangible fixed assets	909,082	-	909,082
ROU assets	1,356,527	-	1,356,527
Deferred tax liability	-	(3,339,088)	(3,339,088)
Dilapidation provision	-	(521,883)	(521,883)
Lease liability	(1,215,941)	-	(1,215,941)
Loans	(13,190,708)	-	(13,190,708)
Other net current assets	(1,827,207)	-	(1,827,207)
Cash	948,268	-	948,268
	(8,388,577)	7,601,270	(787,307)
Non-controlling interest			-
Goodwill arising on acquisitions			37,741,672
			36,954,365
Discharged by:			
Cash			11,789,719
Convertible loan note			24,438,932
Deferred consideration			725,714
			36,954,365

The turnover and loss for the acquisition included in the 2021 financial statements was:

	£
Turnover	12,018,349
Profit/(loss)	(17,882,379)

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Fixtures and fittings	Computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2022	1,365,639	1,310,718	24,425	2,700,782
Foreign currency translation	57,234	2,092	-	59,326
Additions	444,077	338,057	30,018	812,152
Disposals	(414,635)	(137,222)	(15,185)	(567,042)
As at 31 December 2022	1,452,315	1,513,645	39,258	3,005,218
Accumulated depreciation				
At 1 January 2022	740,276	799,014	22,116	1,561,406
Foreign currency translation	34,312	951	-	35,263
Charge for the year	431,545	284,917	9,299	725,761
Disposals	(419,440)	(68,496)	(15,185)	(503,121)
As at 31 December 2022	786,693	1,016,386	16,230	1,819,309
Net book Value				
As at 31 December 2022	665,622	497,259	23,028	1,185,909
As at 31 December 2021	625,363	511,704	2,309	1,139,376
Cost				
At 1 January 2021	362,650	727,104	87,219	1,176,973
Acquired through business combinations	909,082	-	-	909,082
Foreign currency translation	(46,552)	(235)	-	(46,787)
Additions	253,822	677,471	-	931,293
Disposals	(113,363)	(93,622)	(62,794)	(269,779)
As at 31 December 2021	1,365,639	1,310,718	24,425	2,700,782
Accumulated depreciation				
At 1 January 2021	118,716	175,935	62,482	357,133
Foreign currency translation	(25,840)	840	-	(25,000)
Charge for the year	602,202	390,548	22,428	1,015,178
Impairment	92,863	325,313	-	418,176
Disposals	(47,665)	(93,622)	(62,794)	(204,081)
As at 31 December 2021	740,276	799,014	22,116	1,561,406
Net book Value				
As at 31 December 2021	625,363	511,704	2,309	1,139,376
As at 31 December 2020	243,934	551,169	24,737	819,840

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

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 3.60% 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 2022	5,474,432	376,845	100,858	5,952,135
Additions	698,243	322,866	-	1,021,109
Disposals	(3,075,124)	-	-	(3,075,124)
Foreign currency translation	30,714	-	-	30,714
As at 31 December 2022	3,128,265	699,711	100,858	3,928,834
Accumulated depreciation				
At 1 January 2022	4,159,760	318,826	54,807	4,533,393
Charge for the year	827,275	136,165	33,720	997,160
Disposals	(3,075,124)	-	-	(3,075,124)
Foreign currency translation	7,735	-	-	7,735
As at 31 December 2022	1,919,646	454,991	88,527	2,463,164
Net book Value				
As at 31 December 2022	1,208,619	244,720	12,331	1,465,670
As at 31 December 2021	1,314,672	58,019	46,051	1,418,742
Cost				
At 1 January 2021	3,012,915	376,845	100,858	3,490,618
Acquired through business combinations	3,593,651	-	-	3,593,651
Additions	161,121	-	-	161,121
Disposals	(1,258,479)	-	-	(1,258,479)
Foreign currency translation	(34,776)	-	-	(34,776)
As at 31 December 2021	5,474,432	376,845	100,858	5,952,135
Accumulated depreciation				
At 1 January 2021	981,121	208,312	15,410	1,204,843
Acquired through business combinations	2,237,124	-	-	2,237,124
Charge for the year	1,450,905	110,514	39,397	1,600,816
Disposals	(509,390)	-	-	(509,390)
As at 31 December 2021	4,159,760	318,826	54,807	4,533,393
Net book Value				
As at 31 December 2021	1,314,672	58,019	46,051	1,418,742
As at 31 December 2020	2,031,794	168,533	85,448	2,285,775

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

14. RIGHT-OF-USE ASSETS (CONTINUED)

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 2022 £	Group Year ended 31 December 2021 £
Less than one year	424,108	891,468
One to five years	809,065	344,292
More than five years	12,195	125,782
Total undiscounted lease liabilities at year end	1,245,368	1,361,542
Lease liabilities included in the statement of financial position		
Current	534,842	908,644
Non-current	697,236	422,463
	1,232,078	1,331,107
Lease liabilities included in the statement of comprehensive income		
Interest on lease liability	71,808	106,799
Depreciation of lease	1,045,666	1,600,816
Expenses relating to short-term leases	-	-
Amounts recognised in the statement of cash flow		
Cash flow from financing activities	(1,051,022)	(1,502,484)

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

15. INVESTMENTS

COMPANY	Investment in group undertakings	Total
	£	£
Cost		
At 1 January 2022	11,435	11,435
Additions	-	-
As at 31 December 2022	11,435	11,435
Net book Value		
As at 31 December 2022	11,435	11,435
As at 31 December 2021	11,435	11,435

Details of the Group's subsidiaries owned directly and indirectly at 31 December 2022, 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 (2)
Medsol Holding No. 1 Limited*		a	Holding company	Ordinary	49%
Medsol Holding No. 2 Limited*		a	Holding company	Ordinary	49%
HealthHero Solutions Limited		a	Provision of healthcare services	Ordinary	49%
Healthhero Healthcare Ireland Limited	Ireland	b	Provision of healthcare services	Ordinary	49%
Medtop Validium Limited*		a	Holding company	Ordinary	49%
The Validium Group Limited*		a	Provision of healthcare services	Ordinary	49%
Medtop Medvivo Limited*		a	Holding company	Ordinary	49%
Medvivo Group Limited		c	Provision of healthcare services	Ordinary	49%
Medtop Doctorlink Limited*		a	Holding company	Ordinary	49%
DoctorLink Limited*		a	Provision of clinical health decision support applications	Ordinary	49%
DoctorLink Innovations Limited*		a	Provision of clinical health decision support applications	Ordinary	49%
Doctorlink Inc	USA	h	Provision of clinical health decision support applications	Ordinary	49%
HealthHero Technologies Limited*		a	Head office company	Ordinary	49%
HealthHero Services Limited*		a	Head office company	Ordinary	49%

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

15. INVESTMENTS (CONTINUED)

Subsidiary undertaking	Country of incorporation	Registered office	Principal activity	Types of shares held	Proportion held (2)
HealthHero Group Limited*		a	Head office company	Ordinary	49%
Medtop Intermediate Limited*		a	Holding company	Ordinary	49%
IPMED Sarl	Luxemburg	d	Holding company	Ordinary	49%
Medtop Ireland Sarl	Luxemburg	d	Holding company	Ordinary	49%
Medtop Fidelio Sarl	Luxemburg	d	Holding company	Ordinary	49%
Fernarzt.com Limited*		a	Online prescription	Ordinary	44%
HealthHero Germany GmbH	Germany	e	Online prescription	Ordinary	44%
Medtop France Sarl	Luxemburg	d	Holding company	Ordinary	49%
Qare SAS	France	f	Provision of telehealth services	Ordinary	49%
Centre de Santé Access Santé (1)	France	g	Manages Health care centres	n/a	n/a
Medtop International SA	Luxemburg	d	Holding company	Ordinary	49%
Medtop Intermediate SA	Luxemburg	d	Holding company	Ordinary	49%
Medtop MEP GP Sarl	Luxemburg	d	Holding company	Ordinary	49%
Medtop Management 1 MEP SLP	Luxemburg	d	Holding company	Ordinary	49%
Medtop Management 2 MEP SLP	Luxemburg	d	Holding company	Ordinary	49%
Medtop TopCo SA	Luxemburg	d	Holding company	Ordinary	49%
Medtop Group SA	Luxemburg	d	Holding company	Ordinary	53%
Medtop Lux SA	Luxemburg	d	Holding company	Ordinary	97%
MT Medtop Sarl	Luxemburg	d	Holding company	Ordinary	100%
MCL MT1 SLP	Luxemburg	d	Holding company	Ordinary	100%
Medtop GP Sarl	Luxemburg	d	Holding company	Ordinary	100%
MedTop SCS	Luxemburg	d	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) Fox Talbot House, Bellinger Close, Chippenham, Wiltshire, SN15 1BN, United Kingdom
- d) 17 a Rue des Bains, Luxembourg
- e) Cuvrystraße 53, 10997, Berlin, Germany
- f) 10 rue de Penthièvre, 75008 Paris, France
- g) 6 rue de Fourcroy, 75017 Paris, France
- h) 1801 13th St, Suite 210 Boulder, CO 80302-5387, USA

*For the year ended 31 December 2022 the above noted subsidiaries have taken the entitled exemption from audit under Section 479A of the Companies Act.

- (1) Centre de Santé Access Santé is consolidated despite the group having no shares in the Association. This is due to the Association not having any share capital as it's a not-for-profit organisation in France, that manages health care centres, and the group having the practical ability to unilaterally direct the relevant activities of Centre de Santé Access Santé. See critical accounting judgements note 4b for more details.
- (2) The proportion held represents the effective economic interest of parent company shareholders after allowing for non-controlling interests at various levels within the group structure. These subsidiaries are all controlled and hence fully consolidated in these financial statements.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

16. TRADE AND OTHER RECEIVABLES

	Group	Group	Company	Company
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade receivables	3,560,329	3,364,484	-	-
Other receivables	1,608,217	2,380,881	4	4
Prepayments	1,512,826	2,013,302	-	-
Contract assets (see note 5)	8,517,609	3,992,232	-	-
Other tax and social security	532	-	-	-
	15,199,513	11,750,899	4	4

All of the trade receivables were non-interesting bearing and receivable under normal commercial terms. 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	Group
	31 December	31 December
	2022	2021
	£	£
Customers		
<i>Credit quality of financial assets and impairment losses</i>		
The ageing of trade receivables at the balance sheet date was:		
Not past due	2,286,770	2,338,767
Past due 0 – 30 days	1,037,890	550,262
Past due 31 – 120 days	86,945	438,044
More than 120 days	148,724	37,411
Total receivables	3,560,329	3,364,484

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	Group
	31 December	31 December
	2022	2021
	£	£
At start of the year	18,218	147,494
Addition	12,200	-
Impairment loss recognised	-	(129,276)
Foreign currency translation	4,859	-
Balance at 31 December	35,277	18,218

No impairment provision is recognised against contract assets as an allowance is made to reduce revenue, and hence the initial asset, to the extent the directors believe there is a risk of non-recovery. See note 4d for further details.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

17. CASH AND CASH EQUIVALENTS

	Group	Group	Company	Company
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	£	£	£	£
Cash and cash equivalents				
Cash at bank	9,558,655	19,192,209	-	-
	9,558,655	19,192,209	-	-

18. TRADE AND OTHER PAYABLES

	Group	Group	Company	Company
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	£	£	£	£
Current liabilities				
Trade payables	5,889,346	6,041,771	-	-
Accruals	4,950,888	5,575,424	250,100	187,100
Corporation tax	186,374	192,814	-	-
Other tax and social security	6,553,354	4,399,823	-	-
Other payables	167,435	274,335	-	-
Contract liabilities	1,270,148	1,074,146	-	-
Deferred consideration	500,000	2,086,208	-	-
Amounts payable to related parties	-	-	382,357	161,335
	19,517,545	19,644,521	632,457	348,435
Non-current liabilities				
Deferred contingent consideration	-	193,344	-	-
	-	193,344	-	-

As at the year ended 31 December 2022, and included within other tax and social security, the Group had outstanding defined contribution plan obligations of £702,460 (31 December 2021: £149,529).

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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

19. FINANCIAL LIABILITIES – BORROWINGS

	Group 31 December 2022 £	Group 31 December 2021 £
Current liabilities		
Loans (i)	-	62,457,407
Convertible notes (ii)	54,775,009	45,155,365
	54,775,009	107,612,772
Non-current liabilities		
Loans (i)	118,087,356	-
Convertible notes (ii)	9,996,859	-
	128,084,215	-
	182,859,224	107,612,772

(i) Loans

During the year the Group entered into 2 loan agreements with the related parties for EUR 10m each. The loans have a final repayment date of principal and accrued interest on 30 June 2024. The interest rate on the loans is 3%.

During the year the Group entered into loan agreement with an external investor for EUR 20m. The interest rate on the loan is 12%. In addition, the term of all of the Group's loans (with the exception of loans mentioned in the paragraph above) was extended to 31 December 2025 and they were redenominated into USD.

(ii) Convertible notes

During the year the Group entered into a new convertible loan note of EUR 11m. These are alternative types of instruments whereby investors paid an amount of cash and in return receive a variable number of shares at an equity raise over a certain amount (qualifying round), or by a long stop date if an equity raise has not occurred. The convertible loan notes are held at amortised cost with an effective interest rate (EIR) calculated based on a conversion date of February 2023. This was considered management's best estimate of the qualifying round date at the date of inception of each loan note. The EIR ranges from 13.9% to 26.06%.

Since 31 December 2022, the EUR19m and EUR28m Convertible loans which are described in note 26 were converted to equity.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

20. PROVISIONS FOR LIABILITIES

	Group	Group
	31 December	31 December
	2022	2021
	£	£
Dilapidation provision	321,000	668,630
	321,000	668,630

The provision represents the net present value of the potential costs of refurbishing certain leased properties at the end of the lease (lease expected to end by November 2025).

	Group	Group
	31 December	31 December
	2022	2021
	£	£
Brought forward	668,630	378,000
Addition	156,000	521,883
Foreign currency translation	-	(18,253)
Utilised	(503,630)	(213,000)
	321,000	668,630

21. NET DEFERRED TAX

	Group	Group
	31 December	31 December
	2022	2021
	£	£
Net deferred tax asset	26,721	8,578
Net deferred tax liability	-	-
Net deferred tax	26,721	8,578

	Deferred tax asset	Deferred tax liability	Net deferred tax
	£	£	£
At 1 January 2021	1,576,733	(2,618,528)	(1,041,795)
Changes in tax rate	1,208,048	(1,205,990)	2,058
Arising on acquisition	-	(3,339,088)	(3,339,088)
Tax recognised in profit and loss	2,248,754	2,016,396	4,265,150
Foreign currency translation	-	122,253	122,253
Balance at 31 December 2021	5,033,535	(5,024,957)	8,578
At 1 January 2022	5,033,535	(5,024,957)	8,578
Tax recognised in profit and loss	(677,826)	699,690	21,864
Foreign currency translation	138,127	(141,848)	(3,721)
Balance at 31 December 2022	4,493,836	(4,467,115)	26,721

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

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

22. SHARE CAPITAL

At 31 December 2022 and 31 December 2021

Class of Shares	Number of shares in issue	Price per share (£)	Share capital (£)
A Ordinary Shares	2	1.00	2.00
B Ordinary Shares	2	1.00	2.00
Total			4.00

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.

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.

Share based payment reserve – includes the value of the equity-settled share based payments.

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

24. NON-CONTROLLING INTERESTS ("NCI")

	Group 2022	Group 2021
	£	£
As at 1 January	(11,246,438)	18,257,280
Share of share based payment reserve	688,259	1,111,910
(Acquisition) / disposal	(910,726)	2,070,665
Share of loss for the year	(35,835,954)	(32,750,302)
Share of currency translation reserve	(2,223,163)	64,009
At 31 December	(49,528,022)	(11,246,438)

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

25. SHARE BASED PAYMENT RESERVE

(a) QARE

Prior to the acquisition date, Qare SAS granted free shares to some of its employees as part of the employees' incentive scheme ("2021 Free Shares Allocation Plan"). In addition, certain employees were awarded additional free shares by Qare SAS at acquisition date ("2022 Free Shares Allocation Plan").

Details of the free shares outstanding during the year are as follows:

	Group 2022	
	Average exercise price per share	Number of free shares
	£	
As at 1 January 2022	0.1242	5,119,590
Granted during the year	-	-
Exercised during the year	(0.1242)	(5,119,590)
Forfeited during the year	-	-
At 31 December 2022	-	-

5,119,590 free shares were exercised during the period covered by the table above.

There are no free shares outstanding at the end of the year.

Fair value of free shares granted

The fair value is based on the call option.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses were as follows:

	Group	
	31 December 2022	31 December 2021
	£	£
Shares issued under employees share scheme	192,625	974,099

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

25. SHARE BASED PAYMENT RESERVE (CONTINUED)

(b) Management Incentive Plan ("MIP")

MedTop Intermediate SA operates a Management Incentive Plan ("MIP") under which certain employees/directors of HealthHero Group Limited have acquired a beneficial interest over the issued ordinary share capital of the MedTop Intermediate SA

The objectives of the MIP Awards are to:

- a) Assist in the reward, retention and motivation of eligible executives;
- b) Link the reward of eligible executives to performance and the creation of shareholder value;
- c) Align the interests of eligible executives more closely with the interests of shareholders by providing an opportunity for eligible executives to receive an equity interest in the form of shares and/or options;
- d) Provide eligible executives the opportunity to share in any future growth in value of the Company; and
- e) Provide greater incentive for eligible executives to focus on the group's longer-term goals.

The MIP Awards are accounted for as an equity settled share-based payment transaction.

MIP Awards

A total of 21,630 MIP Awards were granted to certain executives in 2022 (2021: 309,000) with an exercise price of nil.

The MIP Awards vest on an exit (including a change of control, IPO, sale of assets or solvent winding up of the group) subject to the participant remaining in the Company's service. Up to 75% of the MIP Awards may vest prior to an exit on a linear basis over a three year period. Upon an exit the proceeds on the exit, in excess of a hurdle, will be distributed to the participants in proportion to their interests. The MIP Awards are not subject to performance conditions.

Details of MIP Awards outstanding during the year are as follows:

	31 December 2022		31 December 2021	
	Number of MIP Awards	Weighted average exercise price (£)	Number of MIP Awards	Weighted average exercise price (£)
Outstanding at the beginning of the year	262,650	-	-	-
Granted during the year	21,630	-	309,000	-
Forfeited during the year	(46,881)	-	(46,350)	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	237,399	-	262,650	-

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

25. SHARE BASED PAYMENT RESERVE (CONTINUED)

(b) Management Incentive Plan ("MIP") – continued

The fair values for the MIP Awards granted in 2022 were calculated using the Black Scholes option pricing model. The inputs in the model were as follows:

	31 December 2022	31 December 2021
Share price at grant date	£45.30	£46.05
Expected term	1.8 to 2.5 years	1.6 to 1.7 years
Risk-free interest rate	1.6% to 3.7%	0.04% to 0.12%
Expected dividend yield	0.0%	0.0%
Expected volatility	70.0%	70.0%

Expected volatility was determined by reference to the historical volatility of a group of comparable quoted companies over a period in line with the expected term assumption.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses were as follows:

	Group	
	31 December 2022	31 December 2021
	£	£
Shares issued under employees share scheme	1,029,200	1,927,900

(c) 'One-off' Employee Share Option Scheme ("ESOP")

MedTop Intermediate SA operates a 'One-off' Employee Share Option Scheme ("ESOP") under which certain employees/directors of HealthHero Group Limited have acquired a beneficial interest over the issued ordinary share capital of the MedTop Intermediate SA

The objectives of the ESOP Awards are to:

- Assist in the reward, retention and motivation of eligible executives;
- Link the reward of eligible executives to performance and the creation of shareholder value;
- Align the interests of eligible executives more closely with the interests of shareholders by providing an opportunity for eligible executives to receive an equity interest in the form of shares and/or options;
- Provide eligible executives the opportunity to share in any future growth in value of the Company; and
- Provide greater incentive for eligible executives to focus on the group's longer-term goals.

The ESOP Awards are accounted for as an equity settled share-based payment transaction.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

25. SHARE BASED PAYMENTS (CONTINUED)

(c) 'One-off' Employee Share Option Scheme ("ESOP") – continued

ESOP Awards

A total of 46,495 ESOP Awards were granted to certain executives in 2022 (2021: nil) with an exercise price of nil.

The ESOP Awards vest on an exit (including a change of control, IPO, sale of assets or solvent winding up of the group) subject to the participant remaining in the Company's service. Up to 75% of the ESOP Awards may vest prior to an exit on a linear basis over a three year period. Upon an exit the proceeds on the exit, in excess of a hurdle, will be distributed to the participants in proportion to their interests. The ESOP Awards are not subject to performance conditions.

Details of ESOP Awards outstanding during the year are as follows:

	31 December 2022		31 December 2021	
	Number of ESOP Awards	Weighted average exercise price (£)	Number of MIP Awards	Weighted average exercise price (£)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	46,495	-	-	-
Forfeited during the year	(14,228)	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	32,267	-	-	-

The fair values for the ESOP Awards granted in 2022 were calculated using the Black Scholes option pricing model. The inputs in the model were as follows:

	31 December 2022
Share price at grant date	£45.30
Expected term	1.8 to 2.5 years
Risk-free interest rate	1.6% to 3.7%
Expected dividend yield	0.0%
Expected volatility	70.0%

Expected volatility was determined by reference to the historical volatility of a group of comparable quoted companies over a period in line with the expected term assumption.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses were as follows:

	Group	
	31 December 2022	31 December 2021
	£	£
Shares issued under employees share scheme	124,900	-

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

26. FINANCIAL 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.

Summary of financial assets and liabilities by category:

	Group	Group	Company	Company
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	£	£	£	£
Financial assets				
<i>Financial assets measured at amortised cost</i>				
Cash and Cash equivalents	9,558,655	19,192,209	-	-
Trade receivables	3,560,329	3,364,484	-	-
Other receivables	1,608,217	2,380,881	4	4
Contract assets	8,517,609	3,992,232	-	-
	23,244,810	28,929,806	4	4
Financial liabilities				
<i>Financial liabilities measured at amortised cost</i>				
Lease liabilities (Current and Non-current)	(1,232,078)	(1,331,107)	-	-
Loans (Current and Non-current)	(182,859,224)	(107,612,772)	-	-
Deferred consideration (Current and Non-current)	(500,000)	(2,279,552)	-	-
Trade payables	(5,889,346)	(6,041,771)	-	-
Other payables	(167,435)	(274,335)	-	-
Contract liabilities	(1,270,148)	(1,074,146)	-	-
	(191,918,231)	(118,613,683)	-	-
Net financial assets and liabilities	(168,673,421)	(89,683,877)	4	4

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:

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. See note 16 for further details of credit risk associated with trade receivables.

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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at 31 December 2022	Carrying amount	Contractual cashflows	1 year or less	1 < 2 years	2 < 5 years	> 5 years
Group	£	£	£	£	£	£
Non-derivative financial liabilities						
Loans	118,087,356	158,742,068	-	18,554,772	140,187,296	-
Leasing liabilities (current and non current)	1,232,078	1,245,368	424,108	497,922	311,143	12,195
Deferred consideration (current and non current)	500,000	500,000	500,000	-	-	-
Trade payables	5,889,346	5,889,346	5,889,346	-	-	-
Other payables	167,435	167,435	167,435	-	-	-
Contract liabilities	1,270,148	1,270,148	1,270,148			
Total	127,146,363	167,814,365	8,251,037	19,052,694	140,498,439	12,195

Convertible loan notes of £64,771,868 are expected to be settled in shares rather than cash as described in Note 19.

As at 31 December 2021	Carrying amount	Contractual cashflows	1 year or less	1 < 2 years	2 < 5 years	> 5 years
Group	£	£	£	£	£	£
Non-derivative financial liabilities						
Loans	62,457,407	65,545,791	65,545,791	-	-	-
Leasing liabilities (current and non current)	1,331,107	1,361,542	891,468	109,551	234,741	125,782
Deferred consideration (current and non current)	2,279,552	2,336,208	2,086,208	250,000	-	-
Trade payables	6,041,771	6,041,771	6,041,771	-	-	-
Other payables	274,335	274,335	274,335	-	-	-
Total	72,384,172	75,559,647	74,839,573	359,551	234,741	125,782

The Company had no financial liabilities in either 2022 or 2021.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Liquidity risk – continued

Loans – Year ending 2022

	Nominal interest rate	Year of Maturity	Face Value (£)
USD 60M	12%	2025	60,010,520
USD 23M	12%	2025	21,266,747
USD 21M	12%	2025	18,965,588
BPI loan in France	5.49%	2025	86,385
EUR 10M	3.00%	2023	8,878,284
EUR 10M	3.00%	2023	8,879,832

Convertible loans – Year ending 2022

	Year of Maturity	Face Value (£)
EUR 19M	Expected convert to equity 2023	19,212,235
EUR 28M	Expected convert to equity 2023	35,562,685
EUR 11M	2024	9,996,859

Loans – Year ending 2021

	Nominal interest rate	Year of Maturity	Face Value (£)
EUR 50M	12%	2022	45,391,121
EUR 20M	12%	2022	16,958,774
BPI loan in France	5.49%	2025	107,511

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 2022

	Sterling	Euro	US Dollar	TOTAL
	£	£	£	£
Cash and Cash equivalents	4,361,110	5,137,641	59,904	9,558,655
Trade receivables	3,089,742	379,625	90,962	3,560,329
Loans	(1,111,000)	(81,505,369)	(100,242,855)	(182,859,224)
Trade payables	(2,622,017)	(3,267,328)	-	(5,889,345)
Balance sheet exposures	3,717,835	(79,255,328)	(100,091,989)	(175,629,585)

The Group is exposed to fluctuations in exchange rates, mainly GBP to EUR. Certain loans were redenominated to USD during the year ended 31 December 2022 which resulted in a foreign exchange loss of £7,777,751 (note 9).

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

GROUP

At 31 December 2021	Sterling	Euro	US Dollar	TOTAL
	£	£	£	£
Cash and Cash equivalents	4,000,096	15,096,577	95,536	19,192,209
Trade receivables	2,547,363	279,581	537,540	3,364,484
Loans	(1,064,433)	(106,548,339)	-	(107,612,772)
Trade payables	(3,976,700)	(2,603,186)	538,115	(6,041,771)
Balance sheet exposures	1,506,326	(93,775,367)	1,171,191	(91,097,850)

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 at fixed interest rates.

(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.

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

27. CHANGES IN FINANCING LIABILITIES

	Current and non-current liabilities		
	Loans and Borrowings	Lease liabilities	Total
	£	£	£
At 1 January 2021	958,634	2,053,394	3,012,028
<i>Acquired through business combinations</i>	13,190,708	1,215,940	14,406,648
	14,149,342	3,269,334	17,418,676
Changes from financing cash flows			
New loans issued	60,166,495	-	60,166,495
Convertible loan notes issued	16,561,892	-	16,561,892
Repayment of loans	(14,149,342)	-	(14,149,342)
Payment of lease liabilities	-	(1,502,484)	(1,502,484)
Total charges from financing cash flows	62,579,045	(1,502,484)	61,076,561
Other charges			
Convertible loan note	24,438,932	-	24,438,932
Loan interests	3,702,349	106,799	3,809,148
Convertible loan notes interests	5,237,336	-	5,237,336
Disposal of leases	-	(703,663)	(703,663)
Recognition of new lease contracts	-	161,121	161,121
Foreign currency translation	(2,494,232)	-	(2,494,232)
Total other charges	30,884,385	(435,743)	30,448,642
Balance at 31 December 2021	107,612,772	1,331,107	108,943,879

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

27. CHANGES IN FINANCING LIABILITIES (CONTINUED)

	Current and non-current liabilities		
	Loans and Borrowings	Lease liabilities	Total
	£	£	£
At 1 January 2022	107,612,772	1,331,107	108,943,879
Changes from financing cash flows			
New loans issued	34,335,458	-	34,335,458
Convertible loan notes issued	9,706,796	-	9,706,796
Repayment of loans	(20,636)	-	(20,636)
Payment of lease liabilities	-	(1,051,022)	(1,051,022)
Total charges from financing cash flows	44,021,618	(1,051,022)	42,970,596
Other charges			
Convertible loan note	-	-	-
Loan Interests	9,102,685	71,808	9,174,493
Convertible loan notes interests	7,660,200	-	7,660,200
Recognition of new lease contracts	-	857,104	857,104
Foreign currency translation	14,461,949	23,081	14,485,030
Total other charges	31,224,834	951,993	32,176,827
Balance at 31 December 2022	182,859,224	1,232,078	184,091,302

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

28. RELATED PARTY TRANSACTIONS

The owners of 100% of shares of Medtop Group Limited also control a number of other companies (collectively known as Marcol).

The following are transactions and balances outstanding at year end with other Marcol entities:

	Transactions		Outstanding balance	
	Year ended 31 December 2022	Year ended 31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
HealthHero Solutions Limited				
Sofia Medical Limited	70,521	797,386	-	-
HealthHero Group Limited				
Alltime Technologies Limited	72,206	91,386	-	-
Marcol Capital Europe SA (£)	1,050,000	1,050,000	612,500	-
Marcol International Asset Management Limited	1,949	31,842	-	8,697
MedTop Fidelio Sarl				
Marcol European Services Sarl	18,420	17,944	-	-
Medtop France Sarl				
Marcol European Services Sarl	18,431	1,008,703	-	-
MT Group SA				
Marcol European Services Sarl	18,445	18,192	-	-
Directors' fees	984	-	-	-
MedTop Intermediate SA				
Marcol European Services Sarl	18,944	17,956	-	-
MedTop International SA				
Marcol European Services Sarl	18,405	18,178	-	-
Marcol Capital Europe SA	1,260,800	1,206,232	645,700	-
Marcol International Asset Management Limited	-	271,966	-	-
Medtop Lux SA	-	-	-	-
MedTop Ireland Sarl				
Marcol European Services Sarl	18,420	17,913	-	-
MT Medtop S.a.rl				
MH MED X S.A.	-	-	(966,074)	-
MedTop TopCo SA				
Marcol European Services Sarl	189,403	268,377	-	-
Directors' fees	35,928	-	-	-
MedTop Lux SA				
MH Med X S.A.	-	-	8,878,284	-
OLP (Lux) SARL	-	-	8,879,832	-
Other				
Marcol European Services Sarl	18,872	18,180	-	69
Total	2,811,728	4,834,255	18,050,242	8,766

MEDTOP GROUP LIMITED
Annual report and consolidated financial statements
31 December 2022

29. CONTROLLING PARTIES

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

30. EVENTS AFTER THE REPORTING DATE

Since 31 December 2022, the Group entered into two restructuring arrangements with the aim of strengthening its balance sheet. Firstly, the EUR19m and EUR28m Convertible loans which are described in note 26 were converted to equity. Secondly, the term of certain loans was extended to 2025 and they were redenominated into USD.

There have been no other events after the balance sheet date which are material for disclosure.