Chief financial officer's review

Good financial performance in a dynamic environment

"We have delivered good financial results. The business has responded well to the dynamic environment and met guidance across all core measures."

Harbant Samra
Chief Financial Officer

Dear shareholder,

I am pleased to report that Spire Healthcare delivered good financial and operational performance during 2024 and achieved guidance on all core measures. Group revenue was up 11.2% to £1,511.2 million from £1,359.0 million (up 6.2% on a comparable basis), driven by the demand for private healthcare and our expansion into primary care services.

Hospitals delivered increased revenue of 4.7% year on year to £1,390.2 million (5.5% on a comparable basis). This includes 1.9% growth in admissions and outpatient procedures, and strong growth in admissions average revenue per case which was up 4.2% through our focus on higher acuity procedures.

NHS activity was ahead of our expectations, with revenue up 7.7%, due to a focus on higher margin orthopaedic services (up 8.8% on a comparable basis). Private grew 3.7% (4.3% on a comparable basis), with strong volume and pricing in PMI and moderating volumes in self-pay, where we continue to see patients switching to PMI. Primary care services revenue was £121.0 million in 2024. Vita Health Group performed ahead of expectations, delivering £107.4 million in revenue.

We responded well to the dynamic external environment, including an evolving payor mix and increased energy costs, through acceleration of our cost savings programme, optimising acuity mix and self-pay pricing changes.

As a people business, investment in our workforce is critical to the health of Spire Healthcare and delivering good patient outcomes. People costs, including clinical and non-clinical staff, represent more than 40% of our Group cost base. We supported eligible Hospital colleagues with an above inflation salary increase during the year, implemented a new Hospital Rewards Framework and once again broadened our apprenticeship programme. We believe these efforts have helped us to achieve record levels of permanent employment, high retention, and a reduction in clinical turnover rates to an all-time low of 11.5%.

A significant focus area is our cost savings programme, which delivered ahead of plan, saving over £20.0 million. Key cost-saving initiatives included the refinement of best practice staffing establishment models for hospitals, centralisation of certain administration functions and procurement savings.

We intend to target £80 million in cumulative cost savings by the end of 2026, of which at least £30 million new savings will be targeted in 2025.

Group adjusted EBITDA was £260.0 million, up 11.1% year on year (9.0% on a comparable basis). Hospitals adjusted EBITDA was £249.7 million and showed good EBITDA margin progress, up 40 bps to 18.0%, delivered through price and acuity benefits, and transformation efficiencies.

Primary care services generated EBITDA of £10.3 million, with a very strong expansion in EBITDA margin to 8.5%. EBITDA margins are intrinsically lower than the hospital business given they include a number of younger maturity services such as Spire Clinics and London Doctors Clinic. Over time, we expect these margins to increase significantly through a combination of building scale and maturity.

We have delivered an improvement in returns, with ROCE growing from 7.5% to 8.2%. Total capital expenditure was £112.1 million; we deployed a greater proportion of our budget towards driving growth and efficiency. Investment of £40.0 million was deployed towards growth, including the addition of a minor operations unit at Spire Claremont, five new MRIs, significant investment in solar energy, as well as digitalisation. The remainder was dedicated to maintenance of our estate and IT infrastructure enhancement. We also deployed growth investment towards a primary care expansion strategy, including opening Spire Clinics in Abergele, Harrogate and Norwich.

Net bank debt at the end of the year was £325.9 million, with a cash balance of £41.2 million. Net bank debt / adjusted EBITDA covenant ratio declined to 2.0x.

Looking ahead to 2025, we are confident in delivering revenue growth, driven by both our hospitals and the increasing demand for primary care. We expect earnings to be ahead of last year, despite the impact of national insurance, national minimum wage and energy costs.

Harbant Samra
Chief Financial Officer

Chief financial officer's review continued

Selected financial information

(£m)	Year ended 31 December 2024 Total before Adjusting items	Adjusting items (note 9)	Total	Year ended 31 December 2023 Total before Adjusting items	Adjusting items (note 9)	Total
Revenue	1,511.2	–	1,511.2	1,359.0	–	1,359.0
Cost of sales	(827.6)	–	(827.6)	(734.8)	–	(734.8)
Gross profit	683.6	–	683.6	624.2	–	624.2
Other operating costs	(542.3)	(16.4)	(558.7)	(497.4)	(6.7)	(504.1)
Other income	8.1	4.5	12.6	3.6	2.5	6.1
Operating profit (EBIT)	149.4	(11.9)	137.5	130.4	(4.2)	126.2
Finance income	0.7	–	0.7	1.4	–	1.4
Net finance costs	(99.9)	–	(99.9)	(93.0)	–	(93.0)
Profit before taxation	50.2	(11.9)	38.3	38.8	(4.2)	34.6
Taxation	(14.1)	1.8	(12.3)	(6.4)	(0.3)	(6.7)
Profit for the period	36.1	(10.1)	26.0	32.4	(4.5)	27.9
Profit/(loss) for the year attributable to owners of the Parent	35.5	(10.1)	25.4	31.8	(4.5)	27.3
Profit for the year attributable to non-controlling interest	0.6	–	0.6	0.6	–	0.6
Adjusted EBITDA[1]			260.0			234.0
Basic earnings per share, pence			6.3			6.8
Adjusted FCF[2]			39.0			48.0
Net cash from operating activities			235.7			215.5
Net bank debt[3]			325.9			315.7

1. Adjusted EBITDA is calculated as Operating Profit, adjusted to add back depreciation, amortisation and adjusting items, referred to hereafter as 'Adjusted EBITDA'. For EBITDA for covenant purposes, refer to note 23.
2. Adjusted FCF (Free Cash Flow) is calculated as Adjusted EBITDA, less rent, capital expenditure cash flows and changes in working capital after adjusting for one-off items which are not related to the normal trading activity of the business. Rent cash flows are defined as interest on, and payment of, lease liabilities. Capital expenditure cash flows are defined as the purchase of property, plant and equipment.
3. Net bank debt is defined as bank borrowings less cash and cash equivalents.

Revenue

Group revenue was up 11.2% to £1,511.2 million from 1,359.0 million, up 6.2% on a comparable basis, driven by the demand for private healthcare and our expansion into primary care services.

Hospitals delivered increased revenue of 4.7% year on year to £1,390.2 million, 5.5% on a comparable basis. This includes 1.3% growth in admissions and outpatient procedures, 1.9% on a comparable basis, and strong growth in admissions average revenue per case which was up 4.4% as a result of our focus on higher acuity procedures, 4.2% on a comparable basis.

NHS activity was ahead of our expectations, with revenue up 7.7%, due to a focus on higher margin orthopaedic services, up 8.8% on a comparable basis. Private grew 3.7%, 4.3% on a comparable basis, with strong volume and pricing in PMI and moderating volumes in self-pay where we continue to see patients switching to PMI. Primary care includes Vita Health Group (VHG), which was acquired at the end of 2023 and represents the majority of the business line. VHG is the largest independent NHS talking therapies provider and delivers musculoskeletal (physio) and dermatology services. Primary care services revenue was £121.0 million in 2024. Vita Health Group performed ahead of expectations, delivering £107.4 million in revenue.

Primary care also includes our private GP services delivered through the London Doctors Clinic (LDC), Spire Occupational Health services and our recently opened Spire Clinics which are focused on outpatient treatment, diagnostics and act as referral centres to our hospitals. As our broader healthcare offering continues to be developed, income from this area will become increasingly material to the group's performance.

Revenue by location and payor

(£m)	2024 Hospitals Business	Primary Care	Total	2023 Hospitals Business	Primary Care	Total	Variance % (2024-2023) Hospitals Business	Primary Care	Total
Total revenue	1,390.2	121.0	1,511.2	1,327.6	31.4	1,359.0	4.7%	NM*	11.2%
Of which:									
Inpatient	548.0	–	548.0	535.5	–	535.5	2.3%	NM*	2.3%
Daycase	426.6	0.6	427.2	399.9	–	399.9	6.7%	NM*	6.8%
Outpatient	388.1	120.2	508.3	365.4	31.4	396.8	6.2%	NM*	28.1%
Other	27.5	0.2	27.7	26.8	–	26.8	2.6%	NM*	3.4%
Total revenue	1,390.2	121.0	1,511.2	1,327.6	31.4	1,359.0	4.7%	NM*	11.2%
Of which:									
PMI	662.4	1.6	664.0	615.7	0.8	616.5	7.6%	NM*	7.7%
Self-pay	332.9	8.0	340.9	344.0	7.8	351.8	(3.2%)	2.6%	(3.1%)
Total private	995.3	9.6	1,004.9	959.7	8.6	968.3	3.7%	11.6%	3.8%
Total NHS	367.4	80.8	448.2	341.1	14.9	356.0	7.7%	NM*	25.9%
Other	27.5	30.6	58.1	26.8	7.9	34.7	2.6%	NM*	67.4%
Total revenue	1,390.2	121.0	1,511.2	1,327.6	31.4	1,359.0	4.7%	NM*	11.2%

* Not meaningful due to the VHG acquisition in October 2023

Hospitals Business Revenue on comparable basis (adjusted for the effect of Tunbridge Wells)

(£m)	2024 Hospitals Business adjusted for the effect of Tunbridge wells	Tunbridge wells	Hospitals Business	2023 Hospitals Business adjusted for the effect of Tunbridge wells	Tunbridge wells	Hospitals Business	Variance % (2024-2023) Hospitals Business adjusted for the effect of Tunbridge wells	Tunbridge wells	Hospitals Business
Total revenue	1,386.5	3.7	1,390.2	1,314.8	12.8	1,327.6	5.5%	NM*	4.7%

Chief financial officer's review continued

Primary Care Revenue on comparable basis (adjusted for the effect of the acquisition in 2023)

	2024	2023			Variance % (2024-2023)	
(£m)	Primary Care	Primary Care as reported in 2023	Pro-forma adjustment for full year VHG	Pro-forma adjusted Primary Care	Primary Care	Primary Care
Total revenue	**121.0**	31.4	73.8	105.2	**NM***	**15.0%**

Cost of sales and gross profit

For the Hospitals business, gross margin remained flat at 46.2%. Cost of sales increased in the period by £34.1 million or to £748.4 million (2023: £714.3 million). Increased costs are due to inflationary pressures and continued wage rate expansion, managed effectively through strong procurement processes, the benefit of an energy hedge for the majority of the year (which rolled off in early Q4) and our transformation cost savings programme; alongside optimisation of acuity, payor mix and pricing.

Primary Care gross margin decreased slightly to 34.5% from 34.7% as they include a number of younger maturity services across the Spire Clinics and LDC. Over time, we expect these margins to increase significantly through a combination of building scale and maturity.

Cost of sales is broken down, and presented as a percentage of relevant revenue, as follows:

	Year ended 31 December 2024		Year ended 31 December 2023	
	£m	% of revenue	£m	% of revenue
Clinical staff	**375.9**	**24.9%**	304.1	22.4%
Direct costs	**325.5**	**21.5%**	312.4	23.0%
Medical fees	**126.2**	**8.4%**	118.3	8.7%
Cost of sales	**827.6**	**54.8%**	734.8	54.1%
Gross profit	**683.6**	**45.2%**	624.2	45.9%

Cost of sales is broken down, and presented as a percentage of relevant revenue split by operating segment, as follows:

	Hospitals Business			
	Year ended 31 December 2024		Year ended 31 December 2023	
	£m	% of revenue	£m	% of revenue
Clinical staff	**302.0**	**21.7%**	285.9	21.5%
Direct costs	**321.8**	**23.1%**	311.7	23.5%
Medical fees	**124.6**	**9.0%**	116.7	8.8%
Cost of sales	**748.4**	**53.8%**	714.3	53.8%
Gross profit	**641.8**	**46.2%**	613.3	46.2%

	Primary Care			
	Year ended 31 December 2024		Year ended 31 December 2023	
	£m	% of revenue	£m	% of revenue
Clinical staff	**73.9**	**61.1%**	18.2	58.0%
Direct costs	**3.7**	**3.1%**	0.7	2.2%
Medical fees	**1.6**	**1.3%**	1.6	5.1%
Cost of sales	**79.2**	**65.5%**	20.5	65.3%
Gross profit	**41.8**	**34.5%**	10.9	34.7%

Other operating costs

For the Hospitals business other operating costs, excluding adjusting items have increased by £25.4 million, or 5.2% to £511.1 million (2023: £485.7 million). The main driver is increased central and non-clinical staff costs due to continued wage rate expansion and other inflationary pressures. Depreciation for the year was £106.4 million (2023: £102.6 million). The increase in depreciation is in line with expectations and is due to increased capex investment and RPI increases on properties. Operating margin for the year ended 31 December 2024 is 9.7% (2023: 9.6%). Operating margin, excluding adjusting items is 10.3%, up from 9.9% at 2023.

Other operating costs for the primary care business is £39.5 million (2023: £11.7million). Depreciation and amortisation for the year was £4.2 million (2023: £1.0 million).

Adjusted EBITDA

Group adjusted EBITDA increased by 11.1% to £260.0 million from £234.0 million, 9% on a comparable basis.

Hospitals adjusted EBITDA was £249.7 million (2023: £233.8 million) delivered through price and acuity benefits, and transformation cost savings; whilst also seeing investment in hospital staff, payor mix changes and energy cost rises as discussed above.

Primary care services adjusted EBITDA was £10.3 million (2023: £0.2 million), with a very strong expansion in EBITDA margin of 340 bps, on a comparable basis, to 8.5%. Primary care services have lower EBITDA margins than the group given they include a number of younger maturity services across the Spire Clinics and LDC. Over time, we expect these margins to increase significantly through a combination of building scale and maturity.

Share-based payments

During the period, grants were made to executive directors and other employees under the company's Long Term Incentive Plan. For the year ended 31 December 2024, the charge to the income statement is £4.2 million (2023: £3.7 million), or £4.7 million inclusive of National Insurance (2023: £4.1 million). Further details are contained in note 29.

Adjusting items

(£m)	Year ended 31 December 2024	2023
Asset acquisitions, disposals and aborted project costs	**(2.8)**	3.1
Business reorganisation and corporate restructuring costs	**4.3**	2.0
Remediation of regulatory compliance or malpractice costs	**6.9**	(0.9)
Clinic set up costs	**1.9**	–
Amortisation on acquired intangible assets	**1.6**	–
Total pre-tax adjusting items	**11.9**	4.2
Income tax (credit)/charge on adjusting items	**(1.8)**	0.3
Total post-tax adjusting items	**10.1**	4.5

Adjusting items comprise those matters where the directors believe the financial effect should be adjusted for, due to their nature, size or incidence, in order to provide a more accurate comparison of the group's underlying performance.

Asset acquisitions, disposals and aborted project credit of £2.8 million includes a profit of £4.5 million relating to the sale of the group's Tunbridge Wells hospital to Maidstone and Tunbridge Wells NHS Trust ('Trust') for £9.975 million. Refer to disposal note 35 for more details. In addition, there is £0.6 million of integration and other acquisition costs relating to the VHG acquisition and £0.6 million true up to provision on the DCG and Claremont acquisitions.

In the prior year, costs of £3.1 million mainly relate to asset acquisitions of Vita Health Group Limited and The Doctors Clinic Group.

Business reorganisation and corporate restructuring relates to the group announcement of a strategic, group wide initiative in H2 21 that will enable a more efficient business operating model, including leveraging digital solutions and technology. As a result of this initiative, additional costs of £3.5 million (2023: £2.0 million) have been incurred in the period, bringing costs to date of £9.3 million. This initiative is being implemented over several phases and is likely to be materially completed during 2026 as communicated at our capital markets event in April 2024. Future costs are not disclosed as a reliable estimate cannot be made due to the nature of the matter. £0.7 million has been incurred in respect of restructuring costs relating to the Doctors Clinic Group.

Remediation of regulatory compliance or malpractice costs reflect an increase in the provision in June 2024 of £4.6 million (2023: £2.5 million). The provision was established by Spire Healthcare in respect of implementing the recommendations of the Independent Inquiry including a detailed patient review and support for patients of Paterson. The project is complex and the process for review and settlement of claims, where relevant, takes some time. The detailed patient review has now reached the milestone of having contacted all living patients and invited them, where appropriate, to consultations to discuss their care. As a consequence, the rate of new claims has dropped significantly, as most patients now have their outcomes of their review and have initiated their claim, where relevant. Claims activity in the second half of the year has therefore been in line with the assumptions taken by management and the provision established at the half year. As a result there has been no subsequent increase in the provision. In addition, £1.7 million of legal fees have been incurred for the ongoing inquests. Whilst it is possible that, as further information becomes available, an adjustment to this provision will be required, at this time it reflects management's best estimate of the costs and settlement of claims.

In the prior year the group has recognised a credit of £0.9 million in respect of Remediation of Regulatory Compliance or Malpractice Costs relating to Paterson. This comprised £2.5 million funds received from its insurer and £0.9 million reduction in provision which had been held to resolve the matter. This was offset by an increased separate provision in respect of Paterson by £2.5 million.

Clinic set up costs relate to costs incurred for the set-up of the Abergele and Harrogate clinics prior to opening. The clinic in Abergele opened in February 2024 and Harrogate in January 2025.

£0.9 million of amortisation on acquired intangible assets related to the customer contracts recognised on the acquisition of VHG in October 2023.

Net finance costs

Net finance costs have increased by £7.6 million to £99.2 million (2023: £91.6 million). Mainly due to RPI increases on leases and a slightly higher average interest rate on bank borrowings.

Taxation

The effective tax rate assessed for the year, all of which arises in the UK, differs from the standard weighted rate of corporation tax in the UK. The reconciliation of the actual tax charge to that at the domestic corporation tax rate is as follows:

(£m)	Year ended 31 December 2024	2023
Profit before taxation	**38.3**	34.6
Tax at the standard rate	**9.6**	8.1
Effects of:		
Expenses and income not deductible or taxable	**1.1**	3.2
Adjustment for movement of share-based payments	**0.3**	–
Tax adjustment for the super-deduction allowance	**–**	(0.8)
Adjustments in respect of prior year	**1.3**	(4.2)
Difference in tax rates	**–**	0.2
Deferred tax not previously recognised	**–**	0.2
Total tax charge	**12.3**	6.7

Corporation tax is calculated at 25.0% (2023: 23.5%) of the estimated taxable profit or loss for the year. The effective tax rate on profit before taxation for the year is 32.1%. The effective tax rate is higher than the UK rate due to due to the impact of prior year adjustments and non-deductible items. Excluding the adjustments to prior years in 2024, the effective tax rate is 28.1%. Deferred tax is detailed in note 25.

Profit after taxation

The profit after taxation for the year ended 31 December 2024 was £26.0 million (2023: £27.9 million).

Adjusted financial information

This statement was prepared for illustrative purposes only and did not represent the group's actual earnings. The information was prepared as described in the notes set out below.

Chief financial officer's review continued

Alternative performance (non-GAAP) financial measures

We have provided alternative financial information that has not been prepared in accordance with UK-adopted International Accounting Standards ("IFRS"). We use these alternative financial measures internally in analysing our financial results and believe they are useful to investors, as a supplement to IFRS measures, in evaluating our ongoing operational performance. We believe that the use of these alternative financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in comparing our financial results with other companies in the industry, many of which present similar alternative financial measures to investors.

Alternative financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with IFRS. Investors are encouraged to review the reconciliation of these alternative financial measures to their most directly comparable IFRS financial measures provided in the financial statements table.

Adjusted EBITDA, Adjusted EBIT and Hospital Business Adjusted EBITDA margin

	Year ended 31 December					
	2024			2023		
(£m)	Hospitals Business	Primary Care	Total	Hospitals Business	Primary Care	Total
Operating profit	**135.2**	**2.3**	**137.5**	127.0	(0.8)	126.2
Remove effects of:						
Adjusting items before interest and tax	**8.1**	**3.8**	**11.9**	4.2	–	4.2
Adjusted EBIT	**143.3**	**6.1**	**149.4**	131.2	(0.8)	130.4
Depreciation	**106.4**	**1.6**	**108.0**	102.6	0.4	103.0
Amortisation	**–**	**2.6**	**2.6**	–	0.6	0.6
Adjusted EBITDA	**249.7**	**10.3**	**260.0**	233.8	0.2	234.0
Revenue	**1,390.2**	**121.0**	**1,511.2**	1,327.6	31.4	1,359.0
Adjusted EBITDA	**249.7**	**10.3**	**260.0**	233.8	0.2	234.0
Adjusted EBITDA margin	**18.0%**	**8.5%**	**17.2%**	17.6%	0.6%	17.2%

Hospitals Business Adjusted EBITDA and EBIT on comparable basis (adjusted for the effect of Tunbridge Wells)

	2024			2023			Variance % (2024-2023)		
(£m)	Hospitals Business adjusted for the effect of Tunbridge wells	Tunbridge wells	Hospitals Business	Hospitals Business adjusted for the effect of Tunbridge wells	Tunbridge wells	Hospitals Business	Hospitals Business adjusted for the effect of Tunbridge wells	Tunbridge wells	Hospitals Business
Total Adjusted EBITDA	**249.2**	**0.5**	**249.7**	232.7	1.1	233.8	7.1%	NM*	6.8%
Total Adjusted EBIT	**143.0**	**0.3**	**143.3**	130.8	0.4	131.2	9.3%	NM*	9.2%

Primary Care Adjusted EBITDA and EBIT on comparable basis (adjusted for the effect of the acquisition in 2023)

	2024	2023			Variance % (2024-2023)	
(£m)	Primary Care	Primary Care as reported in 2023	Pro-forma adjustment for full year VHG	Pro-forma adjusted Primary Care	Primary Care	Primary Care
Total Adjusted EBITDA	**10.3**	0.2	5.2	5.4	**NM***	**90.7%**
Total Adjusted EBIT	**6.1**	(0.8)	2.6	1.8	**NM***	**238.9%**

Adjusted profit after tax and adjusted earnings per share

Adjustments have been made to remove the impact of non-recurring items.

	Year ended 31 December	
(£m)	2024	2023
Profit before tax	**38.3**	34.6
Adjustments for:		
Adjusting Items – operating costs	**11.9**	4.2
Adjusted profit before tax	**50.2**	38.8
Taxation[1]	**(14.1)**	(6.4)
Adjusted profit after tax	**36.1**	32.4
Profit for the year attributable to owners of the parent	**35.5**	31.8
Profit/(loss) for the year attributable to non-controlling interests	**0.6**	0.6
Weighted average number of ordinary shares in issue (No.)	**403,493,123**	403,648,886
Adjusted earnings per share (pence) attributable to the parent	**8.8**	7.9

1. Reported tax charge for the period adjusted for the tax effect of adjusting Items.

Return on capital employed

Return on capital employed (ROCE) is the ratio of the group's adjusted EBIT to total assets less cash, capital investments made in the last 12 months and current liabilities. In the current year the calculation annualises the EBIT of the VHG acquisition as it was not part of the group for the full year. The calculation of return on capital employed is shown below:

	Year ended 31 December	
(£m)	2024	2023
Adjusted EBIT	**149.4**	130.4
Adjusted: for full year pro-forma effect of VHG acquisition	**–**	6.8
Adjusted EBIT pre VHG	**149.4**	137.2
Total assets	**2,343.2**	2,288.1
Less: Cash and cash equivalents	**(41.2)**	(49.6)
Less: Capital investments	**(127.2)**	(84.4)
Less: Current Liabilities	**(341.7)**	(317.6)
Capital employed	**1,833.1**	1,836.5
Return on capital employed %	**8.2%**	7.5%

Adjusted free cash flow

Adjusted FCF (Free Cash Flow) is calculated as adjusted EBITDA, less rent, capital expenditure cash flows and changes in working capital after adjusting for one-off items which are not related to the normal trading activity of the business. Rent cash flows are defined as interest on, and payment of, lease liabilities. Capital expenditure cash flows are defined as the purchase of plant, property and equipment. The calculation of readjusted free cash flow is shown below:

	Year ended 31 December	
(£m)	2024	2023
Adjusted EBITDA	**260.0**	234.0
Less: Rental payments	**(102.3)**	(100.2)
Less: Cash flow for the purchase of property, plant and equipment	**(112.1)**	(84.4)
Less: Working capital movement	**(7.0)**	(15.5)
Less: Adjustments for non-recurring items	**0.4**	14.1
Adjusted free cash flow	**39.0**	48.0

Cash flow analysis for the period

	Year ended 31 December	
(£m)	2024	2023
Opening cash balance	**49.6**	74.2
Operating cash flows before recurring items and VHG	**244.3**	228.2
Less: Adjustments for non-recurring items and VHG	**(2.6)**	(9.9)
Operating cash flows before Adjusting Items and income tax paid	**241.7**	218.3
Net cash flow from Adjusting Items (included in operating cash flows)	**(5.9)**	(2.7)
Income tax paid	**(0.1)**	(0.1)
Operating cash flows after operating Adjusting Items and income tax	**235.7**	215.5
Net cash in investing activities	**(99.0)**	(84.0)
Cash outflow for acquisition of subsidiary	**–**	(73.2)
Investing cash flows after investing Adjusting Items	**(99.0)**	(157.2)
Net cash in financing activities	**(145.1)**	(82.9)
Financing cash flows after financing Adjusting Items	**(145.1)**	(82.9)
Closing cash balance	**41.2**	49.6

Closing cash balance

The group's year end cash balance stood at £41.2 million, which reflects a reduction of £8.4 million against the prior year balance of £49.6 million. The reduction in cash is largely due to increased capital expenditure of £27.7 million offset by proceeds from the Tunbridge Wells proceeds of £10.0 million. There is £5.4 million of capital expenditure related to solar panels, for which we expect to convert and enter into a sale and leaseback agreement in early 2025 and therefore represents a timing difference on cash. Further detailed information on the cash flow during the period is set out in the following sections.

Operating cash flows before adjusting items

The cash inflow from operating activities before tax, adjusting items was £244.3 million (2023: £228.2 million), which constitutes a cash conversion rate from £260.0 million adjusted EBITDA of 94% (2023: 98% conversion of £232.2 million adjusted EBITDA). The net cash outflow from movements in working capital in the period was £7.0 million (2023: £15.5 million outflow).

Investing and financing cash flows

Net cash outflow in investing activities for the period was £99.0 million (2023: £157.2 million). The cash outflow relates to the purchase of plant, property and equipment in the period totalled £112.1 million (2023: £84.4 million). Capital investments in the year includes major refurbishments at Spire Portsmouth and Spire Washington; energy savings initiatives including solar panel installations; and new MRI scanners. We also deployed an accelerated growth investment supporting the Primary Care expansion strategy, including the openings of Spire Clinics in Abergele, Harrogate and Norwich.

Net cash used in financing activities for the period was £145.1 million (2023: £82.9 million). Cash outflows include interest paid and other financing costs of £98.1 million (2023: £90.0 million), and £26.2 million (2023: £27.2 million) of lease liability payments, a final dividend payment of £8.5 million and £3.1 million for the buyback of shares to settle share awards and £3.1 million for share cancellation to return value to shareholders.

Borrowings

At 31 December 2024, the group has bank borrowings of £367.1 million (2023: £365.3 million), drawn under facilities which mature in February 2027.

	Year ended 31 December	
(£m)	2024	2023
Cash	**41.2**	49.6
Bank borrowings	**367.1**	365.3
Bank borrowings less cash and cash equivalents	**325.9**	315.7

In the prior year, the group exercised its option to extend the senior loan facility by a further year. The financial covenants and agreement terms relating to this agreement are unchanged, with leverage to be below 4.0x and interest cover to be in excess of 4.0x. As at 31 December 2024 the leverage measure stood at 2.0x (2023:2.2x) and interest cover of 7.5x (2023: 8.5x).

As at 31 December 2024 lease liabilities were £912.8 million (2023: £891.7 million).

Dividend

The directors of Spire Healthcare have recommended the payment of a final dividend of 2.3 pence per share for the year ending 31 December 2024, subject to shareholder approval at the forthcoming Annual General Meeting on 14 May 2025.

Related party transactions

There were no significant related party transactions during the period under review.

Consolidated income statement

For the year ended 31 December 2024

(£m)	Note	2024 Total before Adjusting items	2024 Adjusting items (Note 11)	2024 Total	2023 Total before Adjusting items	2023 Adjusting items (Note 11)	2023 Total
Revenue	4	**1,511.2**	**–**	**1,511.2**	1,359.0	–	1,359.0
Cost of sales		**(827.6)**	**–**	**(827.6)**	(734.8)	–	(734.8)
Gross profit		**683.6**	**–**	**683.6**	624.2	–	624.2
Other operating costs		**(542.3)**	**(16.4)**	**(558.7)**	(497.4)	(6.7)	(504.1)
Other income	6	**8.1**	**4.5**	**12.6**	3.6	2.5	6.1
Operating profit (EBIT)	8	**149.4**	**(11.9)**	**137.5**	130.4	(4.2)	126.2
Finance income	10	**0.7**	**–**	**0.7**	1.4	–	1.4
Finance cost	10	**(99.9)**	**–**	**(99.9)**	(93.0)	–	(93.0)
Profit before taxation		**50.2**	**(11.9)**	**38.3**	38.8	(4.2)	34.6
Taxation	12	**(14.1)**	**1.8**	**(12.3)**	(6.4)	(0.3)	(6.7)
Profit for the year		**36.1**	**(10.1)**	**26.0**	32.4	(4.5)	27.9
Profit for the year attributable to owners of the parent		**35.5**	**(10.1)**	**25.4**	31.8	(4.5)	27.3
Profit for the year attributable to non-controlling interests		**0.6**	**–**	**0.6**	0.6	–	0.6
Earnings per share (in pence per share)							
– basic	13	**8.8**	**(2.5)**	**6.3**	7.9	(1.1)	6.8
– diluted	13	**8.6**	**(2.4)**	**6.2**	7.7	(1.1)	6.6

The notes on pages 138-163 form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2024

(£m)	Note	2024	2023
Profit for the year		**26.0**	27.9
Items that may be reclassified to profit or loss in subsequent periods			
Loss on cash flow hedges	23	**(1.5)**	(4.2)
Taxation on cash flow hedges		**0.3**	0.9
Other comprehensive loss for the year		**(1.2)**	(3.3)
Total comprehensive profit for the year, net of tax		**24.8**	24.6
Attributable to:			
Equity holders of the parent		**24.2**	24.0
Non-controlling interests		**0.6**	0.6
		24.8	24.6

The notes on pages 138-163 form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2024

(£m)	Note	Share capital (Note 22)	Share premium (Note 22)	Capital reserves (Note 22)	Capital redemption reserve (Note 22)	EBT share reserves (Note 22)	Hedging reserve (Note 21)	Retained loss	Equity attributable to owners of the parent	Non-controlling interests (Note 17)	Total equity
As at 1 January 2023		4.0	830.0	376.1	–	–	6.6	(485.7)	731.0	(5.9)	725.1
Profit for the year		–	–	–	–	–	–	27.3	27.3	0.6	27.9
Other comprehensive loss for the year		–	–	–	–	–	(3.3)	–	(3.3)	–	(3.3)
Total comprehensive profit for the year		–	–	–	–	–	(3.3)	27.3	24.0	0.6	24.6
Dividends paid	28	–	–	–	–	–	–	(2.0)	(2.0)	–	(2.0)
Share-based payments	29	–	–	–	–	–	–	3.7	3.7	–	3.7
Deferred tax adjustment on share-based payments reserve		–	–	–	–	–	–	(0.3)	(0.3)	–	(0.3)
Settlement on vested share awards		–	–	–	–	–	–	(0.6)	(0.6)	–	(0.6)
Purchase of own shares by EBT		–	–	–	–	(3.1)	–	–	(3.1)	–	(3.1)
Issue of own shares by EBT in respect of share awards		–	–	–	–	2.4	–	(2.4)	–	–	–
Additional interest acquired of non-controlling interest		–	–	–	–	–	–	(3.2)	(3.2)	3.2	–
Financial liability to acquire non-controlling interests		–	–	–	–	–	–	(9.6)	(9.6)	–	(9.6)
As at 1 January 2024		**4.0**	**830.0**	**376.1**	**–**	**(0.7)**	**3.3**	**(472.8)**	**739.9**	**(2.1)**	**737.8**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**25.4**	**25.4**	**0.6**	**26.0**
Other comprehensive loss for the year		**–**	**–**	**–**	**–**	**–**	**(1.2)**	**–**	**(1.2)**	**–**	**(1.2)**
Total comprehensive profit for the year		**–**	**–**	**–**	**–**	**–**	**(1.2)**	**25.4**	**24.2**	**0.6**	**24.8**
Dividends paid	28	**–**	**–**	**–**	**–**	**–**	**–**	**(8.5)**	**(8.5)**	**–**	**(8.5)**
Dividends paid to non-controlling interests	28	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.7)**	**(0.7)**
Share-based payments	29	**–**	**–**	**–**	**–**	**–**	**–**	**4.0**	**4.0**	**–**	**4.0**
Deferred tax adjustment on share-based payments reserve		**–**	**–**	**–**	**–**	**–**	**–**	**0.4**	**0.4**	**–**	**0.4**
Settlement on vested share awards		**–**	**–**	**–**	**–**	**–**	**–**	**(5.4)**	**(5.4)**	**–**	**(5.4)**
Purchase of own shares by EBT		**–**	**–**	**–**	**–**	**(3.1)**	**–**	**–**	**(3.1)**	**–**	**(3.1)**
Issue of own shares by EBT in respect of share awards		**–**	**–**	**–**	**–**	**2.9**	**–**	**(2.9)**	**–**	**–**	**–**
Purchase of ordinary shares for cancellation		**–**	**–**	**–**	**–**	**–**	**–**	**(3.1)**	**(3.1)**	**–**	**(3.1)**
As at 31 December 2024		**4.0**	**830.0**	**376.1**	**–**	**(0.9)**	**2.1**	**(462.9)**	**748.4**	**(2.2)**	**746.2**

The notes on pages 138-163 form an integral part of these financial statements.

Consolidated balance sheet

As at 31 December 2024

(£m)	Note	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,663.4**	1,618.8
Intangible assets	15	**437.4**	438.3
Other receivables	23	**4.4**	–
Derivatives	23	**0.4**	0.4
Financial assets	16	**12.3**	10.0
		2,117.9	2,067.5
Current assets			
Financial assets	16	**2.5**	–
Inventories	18	**46.6**	44.3
Trade and other receivables	19	**131.4**	121.6
Derivatives	23	**2.5**	4.0
Cash and cash equivalents	20	**41.2**	49.6
		224.2	219.5
Non-current assets held for sale	21	**1.1**	1.1
		225.3	220.6
Total assets		**2,343.2**	2,288.1
EQUITY AND LIABILITIES			
Equity			
Share capital	22	**4.0**	4.0
Share premium	22	**830.0**	830.0
Capital reserves	22	**376.1**	376.1
Capital redemption reserve	22	**–**	–
EBT share reserves	22	**(0.9)**	(0.7)
Hedging reserve	22	**2.1**	3.3
Retained loss		**(462.9)**	(472.8)
Equity attributable to owners of the parent		**748.4**	739.9
Non-controlling interests	17	**(2.2)**	(2.1)
Total equity		**746.2**	737.8
Non-current liabilities			
Bank borrowings	23	**363.5**	361.9
Lease liabilities	23	**811.0**	793.3
Financial liabilities	24	**–**	9.6
Deferred tax liabilities	25	**80.8**	67.9
		1,255.3	1,232.7
Current liabilities			
Bank borrowings	23	**3.6**	3.4
Lease liabilities	23	**101.8**	98.4
Provisions	26	**14.2**	16.4
Trade and other payables	27	**214.0**	197.1
Financial liabilities	24	**8.0**	–
Income tax payable		**0.1**	2.3
		341.7	317.6
Total liabilities		**1,597.0**	1,550.3
Total equity and liabilities		**2,343.2**	2,288.1

These consolidated financial statements and the accompanying notes were approved for issue by the board on 5 March 2025 and signed on its behalf by:

Justin Ash
Chief Executive Officer

Harbant Samra
Chief Financial Officer

The notes on pages 138-163 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2024

(£m)	Note	2024	2023
Cash generated from operations	30	**235.8**	215.6
Tax paid		**(0.1)**	(0.1)
Net cash flows from operating activities		**235.7**	215.5
Cash flows from investing activities			
Receipt from financial asset		**0.7**	0.7
Acquisition of a subsidiary, net of cash acquired		**–**	(73.2)
Purchase of property, plant and equipment		**(109.3)**	(83.9)
Purchase of intangible assets		**(2.8)**	(0.5)
Proceeds on disposal of property, plant and equipment		**11.7**	0.8
Interest received on bank deposits		**0.7**	1.4
Movement in restricted cash		**–**	(2.5)
Net cash used in investing activities		**(99.0)**	(157.2)
Cash flows from financing activities			
Interest paid and other financing costs		**(22.0)**	(17.0)
Interest on lease liabilities		**(76.1)**	(73.0)
Payment of lease liabilities		**(26.2)**	(27.2)
Draw down on revolving credit facility		**5.0**	60.0
Repayment on revolving credit facility		**(5.0)**	(20.0)
Purchase of own shares by EBT		**(3.1)**	(3.1)
Settlement on vested share awards		**(5.4)**	(0.6)
Dividends paid to equity holders of the parent		**(8.5)**	(2.0)
Dividends paid to non-controlling interests		**(0.7)**	–
Purchase of ordinary shares for cancellation		**(3.1)**	–
Net cash used in financing activities		**(145.1)**	(82.9)
Net increase in cash and cash equivalents		**(8.4)**	(24.6)
Cash and cash equivalents at 1 January		**49.6**	74.2
Cash and cash equivalents at 31 December	20	**41.2**	49.6
Adjusting items (Note 11)			
Adjusting items paid included in the cash flow		**(10.4)**	(2.7)
Total pre-tax adjusting items	11	**(11.9)**	(4.2)

The notes on pages 138-163 form an integral part of these financial statements.

Notes to financial statements

For the year ended 31 December 2024

1. General information

Spire Healthcare group plc (the 'company') and its subsidiaries (collectively, the 'group') owns and operates private hospitals and clinics in the UK and provides a range of private healthcare services.

The financial statements for the year ended 31 December 2024 were authorised for issue by the board of directors of the company on 5 March 2025.

The company is a public limited company, which is listed on the London Stock Exchange, incorporated, registered and domiciled in England and Wales (registered number: 09084066). The address of its registered office is 3 Dorset Rise, London, EC4Y 8EN.

2. Accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with UK-adopted International Accounting Standards (UK-adopted IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with the Companies Act 2006.

The consolidated financial statements have been prepared on a historical cost basis except for derivative financial instruments and financial assets and liabilities measured at fair value. The group financial statements are presented in UK sterling and all values are rounded to the nearest million pounds (£m), except when otherwise indicated.

The preparation of financial statements in accordance with UK-adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Further details on the group's critical judgements and estimates are included in Note 3.

The group has considered the future potential environmental impact on its current and future financial position and considered the impact to below.

Going concern

The group assessed going concern risk for the period through to 30 June 2026. As at 31 December 2024 the group had cash of £41.2 million and borrowings of £365 million of which £325 million is a senior loan facility and £40 million drawn revolving credit facility (RCF). The group has access to an undrawn revolving credit facility of £60 million. On 3 March 2023, the group exercised the option to extend the senior loan facility and RCF by a further year to February 2027. The financial covenants relating to this agreement are materially unchanged and there have been no modifications to the agreement terms.

The group has undertaken extensive activity to identify plausible risks which may arise and mitigating actions, which in the first instance would include management of working capital and constrained levels of capital investment. Based on the current assessment of the likelihood of these risks arising by 30 June 2026, together with their assessment of the planned mitigating actions being successful, the directors have concluded it is appropriate to prepare the accounts on a going concern basis. In arriving at their conclusion, the directors have also noted that, were these risks to arise in combination, it could result in a liquidity constraint or breach of covenant. However, the risk of this is considered remote.

The group has also assessed, as part of its reverse stress testing, what degree of downturn in trading it could sustain before it breaches its financial covenant. This stress testing was based on flexing revenue downwards with a consistent percentage decline in variable costs, whilst maintaining the forecast of fixed costs. The testing allows for the benefit of mitigating actions that could be taken by management to preserve cash. This testing suggested that there would have to be at least a 30% fall in annual forecast revenue before the group breaches its financial covenant, we believe that the risk of an event giving rise to this size of reduction in revenue is remote.

It should be noted that we remain in a period of material geopolitical and macroeconomic uncertainty. Whilst the directors continue to closely monitor these risks and their plausible impact, their severity is hard to predict and is dependent upon many external factors. Accordingly, the actual financial impact of these risks may materially vary against the current view of their plausible impact.

Further detail on both macroeconomic-related risk is provided in the risk management and internal control section from page 65.

Other specific scenarios covered by our testing were as follows:

- The group is subject to temporary suspension of trade, with a temporary adverse impact on revenue, for example, as a result of a successful cyber-attack on key business systems
- The downside modelling of a number of risks which result in a decline in earnings, including the loss of a contractual relationship with a key insurer
- Significant change in government policy resulting in consultants going on payroll
- Short-term disruption to trade at a sub-set of hospitals owing to an extreme weather event

This review included the following key assumptions:

- No change in capital structure given the group has refinanced its existing senior finance facility and revolving credit facility in February 2022 and exercised the option to extend the senior facility for a further year; and
- The government will not make significant change to its existing policy towards utilising private provision of healthcare services to supplement the NHS

Revenue recognition

The group derives its revenue primarily from providing private healthcare services to both the public sector and private patients in the UK. Revenue from charges to patients is recognised when the treatment is provided.

Revenue from contracts with customers

The criteria for revenue recognition are as follows: identify the contract with the customer, identify the performance obligation, determine the transaction price, allocate the transaction price to the performance obligations, and satisfying the performance obligation. It applies to all contracts with customers, except those in the scope of other standards.

Revenue is recorded as services are transferred to the patient, with the consideration based on the total amount the group expects to receive, taking account of discounts where they are quantifiable and probable. Approximately 65% of the group's revenue is derived from inpatient and day case admissions. Revenue is recognised day-by-day, as services are provided to patients. These services are typically provided over a short time frame, that is, one to three days. Outpatient cases and other revenue represent approximately 35% of the group's revenue. Outpatient cases generally do not involve surgical procedures and revenue is recognised on an individual component basis when performance obligations are satisfied. Similarly, other revenue, which includes consultant revenue, and other third-party revenue streams, is recognised when performance

2. Accounting policies continued

Revenue from contracts with customers continued

continued obligations are satisfied and the control of goods or services is transferred. Outpatient revenue for the primary care business includes rehabilitation, counselling and physiotherapy revenue. Revenue is either recognised over the period to which it relates or where there are multi-year contracts, the revenue is spread over the term of the contract. The majority of outpatient revenue received is under multi-year contracts with the NHS.

The group reports disaggregated revenue by material revenue stream (ie type of payor: PMI, NHS and self-pay) and other revenue which includes consultant revenue, third-party revenue streams (eg pathology services). Material revenue streams are consistent in nature, being the consideration received in return for the provision of healthcare services to patients. The timing and uncertainty of cash flows is similar for PMI and NHS business while self-pay revenue is received in advance or collected by credit card shortly after treatment. In addition, where possible and meaningful, Spire Healthcare reports revenue split between inpatient/day case, outpatient and other. As noted above, in all cases, revenue is recognised as performance obligations are completed in the form of services being provided to patients. Unbilled revenue is accrued at period ends. Invoices for the combination of services provided to patients are generally produced within three days of discharge.

Interest income

Interest is recognised on an effective interest rate basis.

Cost of sales

Cost of sales principally comprises salaries of clinical staff, consultant and clinical fees, medical services and inventories, including drugs, consumables and prostheses.

Other operating costs

Other operating costs mainly comprise non-clinical staff costs, rent associated with short or low-value leases, the depreciation of property, plant and equipment and right-of-use assets and the maintenance and running costs of properties and equipment. It also includes administrative expenses, including the provision of central support services, IT and other administrative costs.

Other income

Other income comprises fair value movements on the financial asset, a profit share arrangement with Genesis Care, and recovery of insurance claims.

Operating profit

Operating profit is the profit arising from the normal, recurring operations of the business and after charging adjusting items, as defined below. Operating profit is adjusted to exclude adjusting items to calculate the key performance indicator (KPI) 'operating profit before adjusting items (adjusted EBIT)'.

Adjusting items

Adjusting items are those items which the directors believe, by virtue of their nature, size or incidence, either individually or in aggregate, should be disclosed separately to allow a full understanding and comparison of the underlying performance of the group. Examples of items which may be considered this way in nature include significant write-downs of goodwill and other assets, restructuring costs relating to strategic review, impairments, hospital closures and set-up costs, business acquisition costs, medical malpractice provisions, aborted project costs and compliance set-up costs.

Taxation, including deferred taxation

Total income tax on the result for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity and other comprehensive income.

The group has applied the mandatory temporary exemption in IAS 12 Income Taxes to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Current tax is the expected tax payable on the taxable result for the year, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Where there is an uncertain tax position, a provision is recognised when it is not probable that the tax authority will accept the uncertain tax position, based on either the most likely amount where the range of results is binary, or as a weighted average of possible outcomes where a range of outcomes is possible.

Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for:

- Goodwill not deductible for tax purposes
- The initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss and does not give rise to equal taxable and deductible temporary differences
- Investments in subsidiary companies where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future

It should be noted that the initial recognition exception does not apply to the majority of the group's freehold property portfolio as these were acquired through the Bupa and Classics acquisitions in 2007 and 2008, which were accounted for as a business combination.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted, or substantively enacted, at the balance sheet date. The group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In assessing the recoverability of deferred tax assets, the group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased costs as a result of measures to reduce carbon emission.

A deferred tax asset, subject to the offsetting above, is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be used.

2. Accounting policies continued

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Major projects are treated as assets in the course of construction until completed when they are transferred to the appropriate asset class. No depreciation is charged on freehold land or assets in the course of construction. Other assets are depreciated so as to write off the carrying amounts of the assets, less their estimated residual values, over their expected useful lives, as follows:

Freehold property and improvements	– 5 to 60 years
Leasehold improvements	– lower of unexpired lease term or expected life, with a maximum of 35 years
Equipment	– 3 to 10 years

The expected useful lives and residual values of property, plant and equipment are reviewed semi-annually and revised as appropriate. The review of the asset lives and residual values of properties takes into consideration the plans of the business and levels of expenditure incurred on an ongoing basis to maintain the properties in a fit and proper state for their ongoing use as hospitals. In addition, the potential impact of future climate change is considered. In the case of major facilities opening in new locations, depreciation may be applied to only those assets available for use at the official opening date to reflect that the site is not always fully operational at this opening date.

Consolidation

The results of all subsidiary undertakings are included in the consolidated financial statements. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

– Power over the investee (ie existing rights that give it the current ability to direct the relevant activities of the investee)
– Exposure, or rights, to variable returns from its involvement with the investee
– The ability to use its power over the investee to affect its returns

The Employee Benefit Trust (EBT) is treated as an extension of the group and the company.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating costs.

The group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill

Goodwill represents the excess of the cost of acquisition (being the fair value of consideration transferred) over the fair value of the assets, liabilities and contingent liabilities of acquired businesses at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses.

Goodwill is allocated to one cash-generating unit or a group of cash-generating units and is not amortised but is tested annually for impairment, or more frequently if there is an indication that the value of the goodwill may be impaired (see impairment policy).

Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset is separable or arises from contractual or other legal rights.

As at 31 December 2024 the intangible assets, other than goodwill are assessed to have finite lives.

Amortisation is recognised so as to write off the cost or carrying amounts of the assets, less their estimated residual values, over their expected useful lives, as follows:

Customer contracts	– 13 to 15 years
IT projects	– 5 years
Mobilisation costs	– in line with relevant customer contract length which is typically between 5 to 10 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

2. Accounting policies continued

Intangible assets other than goodwill continued

Mobilisation costs

Mobilisation costs within intangible assets relate to set-up costs when a new NHS contract is won. These costs are incurred for the benefit of running the contract over its entire term and are classified as intangible assets as these costs are incremental costs of obtaining the contract as determined under IFRS 15. The group's policy is to capitalise these costs and amortise them over the fixed term of the contract on a straight-line basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows. There are no bank overdrafts in either year presented.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets other than derivatives

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, amortised cost or fair value through other comprehensive income (OCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The company's financial assets include cash and short-term deposits, trade and other receivables, unbilled receivables and receivables from profit share arrangements. Unbilled receivables may include contract assets where the performance obligation has been met, but the invoice not raised due to agreement with the customer being required in respect of the variable consideration. Unbilled receivables can also include amounts where the performance obligation has been met, but the invoice not yet raised due to the timing of the reporting period.

Subsequent measurement

Trade receivables and unbilled receivables are accounted for at amortised cost. The group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. At each reporting period, the group makes an assessment of the asset's recoverable amount based on forward-looking information. Losses arising from impairment are recognised in the consolidated income statement in other operating costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, loans and receivables are measured at fair value plus directly attributable transaction costs. Subsequently, such assets are measured at amortised cost, using the effective interest rate (EIR) method, less any allowance for impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest receivable in the consolidated income statement.

Receivables relating to profit share arrangements are recognised as fair value through profit and loss. At each reporting period, the assets are revalued, with any movement in fair value being recognised in the consolidated income statement. Any cash received from profit share arrangements is presented within cash flows from investing activities within the cash flow statement.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired, or the group has transferred its rights to receive cash flows from the asset including transferring substantially all the risks and rewards of the asset.

Impairment

The group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables (including unbilled receivables), contract assets and lease receivables, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment. To measure the expected credit losses, trade receivables have been grouped based on shared characteristics and the days past due. The group has concluded that the expected loss rates for trade receivables, are a reasonable approximation of the loss rates for each ageing bucket based on historical debt trends of our portfolio of customers for the last two reporting periods, with the exception of patient debt. Patient debt is more susceptible to the economic environment. As a result, the group has reviewed the expected loss rates for this payor group, as well as considering forward-looking information (specifically the cost of living) and increased the loss rates accordingly.

Notes to financial statements continued

2. Accounting policies continued

Financial Instruments continued

ii) Financial liabilities other than derivatives

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, or at amortised cost. The group determines the classification of financial liabilities at initial recognition.

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments.

Subsequent measurement

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in interest receivable and interest payable in the consolidated income statement. Amortised cost is calculated by taking in to account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated income statement.

Financial liabilities to purchase own equity instruments

Financial agreements entered into with non-controlling interests for the future purchase of the remaining interest is recognised as a financial liability measured initially at fair value where there is an obligation on the group to settle a liability. On initial recognition the financial liability is recognised through equity. In subsequent periods, the liability will be measured at amortised cost with changed in the expected cash flows recognised in the income statement. Cash flows are discounted using the weighted average cost of debt.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated income statement.

iii) Derivative financial instruments

The group may enter into derivative financial instrument arrangements to manage its exposure to interest rate risk. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value at each balance sheet date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The group applies cash flow hedge accounting to such derivatives if the criteria for doing so are met. At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Amounts deferred in equity are recycled in the income statement in the periods when the hedged item is recognised, in the same line of the income statement as the recognised hedged item. If cash flow hedge accounting is discontinued, the amount that has been accumulated in the consolidated statement of other comprehensive income is maintained if the hedged future cash flows are still expected to occur. Otherwise, the amount is immediately reclassified to profit or loss as a reclassification adjustment.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost means purchase price, less trade discounts, calculated on an average basis. Net realisable value means estimated selling price less incremental costs including trade discounts and all costs to be incurred in marketing, selling and distribution.

The group holds consignment stock on sale or return. The group is only required to pay for the equipment it chooses to use and therefore this stock is not recognised as an asset.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Provisions

A provision is recognised in the consolidated balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk-adjusted, future cash flows at a pre-tax risk-free rate. Management considers its best estimate of the likely outcomes of the obligation when determining the recognition. Where a material range of outcomes could arise, details are disclosed accordingly. Provisions are measured gross of any expected insurance recovery. Any such insurance recoveries are recognised in other receivables when the receipt of them is judged virtually certain.

Leases

i) As a lessee

At inception, the group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether the group obtains substantially all the economic benefits from the use of that asset, and whether the group has the right to direct the use of the asset when considering whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. After initial recognition, the lease liability is measured at amortised cost using the effective interest method. A reassessment of the lease liability occurs when there is a change in lease payments. The incremental borrowing rate is only revised where the change in payments is a result of a change in floating interest rates, lease term change or a change in assessment relating to the exercise of purchase option charges.

The group has elected not to separate lease and non-lease components for leases of vehicles or buildings.

2. Accounting policies continued

Leases continued

The group recognises a Right-of-Use (ROU) asset and a lease liability at the commencement of the lease. The ROU is initially measured based on the present value of lease payments, less any incentives received. Initial direct costs and costs to dismantle or restore an asset are included. The ROU is depreciated over the shorter of the lease term or the useful life of the underlying asset. The incremental borrowing rate is used to discount the assets over the relevant term. The ROU is subject to testing for impairment if there is an indicator for impairment.

Lease payments generally include fixed payments and variable payments that depend on an index (such as inflation index) or rate. When the lease contains an extension or purchase option that the group considered reasonably certain to be exercised, the cost of the option is included in the lease payments. The incremental borrowing rate is used to discount the lease payments over the term of the lease.

ROU assets are categorised to reflect the nature of the underlying asset and to be consistent with the plant, property and equipment (PPE) note. The assets are depreciated over the term of the lease, accounting for break clauses or options to extend in line with the lease liability decision.

ROU assets are disclosed as PPE on the balance sheet (non-current) with a separate disclosure within the associated note, and the lease liability is included in the headings lease liability (current and non-current) on the Consolidated balance sheet.

The group has elected not to recognise ROU assets and liabilities for leases where the total lease term is less than 12 months, or for leases of low-value equipment. The payments for such leases are recognised in the Consolidated income statement on a straight-line basis over the lease term.

ii) As a lessor

When the group acts as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the group applies IFRS 15 to allocate the consideration in the contract. When the group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately, classifying the sub-lease with reference to the right-of-use asset arising from the head lease instead of the underlying asset.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are deducted from share premium. Where the employee benefit trust purchases the company's equity share capital, the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the company's equity holders in both the company and the consolidated balance sheet until the shares are cancelled or reissued.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividend is approved by the company's shareholders. Interim dividends are recognised when paid.

Pensions

The group operates the Spire Healthcare Pension Plan, a defined contribution scheme. The assets of the scheme are held separately from those of the group in independently administered funds.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

Other employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonuses if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The group operates a number of equity-settled, share-based payment schemes under which the group receives services from employees as consideration for equity instruments of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The group has estimated the relevant fair value of the share options and awards, which are subject to total shareholder return (TSR) market-related performance criteria, using a Monte Carlo simulation model (see Note 29). This applies to LTIP Awards and Deferred Share Bonus Schemes.

The group also operates a Save As You Earn (SAYE) scheme, which is open to all employees. Employees are required to save a fixed amount, up to a cap, every month for three years. At the end of the three-year period employees are entitled to use their savings to purchase shares in the company at a stated exercise price. Employees are free to stop contributing to the scheme and obtain a refund of contributions at any time, but forfeit their entitlement to exercise the options if they do so. Payment of contributions into a SAYE scheme is not a vesting condition; it does not meet the definition of a performance condition because it has no link to service. Failure to meet a non-vesting condition (eg by ceasing to contribute to an SAYE scheme) is accounted for as a cancellation of the options so that the expense is accelerated and recognised in the income statement, with a corresponding adjustment to equity as required. The IFRS 2 charge has been calculated using an adjusted Black Scholes model with judgements including leavers of the scheme (employees who may cease to save) and dividend yields.

At the end of each year, the group revises its estimates of the number of options that are expected to vest based on the non-market conditions and recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2. Accounting policies continued

Impairment

The group applies its impairment policy to non-financial assets, being intangible assets (goodwill), plant, property and equipment, and right-of-use assets. The group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU)'s fair value less costs of disposal or its value-in-use. The recoverable amounts is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired, and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the asset. As part of this, the group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. The group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared for each CGU. The forecasts generally cover a five-year period. A long-term growth rate is calculated and applies to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated income statement in other operating costs. Impairment is likely to be considered an adjusting item.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Changes in accounting policy and estimates

New standards, interpretations and amendments applied

The following amendments to existing standards were effective for the group from 1 January 2024. Other than some additional disclosures, these amendments have not had a material impact.

	Effective date*
Amendments to IAS 1 – Classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 1 – Non-current liabilities with covenants	1 January 2024
Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements	1 January 2024
Amendments to IFRS 16 – Lease liability in a sale and leaseback	1 January 2024

* The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations that are consistent with the endorsement process for use in the UK.

New standards, interpretations and amendments in issue, but not yet effective

As at date of approval of the group financial statements, the following new and amended standards, interpretations and amendments in issue are applicable to the group but not yet effective and thus, have not been applied by the group:

	Effective date*
Amendments to IFRS 9 and IFRS 7 – Amendments to the classification and measurement of financial instruments	1 January 2026
IFRS 18 – Presentation and disclosure in financial statements	1 January 2027

* The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the group prepares its financial statements in accordance with IFRS as issued by the IASB as endorsed by the UK, the application of new standards and interpretations will result in an effective date subject to that agreed by the UK Endorsement process.

We are in the process of assessing the impact of the above on the presentation of and disclosure in the financial statements.

3. Critical accounting judgements and estimates

In the application of the group's accounting policies, the directors are required to make judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgements

Adjusting items

Judgements are required as to whether items that are material in size, unusual or infrequent in nature should be disclosed as adjusting items. Deciding which items meet the respective definitions requires the group to exercise its judgement. Details of these items categorised as adjusting items are outlined in Note 11.

Leases

The application of IFRS 16 requires the group to make certain judgements which affect the value of the ROU asset and lease liability, and these include: determining contracts in the scope of IFRS 16 and the contract term.

3. Critical accounting judgements and estimates continued

Leases continued

The lease term is determined by the group and includes the non-cancellable period of lease contracts, periods covered by an option to extend the lease if the group is reasonably certain to exercise that option and period covered by an option to terminate the lease if the group is reasonably certain not to exercise that option. The group reviews the business plan, investment in leasehold improvements and market conditions when considering the certainty of options to extend or terminate. For lease contracts with an indefinite term, the group determines the length of the contract to be equal to the average or typical market contract term of the particular type of lease. The same life is then applied to determine the depreciation rate of ROU assets.

Significant accounting estimates

The preparation of the group's consolidated financial statements includes the use of estimates and assumptions. The significant accounting estimates with a significant risk of a material change to the carrying value of assets and liabilities within the next year in terms of IAS 1, 'Presentation of Financial Statements', are:

Goodwill

Goodwill is tested for impairment at least annually or more frequently if there is an indication that goodwill may be impaired. This is achieved by comparing the carrying value in the accounts with the recoverable amount (being the value-in-use), as set out in the impairment policy. The value-in-use calculations require the group to estimate future cash flows expected to arise in the future, taking into account market conditions. The current value of goodwill is underpinned by these forecasts. The present value of these cash flows is determined using an appropriate discount rate.

The assumptions are considered to be most critical in reviewing goodwill for impairment are contained in note 15.

Property impairment

Property, including property ROU assets, is considered for indicators of impairment at each reporting date, or earlier if a trigger indicates, as set out in the impairment policy. The recoverable amount, being the value-in-use, requires the group to estimate cash flows expected to arise in the future, taking into account market conditions. The variables in the cash flows are interdependent and reflect management's expectations based on past experience and current market trends, it takes into account both current business and committed initiatives. The present value of these cash flows is determined using an appropriate discount rate.

The assumptions are considered to be most critical in reviewing properties for impairment are contained in note 14.

Other areas of accounting estimates

The consolidated financial statements include other areas of judgement and accounting estimates. While these areas do not meet the definition under IAS 1 of significant accounting estimates and critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer-term uncertainties. The other areas of accounting estimates and judgement are:

Leases

The present value of the lease payment is determined using the discount factor (incremental borrowing rate) which is based on a risk free UK gilt rate plus an applicable credit spread or margin to reflect the credit standing of the group observed in the period when the lease contract commences or is modified. The incremental borrowing rate applied reflects a rate for a similar term and security to that of the lease and is determined at inception.

Details of incremental borrowing rates can be found in note 23.

Expected credit losses

The group has not changed the methodology in respect of the expected credit loss (ECL) calculations. The group's customer profile includes large organisations that have stable credit ratings, and the payment profiles have remained stable for historical debts. The exception to this is patient debt where economic circumstances can have a significant impact and, given the current economic uncertainty, remains the highest risk for the group. The ECL as at December 2024 is £6.2 million (December 2023: £5.5 million). See note 19.

Provisions for medical malpractice

The provision was established by Spire Healthcare in respect of implementing the recommendations of the Independent Inquiry including a detailed patient review and support for patients of Paterson. The provision is utilised for patient claim settlements. The variables include the number of patients which are found to have been harmed and the associated compensation claim. The project is complex and the process for settlement of claims, where relevant, takes some time. It is possible that, as further information becomes available, an adjustment to this provision will be required, but at this time, it reflects management's best estimate of the costs and settlement of claims. This provision remains subject to ongoing review.

Details of the provision can be found in note 26.

Climate-related risk and opportunities on the financial statements

To date, the board has not identified any climate-related risks or opportunities that would have a material impact on the assets or liabilities of the group, and therefore has not adjusted financial balances for climate-related risks or opportunities.

4. Revenue

All revenue is attributable to, and all non-current assets are located in, the United Kingdom.
Revenue by location (inpatient, day case or out-patient) and wider customer (payor) group is shown below:

(£m)	2024			2023		
	Hospitals Business	Primary Care	Total	Hospitals Business	Primary Care	Total
Inpatient	**548.0**	**–**	**548.0**	535.5	–	535.5
Day case	**426.6**	**0.6**	**427.2**	399.9	–	399.9
Outpatient	**388.1**	**120.2**	**508.3**	365.4	31.4	396.8
Other[1]	**27.5**	**0.2**	**27.7**	26.8	–	26.8
Total revenue	**1,390.2**	**121.0**	**1,511.2**	1,327.6	31.4	1,359.0
Insured	**662.4**	**1.6**	**664.0**	615.7	0.8	616.5
Self-pay	**332.9**	**8.0**	**340.9**	344.0	7.8	351.8
NHS	**367.4**	**80.8**	**448.2**	341.1	14.9	356.0
Other[1]	**27.5**	**30.6**	**58.1**	26.8	7.9	34.7
Total revenue	**1,390.2**	**121.0**	**1,511.2**	1,327.6	31.4	1,359.0

1. Other revenue includes fees paid to the group by consultants (eg for the use of group facilities and services) and third-party revenue (eg pathology services to third parties).

Group revenues increased 11.2% to £1,511.2 million (2023: £1,359.0 million). Hospitals business revenue has increased by 4.7% to £1,390.2 million (2023: £1,327.6 million), driven by the demand for private healthcare and our expansion into Primary Care. Overall revenue growth is underpinned by increased average revenue per case (APRC) for all payor groups Revenue for primary care is £121.0 million (2023: £31.4 million), with the majority of this from Vita Health Group, which was acquired in October 2023.

Notes to financial statements continued

5. Segmental reporting

In determining the group's operating segments, management has primarily considered the financial information in internal reports that are reviewed and used by the executive management team and board of directors (who together are the chief operating decision maker of Spire Healthcare) in assessing performance and in determining the allocation of resources. The financial information in those internal reports in respect of revenue and expenses has led management to conclude that the group has three operating segments, being the hospitals business, Vita Health Group and The Doctors Clinic Group.

The hospitals business is the group's core business activity and consists of hospitals, clinics, medical centres and consulting rooms. They provide diagnostics, inpatient, day case and outpatient care in areas including orthopaedics, gynaecology, cardiology, neurology, oncology and general surgery.

We have aggregated Vita Health Group and The Doctors Clinic Group into one reportable segment called primary care, as they meet the aggregation criteria under IFRS 8 operating segments. These entities all have similar economic characteristics such as offering similar services and have a similar type of customer. These services being primarily focused on the primary care needs of outpatients, whether these services are GP services, occupational health services or mental and physical health services.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. The balance sheet is evaluated on a group level.

(£m)	2024			2023		
	Hospitals Business	Primary Care	Total	Hospitals Business	Primary Care	Total
Revenue	**1,390.2**	**121.0**	**1,511.2**	1,327.6	31.4	1,359.0
Cost of sales	**(748.4)**	**(79.2)**	**(827.6)**	(714.3)	(20.5)	(734.8)
Gross profit	**641.8**	**41.8**	**683.6**	613.3	10.9	624.2
Other operating costs	**(519.2)**	**(39.5)**	**(558.7)**	(492.4)	(11.7)	(504.1)
Other Income	**12.6**	**–**	**12.6**	6.1	–	6.1
Segmental operating profit (EBIT)	**135.2**	**2.3**	**137.5**	127.0	(0.8)	126.2

Finance income, finance costs and taxes are not allocated to individual segments as these are managed on an overall group basis. Reconciliation of segment operating profit to group profit for the year:

(£m)	2024	2023
Segment operating profit (EBIT)	**137.5**	126.2
Finance income	**0.7**	1.4
Finance costs	**(99.9)**	(93.0)
Profit before taxation	**38.3**	34.6
Taxation	**(12.3)**	(6.7)
Profit for the year	**26.0**	27.9

Operating profit is arrived at after charging:

(£m)	2024			2023		
	Hospitals Business	Primary Care	Total	Hospitals Business	Primary Care	Total
Depreciation of property, plant and equipment and right-of-use assets	**106.4**	**1.6**	**108.0**	102.6	0.4	103.0
Amortisation of intangible assets	**1.6**	**2.6**	**4.2**	–	0.6	0.6
Lease payments made in respect of low value and short leases	**16.6**	**3.8**	**20.4**	16.9	1.7	18.6
Staff costs	**494.4**	**73.0**	**567.4**	456.6	18.5	475.2

The total pre-tax adjusting items is £11.9 million (2023: £4.2 million) of which £8.1 million (2023: £4.2 million) relate to the hospitals business and £3.8 million (2023: Nil) relate to primary care.

6. Other income

(£m)	2024	2023
Fair value movement on financial asset	**4.8**	2.8
Realised profit in respect of financial asset	**1.0**	0.8
Fair value movement on financial liability	**1.6**	–
Profit on disposal of hospital (adjusting items) (see note 11)	**4.5**	–
Profit on disposal of property, plant and equipment	**0.7**	–
Settlement from an insurer (adjusting items) (see note 11)	**–**	2.5
Total other income	**12.6**	6.1

The fair value movement in respect of the financial asset was recognised to reflect the on-going profit share arrangement with Genesis Care which arose as part of the sale of the Bristol Cancer Centre in 2019. Profits of £1.0 million (2023: £0.8 million) have been realised in respect of this arrangement. The fair value movement on financial liability relates to the change in cash flows relating to the financial instruments held to purchase own equity instruments.

7. Auditor's remuneration

During the year, the group (including its subsidiary undertakings) obtained the following services from the group's external auditor as detailed below:

(£m)	2024	2023
Audit of these financial statements	**1.3**	1.2
Audit of the financial statements of subsidiaries of the company pursuant to legislation	**0.4**	0.3
Audit-related assurance services	**0.2**	0.1
Total	**1.9**	1.6

8. Operating profit
Arrived at after charging/(crediting):

(£m)	2024	2023
Depreciation of property, plant and equipment (see note 14)	**67.0**	65.5
Depreciation of right-of-use assets (see note 14)	**41.0**	37.5
Amortisation of intangible assets (see note 15)	**4.2**	0.6
Acquisition-related transaction costs (adjusting item) (see note 11)	**–**	2.5
Lease payments made in respect of low value and short leases	**20.4**	18.6
Provision related to Ian Paterson (adjusting item) (see note 11)	**4.6**	2.5
Movement on the provision for expected credit losses of trade receivables (see note 19)	**1.0**	0.5
(Profit)/loss on disposal of property, plant and equipment	**–**	(0.3)
Staff restructuring costs (see note 9)	**4.3**	2.0
Staff costs (net of staff restructuring costs and including share-based payment charge) (see notes 9 and 29)	**567.4**	475.2

Inventory recognised as an expense in the current year is disclosed in Note 18.

9. Staff costs

(No.)	2024	2023
The average number of persons employed by the group (including directors) during the year:		
Clinical	**9,248**	7,455
Non-clinical	**6,021**	5,514
Central	**972**	776
Total	**16,240**	13,745

(No.)	2024	2023
The average number of full-time equivalent persons employed by the group during the year:		
Clinical	**7,004**	5,831
Non-clinical	**4,655**	4,349
Central	**848**	695
Total	**12,507**	10,875

The aggregate payroll costs of these persons were as follows:

(£m)	2024	2023
Wages and salaries	**476.3**	398.7
Social security costs	**46.9**	38.9
Pension costs, defined contribution scheme	**44.3**	35.9
Aggregate payroll costs excluding share based payments	**567.5**	473.5
Share based payment charge	**4.2**	3.7
Aggregate payroll costs	**571.7**	477.2

There were £1.4 million wages and salaries and social security costs for year ended 31 December 2024 in Adjusting items (2023: £1.6 million) of which £0.7 million relate to business restructuring costs and which are included in staff costs (2023: £1.0 million), and are set out in note 8.

Pension costs are in respect of the defined contribution scheme; unpaid contributions at 31 December 2024 were £4.8 million (2023: £3.7 million).

10. Finance income and costs

(£m)	2024	2023
Finance income		
Interest income on bank deposits	**0.7**	1.4
Total finance income	**0.7**	1.4
Finance cost		
Interest on bank facilities	**22.3**	18.5
Amortisation of fee arising on facilities extensions/borrowing costs[1]	**1.5**	1.5
Interest on obligations under leases	**76.1**	73.0
Total finance costs	**99.9**	93.0
Total net finance costs	**99.2**	91.6

1. £5.0 million of borrowing costs were capitalised on the refinancing of the senior facility, these are being amortised over the life of the facility.

11. Adjusting items

(£m)	2024	2023
Asset acquisitions, disposals and aborted project costs	**(2.8)**	3.1
Business reorganisation and corporate restructuring costs	**4.3**	2.0
Remediation of regulatory compliance or malpractice costs	**6.9**	(0.9)
Clinic set up costs	**1.9**	–
Amortisation on acquired intangible assets	**1.6**	–
Total pre-tax adjusting items	**11.9**	4.2
Income tax (credit) / charge on adjusting items	**(1.8)**	0.3
Total post-tax adjusting items	**10.1**	4.5

Notes to financial statements continued

11. Adjusting items continued

Adjusting items comprise those matters where the directors believe the financial effect should be adjusted for, due to their nature, size or incidence, in order to provide a more accurate comparison of the group's underlying performance.

Asset acquisitions, disposals, impairment and aborted project credit of £2.8 million includes a profit of £4.5 million relating to the sale of the group's Tunbridge Wells hospital to Maidstone and Tunbridge Wells NHS Trust ('Trust') for £9.975 million. Refer to disposal note 35 for more details. In addition, there is £0.6 million of integration and other acquisition costs relating to the VHG acquisition and £0.6 million true up to provision on the DCG and Claremont acquisitions.

In the prior year, costs of £3.1 million mainly relate to asset acquisitions of Vita Health Group Limited and The Doctors Clinic Group.

Business reorganisation and corporate restructuring relates to the group announcement of a strategic, group-wide initiative in H2 of 2021 that will enable a more efficient business operating model, including leveraging digital solutions and technology. As a result of this initiative, additional costs of £3.5 million (2023: £2.0 million) have been incurred in the period, bringing costs to date of £9.3 million. This initiative is being implemented over several phases and is likely to be materially completed during 2026, as communicated at our capital markets event in April 2024. Future costs are not disclosed, as a reliable estimate cannot be made due to the nature of the matter. £0.7 million has been incurred in respect of restructuring costs relating to the The Doctors Clinic Group.

Remediation of regulatory compliance or malpractice costs reflect an increase in the provision in June 2024 of £4.6 million (2023: £2.5 million). The provision was established by Spire Healthcare in respect of implementing the recommendations of the Independent Inquiry including a detailed patient review and support for patients of Paterson. The project is complex, and the process for review and settlement of claims, where relevant, takes some time. The detailed patient review has now reached the milestone of having contacted all living patients and invited them, where appropriate, to consultations to discuss their care. As a consequence, the rate of new claims has dropped significantly, as most patients now have the outcomes of their review and have initiated their claim, where relevant. Claims activity in the second half of the year has therefore been in line with the assumptions taken by management and the provision established at the half year. As a result, there has been no subsequent increase in the provision. In addition, £1.7 million of legal fees have been incurred for the ongoing inquests. While it is possible that, as further information becomes available, an adjustment to this provision will be required, at this time it reflects management's best estimate of the costs and settlement of claims.

In the prior year the group has recognised a credit of £0.9 million in respect of Remediation of Regulatory Compliance or Malpractice Costs relating to Paterson. This comprised £2.5 million funds received from its insurer and £0.9 million reduction in provision which had been held to resolve the matter. This was offset by an increased separate provision in respect of Paterson by £2.5 million.

Clinic set up costs relate to costs incurred for the set-up of the Abergele and Harrogate clinics prior to opening. The clinic in Abergele opened in February 2024 and Harrogate in January 2025.

£0.9 million of amortisation on acquired intangible assets related to the customer contracts recognised on the acquisition of VHG in October 2023.

12. Taxation

(£m)	2024	2023
Current tax		
UK corporation tax expense	**0.7**	0.9
Adjustments in respect of prior years	**(1.0)**	(1.3)
Total current tax credit	**(0.3)**	(0.4)
Deferred tax		
Origination and reversal of temporary differences	**10.3**	10.0
Adjustments in respect of prior years	**2.3**	(2.9)
Total deferred tax charge	**12.6**	7.1
Total tax charge	**12.3**	6.7

In addition to the above, a credit of £0.3 million has been recognised in Other Comprehensive income (2023: £0.9 million credit) and £0.4 million credit (2023: £0.3 million credit) through equity. The £0.4 million credit through equity relates to movements on share-based payments, and reflects a £0.5 million deferred tax charge, offset by a current tax credit of £0.9 million.

Corporation tax is calculated at 25.0% (2023: 23.5%) of the estimated taxable profit or loss for the year. The effective tax rate on profit before taxation for the year is 32.1%. The effective tax rate is higher than the UK rate, due to the impact of prior year adjustments and non-deductible items. Excluding the adjustments to prior years in 2024, the effective tax rate is 28.1%.

The effective tax assessed for the year, all of which arises in the UK, differs from the standard weighted rate of corporation tax in the UK. The reconciliation of the actual tax charge to that at the domestic corporation tax rate is as follows:

(£m)	2024	2023
Profit before taxation	**38.3**	34.6
Tax at the standard rate	**9.6**	8.1
Effects of:		
Expenses and income not deductible or taxable	**1.1**	3.2
Adjustment for movement on share-based payments	**0.3**	–
Tax adjustment for the super-deduction allowance	**–**	(0.8)
Adjustments in respect of prior year	**1.3**	(4.2)
Difference in tax rates	**–**	0.2
Deferred tax not previously recognised	**–**	0.2
Total tax charge	**12.3**	6.7

Expenses and income not deductible or taxable relate mostly to depreciation on non-qualifying fixed assets, disallowable entertaining, and legal and professional fees.

The current year and prior year charges are driven by expenses not deductible for tax purposes, adjustments to prior year and the movement on share-based payments.

The group does not hold any uncertain tax positions under IFRIC 23 at the year-end (2023: none).

Notes to financial statements continued

12. Taxation continued

Pillar Two Legislation, reflecting the OECDs Base Erosion Profit Shifting ('BEPs') framework is effective for periods beginning 1 January 2024. The group continues to only operate in the UK. Based on the group's assessment, the Pillar Two effective tax rates continue to be above 15% and therefore, the group does not expect an exposure to Pillar Two top-up taxes.

13. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2024	2023
Profit for the year attributable to ordinary equity holders of the parent (£m)	25.4	27.3
Weighted average number of ordinary shares for basic EPS (No.)	403,991,639	404,117,249
Adjustment for weighted average number of shares held in EBT	(498,516)	(468,363)
Weighted average number of ordinary shares in issue (No.)	403,493,123	403,648,886
Basic earnings per share (in pence per share)	**6.3**	6.8

For dilutive EPS, the weighted average number of ordinary shares in issue is adjusted to include all dilutive potential ordinary shares arising from share options. Refer to the remuneration committee report for the terms and conditions of instruments generating potential ordinary shares that affect the measurement of diluted EPS.

	2024	2023
Profit for the year attributable to ordinary equity holders of the parent (£m)	25.4	27.3
Weighted average number of ordinary shares in issue (No.)	403,493,123	403,648,886
Adjustment for weighted average number of contingently issuable shares	7,900,003	9,494,645
Diluted weighted average number of ordinary shares in issue (No.)	411,393,127	413,143,531
Diluted earnings per share (in pence per share)	**6.2**	6.6

The directors believe that EPS excluding adjusting items (adjusted EPS) better reflects the underlying performance of the business and assists in providing a clearer view of the performance of the group.

Reconciliation of profit after taxation to profit after taxation excluding adjusting items (adjusted profit):

	2024	2023
Profit for the year attributable to owners of the parent (£m)	25.4	27.3
Adjusting items (see Note 11)	10.1	4.5
Adjusted profit (£m)	35.5	31.8
Weighted average number of ordinary shares in issue	403,493,123	403,648,886
Weighted average number of dilutive ordinary shares	411,393,127	413,143,531
Adjusted basic earnings per share (in pence per share)	**8.8**	7.9
Adjusted diluted earnings per share (in pence per share)	**8.6**	7.7

14. Property, plant and equipment

(£m)	Freehold property	Leasehold improvements	Equipment	Assets in the course of construction	Right-of-use (ROU)	Total
Cost:						
At 1 January 2023	850.2	180.4	455.3	30.2	873.9	2,390.0
Additions	7.2	12.1	42.3	22.3	–	83.9
Acquisition of a subsidiary	–	–	1.3	–	1.3	2.6
Additions to ROU assets	–	–	–	–	14.7	14.7
Adjustments to existing assets (eg indexation)	–	–	–	–	36.7	36.7
Disposals	(0.7)	(2.4)	(21.6)	(0.4)	(0.1)	(25.2)
Transfers	3.7	13.3	9.9	(26.9)	–	–
At 1 January 2024	**860.4**	**203.4**	**487.2**	**25.2**	**926.5**	**2,502.7**
Additions	8.9	14.8	52.9	32.7	–	109.3
Additions to ROU assets	–	–	–	–	15.1	15.1
Adjustments to existing assets (eg indexation)	–	–	–	–	36.9	36.9
Disposals	(1.3)	(9.6)	(84.0)	–	(2.4)	(97.3)
Transfer	1.2	15.9	0.7	(17.8)	–	–
At 31 December 2024	**869.2**	**224.5**	**456.8**	**40.1**	**976.1**	**2,566.7**
Accumulated depreciation and impairment:						
At 1 January 2023	198.2	60.1	291.8	–	255.5	805.6
Charge for the year	12.2	9.8	43.5	–	37.5	103.0
Disposals	(0.6)	(2.4)	(21.6)	–	(0.1)	(24.7)
Transfers	(0.2)	–	0.2	–	–	–
At 1 January 2024	**209.6**	**67.5**	**313.9**	**–**	**292.9**	**883.9**
Charge for the year	12.3	10.6	44.1	–	41.0	108.0
Disposals	(1.2)	(4.9)	(82.3)	–	(0.2)	(88.6)
At 31 December 2024	**220.7**	**73.2**	**275.7**	**–**	**333.7**	**903.3**
Net book value:						
At 31 December 2024	**648.5**	**151.3**	**181.1**	**40.1**	**642.4**	**1,663.4**
At 31 December 2023	650.8	135.9	173.3	25.2	633.6	1,618.8

The net book value of land is £156.3 million (2023: £156.3 million). Nine of the group's freehold properties are pledged as security against the senior finance facility, the net book value of these properties are £120.0 million (2023: £124.0million). There were no borrowing costs capitalised during the year ended 31 December 2024 (2023: Nil). The fair value of freehold properties is £1.4 billion.

Notes to financial statements continued

14. Property, plant and equipment continued

On the 31 March 2024, the Group sold its Tunbridge Wells Hospital business to Maidstone and Tunbridge Wells NHS Trust for £9.975 million and derecognised property, plant and equipment of £6.2 million. As part of the sale agreement, the group has entered into a sub lease agreement with the trust to lease the Tunbridge Wells property (refer to note 23). A right of use asset of £2.4 million was derecognised and a finance lease receivable of £4.4 million was recognised. The finance lease receivable represents the cash flows receivable from the trust to settle the lease obligation in the head lease. Refer to note 23 for more details.

Impairment testing

The directors consider property and property right-of-use assets for indicators of impairment semi-annually. As equipment and leasehold improvements do not generate independent cash flows, they are considered alongside the property as a single cash-generating unit (CGU). When making the assessment, the value-in-use of the property is compared with its carrying value in the accounts. Where headroom is significant, no further work is undertaken. Where headroom is minimal, a detailed assessment is performed for the property, which includes identifying the factors resulting in limited headroom and undertaking financial forecasts to assess the level of sensitivity this has to key assumptions.

In order to estimate the value-in-use, management has used trading projections covering the period to December 2029 from the most recent board approved strategic plan. The variables in the cash flows are interdependent and reflect management's expectations based on past experience and current market trends, it takes into account both current business and committed initiatives. To the extent that there was a shortfall between the recent actual cash flows and forecast, the future cash flows have been adjusted to reflect any initiatives implemented by management to address the underlying cause. In addition, management consider the potential financial impact from short-term climate change scenarios, and the cost of initiatives that have substantially commenced by the group to manage the longer-term climate impacts.

Key assumptions

Management identified a number of key assumptions relevant to the value-in-use calculations, being EBITDA growth over the five-year period, capital maintenance spend, discount rates and long-term growth rates. The assumptions are based on past experience and external sources of information.

The trading projections for the five-year period underlying the value-in-use reflect a growth in EBITDA. EBITDA is based on a number of elements of the operating model over the longer term, including pricing trends, volume growth and the mix and complexity of procedures and assumptions regarding cost inflation.

Management has performed a sensitivity analysis on these properties using reasonably possible changes for each key assumption, keeping all other assumptions constant. The sensitivity analysis included an assessment of the break-even point for each of the key assumptions.

The sensitivity analysis identified two properties that a reasonably possible change would eliminate the headroom of the property. One property with a headroom of £9.1 million is sensitive to the EBITDA growth over the five year period as it, would result in the elimination of headroom. The average annual EBITDA growth over the five years is 11.4%. The annual EBITDA over the five year period would have to decrease by 5.8% per annum to eliminate the headroom. Another property with a headroom of £3.4 million is sensitive to the discount rate which would need to increase by 155bps to result in the elimination of the headroom.

During the 2023 financial year, the group moved to a post IFRS 16 discount rate, the group has used a pre-tax discount rate of 11.2% (2023: 11.5%).

A long-term growth rate of 2.0% has been applied to cash flows beyond 2029 based on a long-term view of inflation, revenue growth and market conditions. Capital maintenance spend is based on historic run rates and our expectations of the group's requirements. The sensitivity testing identified no reasonably possible changes in the discount rate, capital maintenance and long-term growth rates that would cause the carrying amount of any CGU to exceed its recoverable amount.

As a result, management believe that some of the key impairment review assumptions constitute a major source of estimation uncertainty as they consider that there is a significant risk of a material change to its estimate of these assumptions within the next 12 months.

Right-of-use (ROU) assets

(£m)	Leasehold property	Equipment and motor vehicles	Total
Cost:			
At 1 January 2023	849.8	24.1	873.9
New leases entered	4.3	10.4	14.7
Acquisition of a subsidiary	1.3	–	1.3
Adjustments to existing assets (eg indexation)	36.7	–	36.7
Disposals	–	(0.1)	(0.1)
At 1 January 2024	**892.1**	**34.4**	**926.5**
New leases entered	**4.4**	**10.7**	**15.1**
Adjustments to existing assets (eg indexation)	**36.9**	**–**	**36.9**
Disposals	**(2.2)**	**(0.2)**	**(2.4)**
At 31 December 2024	**931.2**	**44.9**	**976.1**
Accumulated depreciation and impairment:			
At 1 January 2023	248.0	7.5	255.5
Charge for year	31.8	5.7	37.5
Disposals	–	(0.1)	(0.1)
At 1 January 2024	**279.8**	**13.1**	**292.9**
Charge for the year	**34.4**	**6.6**	**41.0**
Disposals	**–**	**(0.2)**	**(0.2)**
At 31 December 2024	**314.2**	**19.5**	**333.7**
Net book value:			
At 31 December 2024	**617.0**	**25.4**	**642.4**
At 31 December 2023	612.3	21.3	633.6

15. Intangible assets

(£m)	Goodwill	Customer contracts	IT projects	Mobilisation costs	Total
Cost or valuation:					
At 1 January 2023	546.8	–	–	–	546.8
Acquisition of a subsidiary	65.3	20.6	4.3	2.4	92.6
Additions	–	–	0.3	0.2	0.5
At 31 December 2023	612.1	20.6	4.6	2.6	639.9
Acquisition of a subsidiary	**0.5**	**–**	**–**	**–**	**0.5**
Additions	**–**	**–**	**2.1**	**0.7**	**2.8**
At 31 December 2024	**612.6**	**20.6**	**6.7**	**3.3**	**643.2**
Accumulated amortisation and impairment:					
At 1 January 2023	201.0	–	–	–	201.0
Amortisation charge during the year	–	0.2	0.3	0.1	0.6
At 31 December 2023	201.0	0.2	0.3	0.1	201.6
Amortisation charge during the year	**–**	**1.9**	**1.6**	**0.7**	**4.2**
At 31 December 2024	**201.0**	**2.1**	**1.9**	**0.8**	**205.8**
Carrying amount:					
At 31 December 2024	**411.6**	**18.5**	**4.8**	**2.5**	**437.4**
At 31 December 2023	411.1	20.4	4.3	2.5	438.3

Impairment testing

The directors treat the hospitals business, Vita Health Group and The Doctors Clinic Group as separate cash-generating units for the purposes of testing goodwill for impairment as the goodwill can be reliably allocated. The recoverable amount of goodwill is calculated by reference to its estimated value-in-use. In order to estimate the value-in-use, management has used trading projections covering the period to December 2029 from the most recent board-approved budget. The variables in the cash flows are interdependent and reflect management's expectations based on past experience and current market trends, it takes into account both current business and committed initiatives. In addition, management consider the potential financial impact from short-term climate change scenarios, and the cost of initiatives by the group to manage the longer-term climate impacts.

Key assumptions

Management identified a number of key assumptions relevant to the value-in-use calculations, being EBITDA growth over the five-year period, capital maintenance spend, discount rates and long-term growth rates. The assumptions are based on past experience and external sources of information.

The table below provides the resulting headroom as determined in our calculation.

	Goodwill £m	Headroom £m
Hospitals business	**334.6**	**1,136.2**
Vita Health Group ('VHG')	**65.9**	**68.0**
The Doctors Clinic Group ('DCG')	**11.1**	**0.5**

The trading projections for the five-year period underlying the value-in-use reflect a growth in EBITDA. EBITDA is dependent on a number of elements of the operating model over the longer term, including pricing trends, volume growth and the mix and complexity of procedures and assumptions regarding cost inflation.

The group has used a pre-tax post discount rate of 11.2% (2023: 11.5%).

A long-term growth rate of 2.0% has been applied to cash flows beyond 2029 based on long-term view of inflation and market conditions. Capital maintenance spend is based on historic run rates and our expectation of the group's requirements.

Management has performed a sensitivity analysis using reasonably possible changes for each key assumption, keeping all other assumptions constant. The sensitivity testing for the hospitals business and Vita Health Group identified no reasonably possible changes would cause the carrying amount of any CGU to exceed its recoverable amount.

The Doctors Clinic Group is a younger maturity CGU and, during the year, made a small loss owing to the effect of integration costs and one-off investments in new clinics and infrastructure. The growth rates used in the five-year period are based on the return from this investment and integration with Vita Health Group and the wider group, therefore management have determined there is no impairment. However owing to these factors uncertainty exists in the key assumptions and we have determined that reasonable possible changes exists which could lead to an impairment.

The value in use calculation uses an average EBITDA growth over the five-year period of 61.8%. A change in the three key assumptions would result in the elimination of the headroom, being an increase of 78bps in the pre-tax discount rate and a decrease in the average EBITDA growth rate to 58.3% resulting in a decrease of 5.7% per annum over the five year period and a decrease of 42bps in the long-term growth rate.

A reasonable possible change in the three key assumptions that would result in the recognition of an impairment would be a decrease in the average EBITDA growth rate to 30.9% resulting in a decrease of 50.0% per annum over the five year period this would result in an impairment of £3.4 million. In addition, an increase of 230bps in the pre-tax discount rate would result in a £0.8 million impairment and a decrease of 1.0% in the long-term growth rate would lead to a £0.7 million impairment. The capital maintenance assumption did not identify a reasonable possible change.

As a result, management believe that some of the key impairment review assumptions constitute a major source of estimation uncertainty as they consider that there is a significant risk of a material change to its estimate of these assumptions within the next 12 months.

16. Financial assets

Financial assets of £14.8 million (2023: £10.0 million) consist of a £12.3 million (2023: £7.5 million) profit share arrangement and a prepayment of the Montefiore option to purchase the remaining 25% interest of £2.5 million (2023: £2.5 million). The prepayment of the Montefiore option to purchase is classified as current as the option has been exercised after the year end. Refer to note 24 for further information relating to the non-controlling interest option.

On 31 October 2019, the group entered into a profit share arrangement with Genesis Care. The agreement provides the group with an entitlement to a gross profit share relating to the chemotherapy business transferred to Genesis Care as part of the sale of the Bristol Cancer Centre in perpetuity. Under the agreement after the ten-year anniversary of the agreement, the buyer (Genesis Care) may exit the arrangement by serving notice and paying a multiple of ten times the gross margin in the preceding 12 months.

Notes to financial statements continued

16. Financial assets continued

The group has recognised a financial asset in respect of this gross profit share and the asset is classed as a fair value through profit and loss asset. The financial asset is valued using the expected present value technique – method 2 in determining the fair value. Management uses forward looking and historical trends of gross profits, growth rate, risk premium and an appropriate discount rate to determine the fair value. At the inception of the transaction we applied a risk premium to the fair value of the asset reflecting the fact that it was a new venture and so any future forecast cashflows contained an element of uncertainty. This risk premium has been reduced over time and reflects our growing confidence in the operation's ability to hit its future forecasts. Sensitivities are also taken into account when reviewing the fair value.

This valuation is reviewed at each reporting date, with movements in fair value being recognised through the consolidated income statement. Cash received is adjusted against the financial asset, and is included within cash flows from investing activities on the consolidated statement of cash flows.

(£m)	2024	2023
Valuation at 1 January	**7.5**	4.6
Cash receipt	**(1.0)**	(0.8)
Fair value adjustments	**5.8**	3.7
Carrying amount at 31 December	**12.3**	7.5

Management completes relevant sensitivities on the inputs when assessing the fair value.

With all other inputs remaining constant:

– A 1.2% increase (decrease) in the discount rate used, would see a decrease (increase) in fair value of £1.0 million (£1.3 million) (2023: 1.2% increase (decrease) £0.8 million (£0.6 million))

– A 20% increase (decrease) in the forecast annual cash flow of £0.19 million (2023: £0.16 million), would see an increase (decrease) in fair value of £2.3 million (£2.3 million) (2023: £1.4 million (£1.4 million)).

17. Subsidiary undertakings and non-controlling interest

As at 31 December 2024, these consolidated financial statements of the group comprise the company and the following companies, most of which are incorporated in, and whose operations are conducted in, the United Kingdom. All subsidiaries are 100% owned unless otherwise indicated.

Incorporated in England and Wales and registered at 3 Dorset Rise, London, EC4Y 8EN, unless otherwise stated	Principal activity	Class of share
Claremont Hospital Holdings Limited	Holding company	Ordinary
Claremont Hospital LLP!	Health provision	N/A
Classic Hospitals Group Limited#	Holding company	Ordinary
Classic Hospitals Limited#	Non-trading company	Ordinary
Classic Hospitals Property Limited	Property company	Ordinary
Didsbury MSK Limited°	Health provision	Ordinary
Fox Healthcare Acquisitions Limited	Leasing company	Ordinary
Lifescan Limited#	Non-trading company	Ordinary
Spire Occupational Health Limited	Health provision	Ordinary
Medicainsure Limited	Non-trading company	Ordinary
Montefiore House Limited+	Health provision	Ordinary
SHC Holdings Limited#	Holding company	Ordinary
Soma Health Limited	Health provision	Ordinary
Spire Cambridge (Disposal) Limited#	Non-trading company	Ordinary
Spire Fertility (Disposal) Limited#	Non-trading company	Ordinary
Spire Healthcare (Holdings) Limited	Holding company	Ordinary
Spire Healthcare Finance Limited*	Holding company	Ordinary
Spire Healthcare Holdings 1&#	Holding company	Ordinary
Spire Healthcare Property Developments Limited	Development company	Ordinary
Spire Healthcare Holdings 2 Limited#	Holding company	Ordinary
Spire Healthcare Limited	Health provision	Ordinary
Spire Healthcare Properties Limited	Property company	Ordinary
Spire Property 1 Limited	Property company	Ordinary
Spire Property 4 Limited	Property company	Ordinary
Spire Property 5 Limited	Property company	Ordinary
Spire Property 6 Limited	Property company	Ordinary
Spire Property 13 Limited	Property company	Ordinary
Spire Property 16 Limited	Property company	Ordinary
Spire Property 18 Limited	Property company	Ordinary
Spire Property 19 Limited	Property company	Ordinary
Spire Property 23 Limited	Property company	Ordinary
Spire Thames Valley Hospital Limited#	Non-trading company	Ordinary
Spire Thames Valley Hospital Propco Limited	Property company	Ordinary
Spire UK Holdco 4 Limited	Holding company	Ordinary
The Doctors Clinic Group Ltd	Holding company and health provision	Ordinary
The London Doctors Clinic Ltd	Non-trading company	Ordinary
Kingfisher Topco Limited	Holding company	Ordinary
Kingfisher Midco Limited	Holding company	Ordinary
Kingfisher Bidco Limited	Holding company	Ordinary
Vita Health Group Limited	Health provision	Ordinary
Crystal Palace Physio Holdings Limited	Holding company	Ordinary
Vita Health Solutions Limited	Health provision	Ordinary
Pennine MSK Partnership Limited	Health provision	A Ordinary & B Ordinary
Physio For All Limited	Health provision	Ordinary
Physiotherapy2fit Ltd	Health provision	A Ordinary & B Ordinary
Physiotherapy Specialists Ltd	Health provision	Ordinary
The Abbey Clinic Limited	Health provision	Ordinary
The Bisham Abbey Knee Clinic Limited	Health provision	Ordinary
Vita Health Wellness Limited	Health provision	Ordinary

° Ownership interest is 51.0%.
\+ Ownership interest is 75.1%.
* Direct shareholding of the company.
& Spire Healthcare Holdings 1 is an undertaking with unlimited liability.
! The LLP has 'Members' capital classified as equity' in lieu of 'Class of shares'.
\# In liquidation and expected to be dissolved during 2025.

17. Subsidiary undertakings and non-controlling interest continued

In 2021, in order to simplify the structure of the group and reduce costs, the group undertook a process in which a number of companies within the group were identified for members' voluntary liquidation. The entities in members' voluntary liquidation at year end are shown above and they are expected to be formally dissolved at Companies House during 2025.

Non-controlling interest

Financial information of subsidiaries that have a material non-controlling interest is provided below. The entities, as set out above, are Montefiore House Limited and Didsbury MSK Limited. In 2023, Spire Healthcare acquired an additional 24.9% interest in Montefiore House Limited, and now owns 75.1% of this entity. The accumulated interest relating to Montefiore has therefore been reclassified to retained earnings.

Accumulated balances of material non-controlling interest:

(£m)	Montefiore House Limited	Didsbury MSK Limited	Total
Accumulated balances of non-controlling interest at 1 January 2023	(6.4)	0.5	(5.9)
Profit allocated to non-controlling interests	–	0.6	0.6
Recycled loss for non-controlling interest purchased by parent	3.2	–	3.2
Accumulated balances of material non-controlling interest at 31 December 2024	**(3.2)**	**1.1**	**(2.1)**
Profit allocated to non-controlling interests	**0.3**	**0.3**	**0.6**
Dividends paid to non-controlling interests	**–**	**(0.7)**	**(0.7)**
Accumulated balances of non-controlling interest at 31 December 2024	**(2.9)**	**0.7**	**(2.2)**

Within the entities, the most material assets and liabilities relate to right of use assets and lease liabilities in respect of property. Except for the lease rental payments, the majority of cash flows are generated through operations. In 2023, the group entered into an agreement with the non-controlling interest of Montefiore House Limited, in which both parties can exercise an option for Spire to purchase the remaining 25% interest in the subsidiary at a future date. The purchase price is calculated in line with pre-determined metrics which are based on the subsidiary's EBITDA performance and the group multiple.

Guarantees with group undertakings for the year ended 31 December 2024

Spire Healthcare Group plc agreed to provide a guarantee, in the course of ordinary business to the below subsidiaries to take exemption from having their financial statements audited under section 479A to 479C of the Companies Act 2006. The guarantee to these subsidiaries is to guarantee outstanding liabilities, including contingent and prospective liabilities, for the financial year ended 31 December 2024. In respect to this guarantee, it is judged to be remote that any cash outflow will arise.

Subsidiary	Companies house registration number
Spire Healthcare Properties Limited	01829406
Spire Healthcare Property Developments Limited	08996103
Claremont Hospital Holdings Limited	08534235
Spire Thames Valley Hospital Propco Limited	06480375
Fox Healthcare Acquisitions Limited	06487777
Classic Hospitals Property Limited	05389607
Spire UK Holdco 4 Limited	06342689
Spire Property 1 Limited	06408718
Spire Property 4 Limited	06408872
Spire Property 5 Limited	06408908
Spire Property 6 Limited	06408930
Spire Property 13 Limited	06409008
Spire Property 16 Limited	06409066
Spire Property 18 Limited	06409117
Spire Property 19 Limited	06409119
Spire Property 23 Limited	06409139
Pennine MSK Partnership Limited	06598870
Physio For All Limited	04467367
Physiotherapy2fit Ltd	07780826
The Abbey Clinic Limited	06611658
The Bisham Abbey Knee Clinic Limited	10265025

18. Inventories

(£m)	2024	2023
Prostheses, drugs, medical and other consumables	**46.6**	44.3

Cost of sales for the year ended 31 December 2024 includes inventories recognised as an expense amounting to £275.1 million (2023: £265.0 million).

19. Trade and other receivables

(£m)	2024	2023
Amounts falling due within one year:		
Trade receivables	**83.1**	74.8
Unbilled receivables	**22.2**	20.2
Prepayments	**26.1**	21.9
Other receivables	**6.2**	10.2
	137.6	127.1
Allowance for expected credit losses	**(6.2)**	(5.5)
Total current trade and other receivables	**131.4**	121.6

Unbilled receivables reflects work in progress where a patient had treatment, or was receiving treatment, at the end of the period and the invoice had not yet been raised.

Other receivables of £6.2 million includes £4.3 million insurance reimbursement right (2023: £4.6 million); and £1.3 million (2023: £4.1 million) reimbursement right related to the Paterson fund.

The Paterson fund is being held by solicitors on account until payments are made, with any amount not paid out being returned to Spire Healthcare. During the year, £4.7 million was paid out of this fund and an additional £1.4 million was paid into the fund. The amounts paid to the Paterson fund do not reflect an investment in a financial asset, but merely a right to reimbursement should the fund not be utilised in full.

19. Trade and other receivables continued

Trade receivables comprise amounts due from private medical insurers, the NHS, self-pay patients, consultants and other third parties who use the group's facilities. Invoices to customers fall due within 60 days of the date of issue.

The group was successful in its bid to be included on the NHSE Framework for purchasing additional activity from the independent sector, which commenced in April 2021. Inclusion on the framework is at an agreed price for activity, based on the NHS tariff, but carries no guaranteed volumes. For contracts under the framework that include an estimated contract value, billing is in advance for the expected volume, with a quarterly true-up for actual volumes undertaken. For contracts under the framework without an estimated contract value (which can include local agreements), billing is in arrears based on actual volumes only.

The ageing of trade receivables is shown below and shows amounts that are past due at the reporting date (excluding payments on account where there is no right to offset these at the reporting date). A provision for expected credit losses has been recognised at the reporting date through consideration of the ageing profile of the group's trade receivables and the perceived credit quality of its customers reflecting net debt due. The carrying amount of trade receivables, net of expected credit losses, is considered to be an approximation to its fair value.

The loss allowance as at 31 December 2024 for trade receivables was determined as follows:

	Current	0-30 days	31-90 days	91-364 days	1-2 years	Total
Expected loss rate	**1.0%**	**3.9%**	**42.9%**	**57.6%**	**33.9%**	**5.6%**
Gross debt (£m)	**81.8**	**17.8**	**2.1**	**3.3**	**5.6**	**110.6**
Less payments on account (£m)	**–**	**–**	**–**	**–**	**–**	**(27.5)**
Carrying amount of trade receivables (£m)						**83.1**
Loss allowance (£m)	**0.8**	**0.7**	**0.9**	**1.9**	**1.9**	**6.2**

The loss allowance as at 31 December 2023 for trade receivables was determined as follows:

	Current	0-30 days	31-90 days	91-364 days	1-2 years	Total
Expected loss rate	0.0%	2.7%	16.3%	29.0%	41.9%	5.1%
Gross debt (£m)	75.3	14.8	4.3	6.2	6.2	106.8
Less payments on account (£m)	–	–	–	–	–	(32.0)
Carrying amount of trade receivables (£m)						74.8
Loss allowance (£m)	–	0.4	0.7	1.8	2.6	5.5

Trade receivables are written off when there is no longer a reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the group, and failure to make contractual payments for a period of greater than two years past due.

The group assesses on a forward-looking basis expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied for trade receivables is the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

Trade receivables after expected credit losses comprise the following wider customer/payor groups:

(£m)	2024	2023
Private medical insurers	**31.1**	29.5
NHS	**30.7**	25.0
Patient debt	**6.0**	4.1
Other	**9.1**	10.7
	76.9	69.3

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

(£m)	2024	2023
At 1 January	**5.5**	5.0
Provided in the year	**2.0**	1.6
Utilised during the year	**(0.3)**	(0.3)
Released during the year	**(1.0)**	(0.9)
At 31 December	**6.2**	5.5

The group applies the IFRS 9 simplified approach to measuring Expected Credit Losses (ECLs) for trade receivables. Under this standard, lifetime ECL provisions are recognised for trade receivables using a matrix of rates dependent on age thresholds and customer types. The ECL rates are determined with reference to historical performance of each payor age group during the last two years.

To develop the ECL matrix, trade receivables were grouped according to shared characteristics (payor/payor type) and the days past due. As the majority of the group's debt is receivable from large, well-funded insurance companies, the National Health Service or from a large number of individuals, the group has concluded that historical debt performance of the portfolio during the last two reporting periods provides a reasonable approximation of the future expected loss rates for each payor age category.

20. Cash and cash equivalents

(£m)	2024	2023
Cash at bank	**33.8**	20.7
Short-term deposits	**7.4**	28.9
	41.2	49.6

Cash and cash equivalents comprise cash balances, short-term deposits and other short-term highly liquid investments (including money market funds) with maturities not exceeding three months placed with investment grade counterparties which are subject to an insignificant risk of change in value.

21. Non-current assets held for sale

As at 31 December 2024 the group's management have committed to sell a parcel of land at Bostocks Lane as the group has accepted an offer on the property. The sale is considered highly probable and the assessment has not changed. It therefore remains as classified as held for sale.

(£m)	2024	2023
Bostocks Lane (East Midlands Cancer Centre)	**1.1**	1.1

22. Share capital and reserves

	2024	2023
Authorised shares		
Ordinary share of £0.01 each	**402,751,824**	404,126,630
	402,751,824	404,126,630

	2024		2023	
	£0.01 ordinary shares		£0.01 ordinary shares	
	Shares	£'000	Shares	£'000
Issued and fully paid				
At 1 January	**404,126,630**	**4,042**	404,108,470	4,041
Issued during the year	**13,943**	**–**	18,160	1
Cancelled during the year	**(1,388,749)**	**(14)**	–	–
At 31 December	**402,751,824**	**4,028**	404,126,630	4,042

Share premium

(£m)	2024	2023
At 1 January	**830.0**	830.0
Issue of new shares	**–**	–
At 31 December	**830.0**	830.0

Capital reserves

This reserve represents the loans of £376.1 million due to the former ultimate parent undertaking and management that were forgiven by those counterparties as part of the reorganisation of the group prior to the IPO in 2014.

Capital redemption reserve

During the year, the group announced a share buyback programme, the company redeemed 1,388,749 shares with a nominal value of £0.01 per share, resulting in a transfer of £13,887 from distributable profits to the Capital redemption reserve.

EBT share reserves

Equiniti Trust (Jersey) Limited is acting in its capacity as trustee of the company's Employee Benefit Trust (EBT). The purpose of the EBT is to further the interests of the company by benefitting employees and former employees of the group and certain of their dependants. The EBT is treated as an extension of the group and the company.

During the year, the EBT purchased 1,312,000 shares and transferred 1,235,976 (2023: 1,339,634 shares acquired and 1,054,620 transferred) in order to settle share awards in relation to the directors' share bonus award and Long-Term Incentive Plan.

Where the EBT purchases the company's equity share capital the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. As at 31 December 2024, 388,184 shares (2023: 312,160) were held by the EBT in relation to the directors' share bonus award and Long-Term Incentive Plan. The EBT share reserve represents the consideration paid when the EBT purchases the company's equity share capital, until the shares are reissued.

As with prior years, the company will continue to fund the Spire Healthcare Employee Benefit Trust (EBT), a discretionary trust held for the benefit of the group's employees, for the ongoing acquisition of shares to satisfy the exercise of share plan awards by employees.

	2024		2023	
	(£m)	(Number of shares)	(£m)	(Number of shares)
At 1 January	**0.7**	**312,160**	–	27,146
Purchased	**3.1**	**1,312,000**	3.1	1,339,634
Exercised	**(2.9)**	**(1,235,976)**	(2.4)	(1,054,620)
At 31 December	**0.9**	**388,184**	0.7	312,160

Hedging reserve

The balance of £2.1 million at 31 December 2024 (2023: £3.3 million) reflects the £4.3 million debit (2023: £4.4 million debit) recycled in the period, the fair value credit of £2.8 million (2023: £0.2 million credit) and the £0.3 million tax credit on the profit (2023: £0.9 million credit) to give a net movement of a decrease of £1.2 million during the year (2023: a decrease of £3.3 million) on a hedged transaction. See note 23 for further information.

23. Borrowings

The group has borrowings in two forms, bank borrowings and lease liabilities as disclosed on the consolidated balance sheet. Total borrowings at 31 December 2024 were £1,279.9 million (2023: £1,257.0 million). More detail in respect of these two forms of borrowings are set out below.

Bank borrowings

The bank loans are secured on fixed and floating charges over both the present and future assets of material subsidiaries of the group. On 24 February 2022, the group successfully refinanced its debt facilities with a syndicate of existing and new lenders. The arrangement has a maturity of February 2027. The financial covenants relating to this new agreement are materially unchanged. The loan is non-amortising and carries interest at a margin of 2.05% over SONIA (2023: 2.05% over SONIA).

(£m)	2024	2023
Amount due for settlement within 12 months	**3.6**	3.4
Amount due for settlement after 12 months	**363.5**	361.9
Total bank borrowings	**367.1**	365.3

Terms and debt repayment schedule

The maturity date is the date on which the relevant bank loans are due to be fully repaid.

The carrying amounts drawn (after issue costs and including interest accrued) under facilities in place at the balance sheet date were as follows:

(£m)	Maturity	Margin over SONIA	2024	2023
Senior finance facility	February 2027	2.05%	**327.1**	325.3
Revolving credit facility	February 2027	1.95%	**40.0**	40.0

Notes to financial statements continued

23. Borrowings continued

Terms and debt repayment schedule continued

Net debt for the purposes of the covenant test in respect of the Senior Loan Facility was £323.8 million (2023: £315.4 million) and the net debt to EBITDA ratio was 2.0x (2023: 2.2x). The net debt for covenant purposes comprises the senior facility of £325.0 million, drawn revolving credit facility of £40.0 million less cash and cash equivalents of £41.2 million. EBITDA for covenant purposes comprises Adjusted EBITDA for Last Twelve Months (LTM) of pre-IFRS 16 Adjusted EBITDA of £171.1 million (2023: £152.9 million) less the rental of a finance lease pre-IFRS 16 of £10.4 million (2023: £10.0 million).

The interest cover for covenant purposes was 7.5x (2023: 8.5x) and is calculated as the pre-IFRS 16 EBITDA described above over pre-IFRS 16 finance costs paid.

The senior finance facility includes a sustainability-linked element connected to environmental and quality factors. The group also has access to a further £60.0 million through a committed and undrawn revolving credit facility to February 2027.

Effect of covenants

The group's non-current bank borrowings include borrowings amounting to £365.0 million that contain covenants, which, if not met, would result in the borrowings becoming repayable on demand. These borrowings are otherwise repayable more than 12 months after the end of the reporting period. The financial covenants are tested by reference to the most recent consolidated financial statements of the group, namely, 30 June and 31 December each year. The financial covenants are for the leverage ratio to be below 4.0x and interest cover to be in excess of 4.0x. As at 31 December 2024, the group complied with all covenants as the leverage measure stood at 2.0x and interest cover of 7.5x and therefore bank borrowings remain classified as non-current liabilities. The group is not aware of any circumstances in which there will be a breach in financial covenants.

Lease liabilities

The group has finance in respect of hospital properties, vehicles, office and medical equipment. The leases are secured on fixed and floating charges over both the present and future assets of material subsidiaries in the group. Leases, with a present value liability of £912.8 million (2023: £891.7 million), expire in various years to 2046 and carry incremental borrowing rates in the range 3.2% – 14.6% (2023: 3.1% – 14.6%). Rents in respect of hospital property leases are reviewed annually with reference to RPI or CPI, subject to assorted floors and caps. The discount rates used are calculated on a lease by lease basis, and are based on estimates of incremental borrowing rates. A movement in the incremental borrowing rate of 1% would result in an 7.5% movement in lease liability.

In the year, the group recognised charges of £3.4 million (2023: £3.8 million) of lease expenses relating to low value leases and £17.0 million (2023: £14.8 million) of lease expense in respect of short-term leases for which the exemption under IFRS 16 has been taken. Lease commitments for short term leases are not dissimilar to the expense recognised. The total cash outflow for leases is £122.7 million (2023: £118.8 million). The group has not made any variable lease payments in the year. The group is a lessor to one lease to external parties and has recognised a finance lease receivable of £4.4 million (2023: Nil). The terms of the sublease are the same as those contained in the head-lease. There have been no (2023: no) sale and leaseback transactions in the year. Where new leases have the right to extend and management is not reasonably certain to exercise the extension option, those future cash flows are not reflected in the lease liability balance. If the option to extend was exercised the lease liability would increase by £239 million.

During the year the group sold its Tunbridge Wells Hospital business to Maidstone and Tunbridge Wells NHS Trust. As part of the sale agreement, the group has entered into a sub lease agreement with the trust to lease the Tunbridge Wells property. The finance lease receivable represents the cash flows receivable from the trust to settle the lease obligation in the head lease.

Some leases receive RPI increases on an annual basis which affects both the cash flow and interest charged on those leases. Except for this increase, cash flows and charges are expected to remain in line with current year. The cash flows above do not reflect any termination, extension or break clause options as management is reasonably certain that the options will not be exercised. There are no significant restrictions or covenants which impact the cash flows in respect of these leases.

See note 14 for more detail on the depreciation of the right-of-use (ROU) assets and note 10 for more detail on the interest expense relating to leases.

Changes in bank borrowings and lease liabilities arising from financing activities

(£m)	1 January	Cash flows	Non cash changes[1]	Additions[2]	31 December
2024					
Bank loans	**365.3**	**(22.0)**	**23.8**	**–**	**367.1**
Lease liabilities	**891.7**	**(102.3)**	**76.1**	**47.3**	**912.8**
Total	**1,257.0**	**(124.3)**	**99.9**	**47.3**	**1,279.9**

(£m)	1 January	Cash flows	Non cash changes[1]	Additions[2]	31 December
2023					
Bank loans	324.3	(17.0)	18.0	40.0	365.3
Lease liabilities	866.5	(100.2)	73.0	52.4	891.7
Total	1,190.8	(117.2)	91.0	92.4	1,257.0

1. Non-cash changes reflect interest charged on the loan.
2. Additions include both new leases entered into, indexation of existing leases and acquisitions of subsidiaries.

Derivatives

The following derivatives were in place at 31 December:

	Interest rate	Maturity date	Notional amount	Carrying value Asset
31 December 2024 (£m)				
Interest rate swaps	**2.7780%**	**Feb 2026**	**162.5**	**2.9**
31 December 2023 (£m)				
Interest rate swaps	2.7780%	Feb 2026	243.8	4.4

(£m)	2024	2023
Amount due for settlement within 12 months	**2.5**	4.0
Amount due for settlement after 12 months	**0.4**	0.4
Total derivatives asset	**2.9**	4.4

The group entered into interest rate swaps on the 25 July 2022. The movement in respect of derivatives reflects £4.3 million (2023: £4.4 million) recycled in the period and a £2.8 million credit (2023: £0.2 million credit) in fair value. All movements are reflected within other comprehensive income.

24. Financial liabilities

Financial instruments to purchase non-controlling interest

In 2023 the group entered into an agreement with the non-controlling interest of one of its subsidiaries, Montefiore House Limited, in which both parties can exercise an option for Spire Healthcare to purchase the remaining 25% interest in the subsidiary at a future date. On 21 February 2025, Brighton Orthopaedic and Sports Injury Clinic Limited (BOSIC) formally notified Spire Healthcare of the intention to exercise their option.

The purchase price is calculated in line with pre-determined metrics which are based on the subsidiary's EBITDA performance and the group multiple. The option can be exercised between two to five years. The expected future cash flow to settle the obligation is discounted at the group cost of debt of 8.1%. The financial liability is initially recognised through equity at the present value of future cash flows and subsequently recognised at amortised cost.

(£m)	2024	2023
Valuation at 1 January	**9.6**	–
Movement in financial liability	**(1.6)**	–
Option to purchase non-controlling interests	**–**	9.6
Valuation at 31 December	**8.0**	9.6

25. Deferred tax

(£m)	Property, plant and equipment	Intangible	IFRS 16 leases – spreading	IFRS 16	Share-based payments	Losses	Provisions and other temporary differences	Total
At 1 January 2023	78.0	–	(45.2)	33.0	(4.0)	(6.2)	0.6	56.2
(Credit)/charge to the profit or loss	7.2	–	2.3	1.4	(0.6)	–	(0.3)	10.0
(Credit)/charge to other comprehensive income and equity	–	–	–	–	0.5	–	(0.9)	(0.4)
Adjustment in respect of prior year	0.3	–	–	–	–	–	(3.2)	(2.9)
Recognised on acquisition	1.1	5.0	–	–	–	(1.1)	–	5.0
At 1 January 2024	**86.6**	**5.0**	**(42.9)**	**34.4**	**(4.1)**	**(7.3)**	**(3.8)**	**67.9**
(Credit)/charge to the profit or loss	**6.4**	**(0.4)**	**2.4**	**0.8**	**(0.1)**	**–**	**1.2**	**10.3**
(Credit)/charge to other comprehensive income and equity	**–**	**–**	**–**	**–**	**0.5**	**–**	**(0.2)**	**0.3**
Adjustment in respect of prior year	**0.6**	**–**	**–**	**–**	**(0.1)**	**0.2**	**1.6**	**2.3**
At 31 December 2024	**93.6**	**4.6**	**(40.5)**	**35.2**	**(3.8)**	**(7.1)**	**(1.2)**	**80.8**
Disclosed within liabilities	**93.6**	**4.6**	**(40.5)**	**35.2**	**(3.8)**	**(7.1)**	**(1.2)**	**80.8**

Deferred tax on property, plant and equipment has arisen on differences between the carrying value of the relevant assets and the tax base.

On the acquisition of Vita Health Group, a deferred tax asset has been recognised for losses as they are expected to be available for utilisation across the wider group from the fifth anniversary of the acquisition date. In addition, a deferred tax liability has been recognised in respect of fixed assets. On acquisition, the group has recognised an intangible asset in respect of customer contracts. A deferred tax liability of £5 million was recognised in the prior year and is unwinding in line with amortisation of the intangible in future years.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted, or substantively enacted, at the balance sheet date. The group has separately calculated the tax rates applicable in respect of adjusting items for the period. Deferred tax in the current period continues to be measured at 25%.

Deferred tax assets are recognised on the basis that the deferred tax liabilities represent forecast profits of the appropriate type (either capital or trading) and therefore represent a suitable taxable profit against the reversal of the deferred tax assets can be offset. Deferred tax assets and liabilities in relation to property are only offset to the extent that they relate to the same site.

The group has unrecognised deferred tax assets (which do not expire) as follows:

	2024		2023	
(£m)	Gross	Tax effected	Gross	Tax effected
Trading losses	**10.4**	**2.6**	11.7	2.6
Tax basis for future capital disposals	**11.6**	**2.9**	11.6	2.9
Total	**22.0**	**5.5**	23.3	5.5

These amounts are the expected tax value of the gross temporary difference at the enacted long-term tax rate of 25% (2023: 25%). A deferred tax asset has not been recognised in respect of these amounts due to uncertainties as to the timing of future profits that the trading losses could be offset against and tax basis for capital disposals could be utilised.

26. Provisions

(£m)	Medical malpractice	Business restructuring and other	Total
At 1 January 2024	**15.1**	**1.3**	**16.4**
Increase in existing provisions	**4.6**	**0.8**	**5.4**
Provisions utilised	**(6.5)**	**(0.2)**	**(6.7)**
Provisions released	**–**	**(0.9)**	**(0.9)**
At 31 December 2024	**13.2**	**1.0**	**14.2**

Medical malpractice relates to estimated liabilities arising from claims for damages in respect of services previously supplied to patients. During the period £4.6 million was added due to additional claims received, and £6.5 million utilised. Amounts are shown gross of insured liabilities. Any such insurance recoveries of £4.3 million (December 2023: £4.6 million) are recognised in other receivables.

Notes to financial statements continued

26. Provisions continued

In response to the publication of the public inquiry report on Paterson on 4 February 2020, Spire Healthcare established a provision in respect of implementing the recommendations including a detailed patient review and support for patients. Since inception of the provision in 2021 £13.1 million has been utilised in settlement of patient claims. The provision to complete the reviews, settle any claims and costs in respect of other Paterson items has been increased by £4.6 million as reported in June 2024.

The provision was established by Spire Healthcare in respect of implementing the recommendations of the independent inquiry including a detailed patient review and support for patients of Paterson. The project is complex and the process for review and settlement of claims, where relevant, takes some time. The detailed patient review has now reached the milestone of having contacted all living patients and invited them, where appropriate, to consultations to discuss their care. As a consequence, the rate of new claims has dropped significantly, as most patients now have their outcomes of their review and have initiated their claim, where relevant. Claims activity in the second half of the year has therefore been in line with the assumptions taken by management and the provision established at the half year. As a result there has been no subsequent increase in the provision. In addition, £1.7 million of legal fees have been incurred for the ongoing inquests. While it is possible that, as further information becomes available, an adjustment to this provision will be required, at this time it reflects management's best estimate of the costs and settlement of claims.

As at 31 December 2024, the business restructuring and other provisions primarily includes dilapidation provisions for the primary care business. During the year the group released its provision related to acquisition tax matters other than income tax as the relevant tax years have closed for review.

Provisions as at 31 December 2024 are materially considered to be current and expected to be utilised at any time within the next twelve months, subject to external factors beyond the group's control.

27. Trade and other payables

(£m)	2024	2023
Trade payables	**84.9**	63.9
Accrued expenses	**53.8**	65.9
Deferred income	**10.5**	10.4
Social security and other taxes	**18.4**	15.2
Other payables	**46.4**	41.7
Trade and other payables	**214.0**	197.1

Accrued expenses includes general operating expenses incurred but not invoiced as at the year end, as well as holiday pay accrued of £2.1 million (2023: £2.1 million), and bonuses accrued during the year and paid during the following year of £5.3 million (2023: £12.7 million). Deferred income of £10.5 million relates to contract revenue of VHG.

Other payables include an accrual for pensions and payments on account. Revenue is not recognised in respect of payments on account until the performance obligation has been met at year end the balance of payments on account was £2.4 million (2023: £10.3 million). In addition other credit balances re-classed from trade debtors were £38.1 million (2023: £32.0 million), which largely relate to NHS credits. Payments on account are expected to be utilised against patient procedures within the following 12 months. The balance of payments on account as at 31 December 2023 were utilised in the current year when the patient attended the procedure, and not cancelling or deferring treatment, such payments on account could result in repayment to the patient should they request so.

28. Dividends

(£m)	2024	2023
Final dividend for the year ended 31 December 2022 (0.5 pence per share)	**–**	2.0
Final dividend for the year ended 31 December 2023 (2.1 pence per share)	**8.5**	–
Dividend paid to non-controlling interests	**0.7**	–
Total dividends paid	**9.2**	2.0

Since the end of the financial year, the directors have proposed a final dividend of approximately 2.3 pence per share. The dividend is subject to approval by shareholders at the Annual General Meeting and is therefore not included in the balance sheet as a liability at 31 December 2024.

29. Share-based payments

The group operates a number of share-based payment schemes for executive directors and other employees, all of which are equity settled.

The group has no legal or constructive obligation to repurchase or settle any of the options in cash. The total cost in respect of LTIPs and SAYE recognised in the income statement was £4.2 million in the year ended 31 December 2024 (2023: £3.7 million). Employer's national insurance is being accrued, where applicable, at the rate of 14.3%, which management expects to be the prevailing rate at the time the options are exercised, based on the share price at the reporting date. The total national insurance charge for the year was £0.5 million (2023: £0.4 million).

The following table analyses the total cost between each of the relevant schemes, together with the number of options outstanding:

	2024		2023	
	Charge £m	Number of options (thousands)	Charge £m	Number of options (thousands)
Long Term Incentive Plan	**3.3**	**11,643**	3.0	12,394
Deferred Share Bonus Plan	**–**	**531**	–	449
Save As You Earn (SAYE)	**0.7**	**2,957**	0.7	3,252
Cash-settled Long Term Incentive Plan	**0.2**	**–**	–	–
	4.2	**15,131**	3.7	16,095

A summary of the main features of the scheme is shown below:

Long Term Incentive Plan

The Long Term Incentive Plan (LTIP) is open to executive directors and designated senior managers, and awards are made at the discretion of the remuneration committee. Awards are subject to market and non-market performance criteria.

Awards granted under the LTIP vest subject to achievement of performance conditions measured over a period of at least three years, unless the committee determines otherwise. Awards may be in the form of conditional share awards or nil-cost options or any other form allowed by the plan rules.

Vesting of awards will be dependent on a range of financial, operational or share price measures, as set by the committee, which are aligned with the long-term strategic objectives of the group and shareholder value creation. No less than 30% of an award will be based on share price measures. The remainder will be based on

29. Share-based payments continued

Long Term Incentive Plan continued

either financial and/or operational measures. At the threshold performance, no more than 25% of the award will vest, rising to 100% for maximum performance.

On 14 March 2022, the company granted a total of 3,097,060 options to the executive directors and other senior management. The options will vest based on return on capital employed (ROCE) (35%) targets for the financial year ending 31 December 2024, relative total shareholder return (TSR) (35%) targets on performance over the three-year period to 31 December 2024 and operational excellence (OE) (30%) targets based on employee engagement targets and regulatory ratings for the current portfolio of hospitals, subject to continued employment. Upon vesting, the options will remain exercisable until March 2032. The executive directors are subject to a two-year holding period, whilst other senior management are not.

On 15 March 2023, the company granted a total of 2,980,384 options to the executive directors and other senior management. The options will vest based on return on capital employed (ROCE) (35%) targets for the financial year ending 31 December 2025, relative total shareholder return (TSR) (35%) targets on performance over the three-year period to 31 December 2025 and operational excellence (OE) (30%) targets based on employee engagement targets and regulatory ratings for the current portfolio of hospitals, subject to continued employment. Upon vesting, the options will remain exercisable until March 2033. The executive directors are subject to a two-year holding period, whilst other senior management are not.

On 14 March 2024, the company granted a total of 2,054,599 options to the executive directors and other senior management. The options will vest based on return on capital employed ('ROCE') (35%) targets for the financial year ending 31 December 2026, relative total shareholder return ('TSR') (20%) targets over the three year period to 31 December 2026, EBITDA margin (15%) targets for the financial year ending 31 December 2026 for the Company's Hospital Business and operational excellence ('OE') (30%) targets based on employee engagement targets and regulatory ratings for the current portfolio of hospitals (including The Doctors Clinic Group, but excluding new clinics that open during the performance period and Vita Health Group). The options are subject to continued employment and, upon vesting, will remain exercisable until March 2034. The executive directors are subject to a two-year holding period.

On 14 March 2024, the company also granted a total of 235,231 options to senior management. These options will vest based on return on capital employed ('ROCE') (35%) targets for the financial year ending 31 December 2026, relative total shareholder return ('TSR') (20%) targets on performance over the three year period to 31 December 2026, EBITDA margin (15%) targets for the financial year ending 31 December 2026 for the VHG and operational excellence ('OE') (30%) targets (based on non-market vesting conditions related to access rates and recovery for mature contracts and employee engagement targets for the VHG). The options are subject to continued employment and, upon vesting, will remain exercisable until March 2034.

Deferred Share Bonus Plan

The Deferred Share Bonus Plan is a discretionary executive share bonus plan under which the remuneration committee determines that a proportion of a participant's annual bonus will be deferred. The market value of the shares granted to any employee will be equal to one-third of the total annual bonus that would otherwise have been payable to the individual. The awards will be granted on the day after the announcement of the group's annual results. The awards will normally vest over a three-year period.

On 14 March 2022, the company granted a total of 142,427 options to executive directors, with a vesting date of 14 March 2025. There are no performance conditions in respect of the scheme and is subject to continued employment.

On 15 March 2023, the company granted a total of 168,042 options to executive directors, with a vesting date of 15 March 2026. There are no performance conditions in respect of the scheme and is subject to continued employment.

On 14 March 2024, the company granted a total of 221,319 options to executive directors, with a vesting date of 14 March 2027. There are no performance conditions in respect of the scheme and is subject to continued employment.

Save As You Earn

The Save As You Earn (SAYE) is open to all Spire Healthcare employees. Vesting will be dependent on continued employment for a period of three years from grant. The requirement to save is a non-vesting condition.

On 24 April 2022, the company granted 3,800,557 options to employees with a vesting date of 1 June 2025. There are no performance conditions in respect of the scheme. Upon vesting, the options will remain exercisable for six months. The IFRS 2 charge has been calculated using an adjusted Black Scholes model with judgements including leavers of the scheme (employees who may cease to save) and dividend yields.

The aggregate number of share awards outstanding for the group and their weighted average contractual life is shown below:

	2024						
	LTIP (ROCE condition) (thousands)	LTIP (TSR condition) (thousands)	LTIP (EBITDA condition) (thousands)	LTIP (EPS condition) (thousands)	LTIP (OE condition) (thousands)	Deferred Share Bonus Plan (thousands)	SAYE (thousands)
At 1 January	**3,076**	**4,458**	**–**	**902**	**3,958**	**449**	**3,252**
Granted	**801**	**458**	**343**	**–**	**687**	**221**	**–**
Exercised	**(181)**	**(865)**	**–**	**(423)**	**(716)**	**(139)**	**(14)**
Surrendered[1]	**(99)**	**(99)**	**–**	**–**	**(84)**	**–**	**–**
Cancelled[2]	**(476)**	**337**	**–**	**(479)**	**45**	**–**	**(281)**
At 31 December	**3,121**	**4,289**	**343**	**–**	**3,890**	**531**	**2,957**
Exercisable at 31 December	**417**	**1,928**	**–**	**–**	**1,571**	**–**	**32**
Weighted average contractual life	**1.0 years**	**0.6 years**	**2.2 years**	**0 years**	**0.7 years**	**1.3 years**	**0.4 years**

	2023					
	LTIP (ROCE condition) (thousands)	LTIP (TSR condition) (thousands)	LTIP (EPS condition) (thousands)	LTIP (OE condition) (thousands)	Deferred Share Bonus Plan (thousands)	SAYE (thousands)
At 1 January	2,169	4,726	1,540	4,343	525	3,652
Granted	1,043	1,043	–	894	168	–
Exercised	–	(652)	(380)	(636)	(244)	(18)
Surrendered[1]	(69)	(69)	–	(59)	–	–
Cancelled[2]	(67)	(590)	(258)	(584)	–	(382)
At 31 December	3,076	4,458	902	3,958	449	3,252
Exercisable at 31 December	–	–	–	–	–	14
Weighted average contractual life	2.6 years	2.0 years	0.7 years	2.0 years	1.3 years	1.4 years

1. These are shares where the participants are considered to be good leavers and forfeit a proportion of their shares on pro-rata basis.
2. These are shares where the participants forfeit all share options.

Notes to financial statements continued

29. Share-based payments continued

The weighted average share price for the share awards exercised during the period is £2.34 per share.

Share options outstanding at the end of the year have the following expiry date:

Grant – vest	Expiry date	Exercise price (£)	Share options thousands 2024	2023
LTIP grants				
30/03/2017 – March 2020	30/03/2027	–	**–**	2
28/03/2018 – March 2021	28/03/2028	–	**–**	18
25/03/2019 – March 2022	25/03/2029	–	**–**	1,188
06/04/2020 – April 2023	06/04/2030	–	**2,176**	2,396
18/03/2021 – March 2024	18/03/2031	–	**1,741**	3,038
14/03/2022 – March 2025	14/03/2032	–	**2,644**	2,860
15/03/2023 – March 2026	15/03/2033	–	**2,792**	2,892
14/03/2024 – March 2027	14/03/2034	–	**2,290**	–
Deferred Share Bonus Plan				
18/03/2021 – March 2024	17/03/2031	–	**–**	139
14/03/2022 – March 2025	13/03/2032	–	**142**	142
15/03/2023 – March 2026	14/03/2033	–	**168**	168
14/03/2024 – March 2027	13/03/2034	–	**221**	–
Save As You Earn				
26/04/2022 – June 2025	01/12/2025	1.98	**2,957**	3,252

During the year, 1,162,366 shares, relating to LTIPs, were exercised from the company's Employee Benefit Trust (EBT), during the year (see note 22 for more information). Where considered the most appropriate use of surplus cash, the company will continue to fund the Spire Healthcare Employee Benefit Trust (EBT), a discretionary trust held for the benefit of the group's employees, for the ongoing acquisition of shares to satisfy the exercise of share plan awards by employees.

The following information is relevant to the determination of the fair value of the awards granted for the years ended 31 December 2024 and 2023, respectively, under the schemes:

2024	LTIP (TSR condition)	LTIP (ROCE condition)	LTIP (EBITDA condition)	LTIP (OE condition)	Deferred Share Bonus Plan
Option pricing model	**Monte Carlo**	**Fair value at grant date**	**Fair value at grant date**	**Fair value at grant date**	**n/a**
Fair value at grant date (£)	**1.35**	**2.36**	**2.36**	**2.36**	**n/a**
Fair value at grant date for shares subject to holding period (£)	**1.23**	**2.15**	**2.15**	**2.15**	**n/a**
Weighted average share price at grant date (£)	**2.36**	**2.36**	**2.36**	**2.36**	**n/a**
Exercise price (£)	**Nil**	**Nil**	**Nil**	**Nil**	**n/a**
Weighted average contractual life	**3.8 years**	**3.8 years**	**3.8 years**	**3.8 years**	**3 years**
Expected dividend yield	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Risk-free interest rate	**4.1%**	**n/a**	**n/a**	**n/a**	**n/a**
Volatility[1]	**28%**	**n/a**	**n/a**	**n/a**	**n/a**

2023	LTIP (TSR condition)	LTIP (ROCE condition)	LTIP (OE condition)	Deferred Share Bonus Plan	Save as you Earn
Option pricing model	Monte Carlo	Fair value at grant date	Fair value at grant date	n/a	Black-Schöles model
Fair value at grant date (£)	1.26	2.10	2.10	n/a	0.71
Fair value at grant date for shares subject to holding period (£)	1.07	1.78	1.78	n/a	n/a
Weighted average share price at grant date (£)	2.10	2.10	2.10	n/a	2.10
Exercise price (£)	Nil	Nil	Nil	Nil	1.98
Weighted average contractual life	3.1 years	3.1 years	3.1 years	1.8 years	1.4 years
Expected dividend yield	n/a	n/a	n/a	n/a	n/a
Risk-free interest rate	3.4%	n/a	n/a	n/a	n/a
Volatility[1]	49%	49%	49%	n/a	n/a

1. The expected volatility is based on the historical volatility of the company and a comparator group of other international healthcare companies.

30. Reconciliation of cash generated from operations

(£m)	Note	2024	2023
Cash flows from operating activities			
Profit before taxation		**38.3**	34.6
Adjustments to reconcile profit before tax to net cash flows:			
Fair value movement on financial liability		**(1.6)**	–
(Profit)/loss on disposal of property, plant and equipment		**(5.2)**	(0.3)
Adjusting items – other		**1.5**	1.5
Depreciation of property, plant and equipment and right-of-use assets	14	**108.0**	103.0
Amortisation on intangible assets	15	**4.2**	0.6
Finance income	10	**(0.7)**	(1.4)
Finance costs	10	**99.9**	93.0
Other income	6	**(5.8)**	(3.6)
Share-based payments expense	29	**4.2**	3.7
Movements in working capital:			
Increase in trade receivables and other receivables		**(11.0)**	(12.7)
Increase in inventories		**(2.3)**	(3.7)
Increase in trade and other payables		**9.0**	2.2
Decrease in provisions		**(2.7)**	(1.3)
Cash generated from operations		**235.8**	215.6

31. Commitments

Consignment stock

At 31 December 2024, the group held consignment stock on sale or return of £25.5 million (2023: £24.5 million). The group is only required to pay for the equipment it chooses to use and therefore this stock is not recognised as an asset.

31. Commitments continued

Capital commitments

Capital commitments comprise amounts payable under capital contracts which are duly authorised and in progress at the consolidated balance sheet date. They include the full cost of goods and services to be provided under the contracts through to completion. The group has rights within its contracts to terminate at short notice and, therefore, cancellation payments are minimal.

Capital commitments at the end of the year were as follows:

(£m)	2024	2023
Contracted but not provided for	**24.7**	31.6

32. Financial guarantees

The group had the following guarantees at 31 December 2024:

- The bankers to Spire Healthcare Limited have issued a letter of credit in the maximum amount of £1.5 million (2023: £1.5 million) in relation to contractual pension obligations
- Under certain lease agreements entered into on 26 January 2010, the group has given undertakings relating to obligations in the lease documentation and the assets of the group are subject to a fixed and floating charge. See note C11 for details of financial guarantees in respect of lease arrangements and agreements.

33. Financial risk management and impairment of financial assets

The group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The directors have overall responsibility for the establishment and oversight of the group's risk management framework. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Credit risk and impairment

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 and investment securities.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The group's exposure to credit risk from trade receivables is considered to be low because of the nature of its customers and policies in place to prevent credit risk occurring in normal circumstances.

Most revenues arise from insured patients' business and the NHS. Insured revenues give rise to trade receivables which are mainly due from large insurance institutions, which have high credit worthiness. The remainder of revenues arise from individual self-pay patients and consultants.

The group establishes an allowance for impairment that represents its ECL in respect of trade and other receivables. This allowance is composed of specific losses that relate to individual exposures and also an ECL component established using rates reflecting historical information for payor groups, and forward looking information.

During the period, trade receivables have increased in line with revenue, but aged debt has reduced. Individual self-pay patients continues to be the largest risk for the group given the current economic uncertainty. The group has considered the provision required and maintained a provision accordingly through the expected loss rate percentages, which is in line with the position at December 2023. The Expected Credit Loss (ECL) as at year end is £6.2 million (2023: £5.5 million).

Note 19 shows the ageing and customer profiles of trade receivables outstanding at the year end.

Unbilled receivables are considered for expected credit losses, but these are not considered material and therefore not recognised.

Investments

The group limits its exposure to credit risk by only investing in short-term money market deposits with large financial institutions, which must be rated at least Investment Grade by key rating agencies.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The group is exposed to interest rate risk arising from fluctuations in market rates. This affects future cash flows from money market investments and the cost of floating rate borrowings.

From time-to-time, the group considers the cost benefit of entering into derivative financial instruments to hedge its exposure to interest rate volatility based on existing variable rates, current and predicted interest yield curves and the cost of associated medium-term derivative financial instruments.

Interest rates on variable rate loans are determined by SONIA fixings on a quarterly basis. Interest is settled on all loans in line with agreements and is settled at least annually.

	Variable	Total	Undrawn facility[1]
31 December 2024 (£m)	**365.0**	**365.0**	**60.0**
Effective interest rate (%)	**5.85%**	**5.85%**	
31 December 2023 (£m)	365.0	365.0	60.0
Effective interest rate (%)	5.63%	5.63%	

1. If this facility was drawn the interest rate would be in line with the variable rate loans.

The group has an interest rate swap derivative asset of £2.9 million (2023: £4.4 million liability) in place (refer to note 23).

The fair value of this instrument is considered the same as its carrying value and level two of the fair value hierarchy is used to measure the fair value of the instrument. The variable rate consideration received by the group is Sterling three month SONIA.

Notes to financial statements continued

33. Financial risk management and impairment of financial assets continued

Sensitivity analysis
A change of 25 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and reported results by the amounts shown below. This analysis assumes that all other variables remain constant.

Liquidity risk
Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Liquidity is managed across the group and consideration is taken of the segregation of accounts for regulatory purposes. Short-term operational working capital requirements are met by cash in hand.

Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of at least 90 days, including the servicing of financial obligations. In addition to cash on demand, the group has available the following line of credit:

– £60.0 million of revolving credit facility, which was undrawn as at 31 December 2024 (2023: £60.0 million undrawn)

The following are contractual maturities, at as the balance sheet date, of financial liabilities, including interest payments and excluding the impact of netting agreements:

At 31 December 2024 (£m)	Carrying amount	Contractual cash flows	Maturity analysis: Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years
Trade and other payables	**185.1**	**185.1**	**185.1**	–	–	–	–	–
Bank borrowings	**367.1**	**418.6**	**23.7**	**22.6**	**372.3**	–	–	–
Lease liabilities	**912.8**	**1,802.5**	**104.7**	**104.1**	**103.1**	**103.1**	**101.9**	**1,285.7**
	1,465.0	**2,406.2**	**313.5**	**126.7**	**475.4**	**103.1**	**101.9**	**1,285.7**
Derivative financial assets								
Interest rate swaps	**(2.9)**	**(3.3)**	**(2.6)**	**(0.7)**	–	–	–	–
	1,462.1	**2,402.9**	**310.9**	**126.0**	**475.4**	**103.1**	**101.9**	**1,285.7**

At 31 December 2023 (£m)	Carrying amount	Contractual cash flows	Maturity analysis: Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years
Trade and other payables	171.5	171.5	171.5	–	–	–	–	–
Bank borrowings	365.3	434.3	24.7	19.9	18.7	371.0	–	–
Lease liabilities	891.7	1,818.7	99.8	100.0	98.1	97.8	97.7	1,325.3
	1,428.5	2,424.5	296.0	119.9	116.8	468.8	97.7	1,325.3
Derivative financial assets								
Interest rate swaps	(4.4)	(5.0)	(4.1)	(0.8)	(0.1)	–	–	–
	1,424.1	2,419.5	291.9	119.1	116.7	468.8	97.7	1,325.3

Capital management
The group's objective is to maintain an appropriate balance of debt and equity financing to enable the group to continue as a going concern, to continue the future development of the business and to optimise returns to shareholders and benefits to other stakeholders.

The board closely manages trading capital, defined as net assets plus net debt. The group's net assets at 31 December 2024 were £746.2 million (2023: £737.8 million) and net debt, calculated as bank borrowings of £367.1 million (2023: £365.3 million) less cash and cash equivalents of £41.2 million (2023: £49.6 million) amounted to £325.9 million (2023: £315.7 million).

The principal focus of capital management revolves around working capital management and compliance with externally imposed financial covenants see note 23 for more detail.

Major investment decisions are based on reviewing the expected future cash flows and all major capital expenditure requires approval by the board.

At the balance sheet date, the group's committed undrawn facilities, and cash and cash equivalents were as follows:

(£m)	2024	2023
Committed undrawn revolving credit facility	**60.0**	60.0
Cash and cash equivalents	**41.2**	49.6

Fair value measurement
As of 31 December 2024, except for an interest rate swap and financial asset relating to a gross profit share, the group did not hold financial instruments that are included in level 1, 2 or 3 of the hierarchy.

Management assessed that cash and short-term deposits, trade and other receivables, unbilled receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The carrying value of debt is approximately equal to its fair value. During the year ended 31 December 2024, there were no transfers between the levels in the fair value hierarchy.

In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value measurement of assets and liabilities in the financial statements has been considered.

A derivative is a financial instrument whose value is based on one or more underlying variables. The group uses derivative financial instruments to hedge its exposure to interest rate risk. Derivatives are not held for speculative reasons. Fair values are obtained from market observable pricing information including interest rate yield curves and have been calculated as follows; fair value of interest rate swaps is determined as the present value of the estimated future cash flows based on observable yield curves.

The financial asset reflects a profit share arrangement with a partner. There are no market observable prices for the valuation. Management therefore assesses forward looking information and appropriate discount rates and risk factors to determine the fair value. Sensitivities are also taken into account when reviewing the fair value (note 16).

33. Financial risk management and impairment of financial assets continued

As at 31 December 2024, the group held the following financial instruments measured at fair value:

Financial instruments measured at fair value (£m)	Value as at 31 December 2024	Maturity analysis Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss				
Profit share arrangement (Note 16)	**12.3**	**–**	**–**	**12.3**
Interest rate swaps	**2.9**	**–**	**2.9**	**–**
Financial assets measured at fair value	**15.2**	**–**	**2.9**	**12.3**

During the year, Spire Healthcare received a profit share in respect of the financial asset of £1.0 million (2023: £0.8 million). In addition an unrealised fair value movement of £4.8 million (2023: £3.0 million) was recognised in income upon review of the financial asset to increase the value of the financial asset on the balance sheet.

As at 31 December 2023, the group held the following financial instruments measured at fair value:

Financial instruments measured at fair value (£m)	Value as at 31 December 2023	Maturity analysis Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss				
Profit share arrangement (Note 16)	7.5	–	–	7.5
Interest rate swaps	4.4	–	4.4	–
Financial assets measured at fair value	11.9	–	4.4	7.5

Cash flow hedge

The group designate, as cash flow hedges, interest rate swaps entered into with three counterparties maturing in February 2026. These interest rate swaps convert floating interest rate liabilities into fixed interest rate liabilities. The swaps run concurrently with the hedged item, being the group's floating rate liabilities under the senior finance facility. For the years ended December 2024 and 2023, there were no significant amounts recognised in the profit or loss relating to the ineffective portion of hedges or portions excluded from the assessment of hedge effectiveness. The movement in the interest rate swap relates to fair value movement and is recognised through other comprehensive income.

Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

34. Related party transactions

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly. They include the board and executive committee, as identified on pages 98 to 100.

Compensation for key management personnel is set out in the table below:

Key management compensation

(£m)	2024	2023
Salaries and other short-term employee benefits	**7.5**	5.2
Post-employment benefits	**–**	0.4
Share-based payments	**3.7**	1.3
	11.2	6.9

Further information about the remuneration of individual directors is provided in the audited part of the directors' remuneration report on pages 111 to 122. There were no transactions with related parties external to the group in the year to 31 December 2024 (2023: nil).

35. Disposals and acquisitions

On 31 March 2024, the group sold the assets and operations of its Tunbridge Wells hospital to Maidstone and Tunbridge Wells NHS Trust. The group recognised a total profit on disposals in the period of £4.5 million. The profit is reported within adjusting items (note 11). As part of the sale agreement the group has entered into a sub lease agreement with the trust to lease the Tunbridge Wells property. Included in the profit is £2.0 million relating to the derecognition of the right of use asset (£2.4 million) and recognition of the finance lease receivable (£4.4 million). The finance lease receivable represents the cash flows receivable from the trust to settle the lease obligation in the head lease. In addition, the group entered into a management service agreement whereby Spire will operate the administration function of the hospital for a fixed monthly fee at an arm's length basis to allow for the proper transfer of contracts and operations. The management service agreement ended in September 2024. The profit on disposal is as follows:

(£m)	2024
Consideration received	10.0
Net assets disposed	(5.8)
Disposal costs	(1.7)
Derecognise right of use asset	(2.4)
Recognise finance lease receivable	4.4
Profit on disposal	4.5
Deferred tax charge	(1.2)
Profit on disposal after tax	3.3

Prior year acquisition of Vita Health Group

During the year, the group reviewed its goodwill position in respect of Vita Health Group in line with IFRS 3 and a provision of £0.5 million has been recognised in respect of deferred consideration this has been adjusted through goodwill.

36. Events after the reporting period

On 21 February 2025 Brighton Orthopaedic and Sports Injury Clinic Limited (BOSIC) formally notified Spire Healthcare of the intention to exercise their put option for Spire Healthcare to purchase the remaining 25% interest in Montefiore House Limited. A financial liability of £8.0 million is provided for this purchase, refer to note 24.

Company balance sheet

As at 31 December 2024
(Registered number 09084066)

(£m)	Note	2024	2023
ASSETS			
Non-current assets			
Investments	C9	**843.7**	840.6
Other receivables	C7	**193.1**	179.8
		1,036.8	1,020.4
Current assets			
Other receivables	C7	**281.9**	226.9
Cash and cash equivalents	C6	**0.1**	0.1
		282.0	227.0
Total assets		**1,318.8**	1,247.4
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**4.0**	4.0
Share premium		**830.0**	830.0
Capital redemption reserve		**–**	–
EBT share reserves	21	**(0.9)**	(0.7)
Retained earnings		**469.4**	404.2
Total equity		**1,302.5**	1,237.5
Current liabilities			
Income tax payable		**6.9**	9.3
Trade and other payables	C8	**9.4**	0.6
Total liabilities		**16.3**	9.9
Total equity and liabilities		**1,318.8**	1,247.4

The profit attributable to the owners of the company for the year ended 31 December 2024 was £75.7 million (2023: £67.1 million).

The financial statements on pages 164 to 168 were approved by the board of directors on 5 March 2025 and signed on its behalf by:

Justin Ash
Chief Executive Officer

Harbant Samra
Chief Financial Officer

Company statements of changes in equity

For the year ended 31 December 2024

(£m)	Share capital	Share premium	Capital redemption reserve	EBT share reserves	Retained earnings	Total equity
At 1 January 2023	4.0	830.0	–	–	337.8	1,171.8
Profit for the year	–	–	–	–	67.1	67.1
Purchase of own shares by EBT	–	–	–	(3.1)	–	(3.1)
Share-based payment	–	–	–	–	3.7	3.7
Utilisation of EBT shares	–	–	–	2.4	(2.4)	–
Dividend paid	–	–	–	–	(2.0)	(2.0)
As at 1 January 2024	**4.0**	**830.0**	**–**	**(0.7)**	**404.2**	**1,237.5**
Profit for the year	**–**	**–**	**–**	**–**	**75.7**	**75.7**
Purchase of own shares by EBT	**–**	**–**	**–**	**(3.1)**	**–**	**(3.1)**
Share-based payment	**–**	**–**	**–**	**–**	**4.0**	**4.0**
Utilisation of EBT shares	**–**	**–**	**–**	**2.9**	**(2.9)**	**–**
Dividend paid	**–**	**–**	**–**	**–**	**(8.5)**	**(8.5)**
Purchase of ordinary shares for cancellation	**–**	**–**	**–**	**–**	**(3.1)**	**(3.1)**
As at 31 December 2024	**4.0**	**830.0**	**–**	**(0.9)**	**469.4**	**1,302.5**

Company statement of cash flows

For the year ended 31 December 2024

(£m)	2024	2023
Cash flows from operating activities		
Profit before taxation	**82.1**	74.5
Dividend received	**(55.4)**	(52.1)
Profit before taxation (excluding dividend received)	**26.7**	22.4
Adjustments for:		
Share-based payments	**0.9**	3.6
Interest income	**(29.2)**	(27.6)
	(1.6)	(1.6)
Movements in working capital:		
Increase in trade and other receivables	**(39.1)**	(45.6)
Increase in trade and other payables	**–**	0.1
Net cash used in operating activities	**(40.7)**	(47.1)
Cash flows from investing activities		
Dividend received	**55.4**	52.1
Net cash generated from investing activities	**55.4**	52.1
Cash flows from financing activities		
Purchase of own shares by EBT	**(3.1)**	(3.1)
Dividend paid to equity holders of the parent	**(8.5)**	(2.0)
Purchase of ordinary shares for cancellation	**(3.1)**	–
Net cash used in financing activities	**(14.7)**	(5.1)
Net decrease in cash and cash equivalents	**–**	(0.1)
Cash and cash equivalents at beginning of year	**0.1**	0.2
Cash and cash equivalents at end of year	**0.1**	0.1

Notes to the parent company financial statements

For the year ended 31 December 2024

This section contains the notes to the company financial statements. The issued share capital and EBT share reserves are consistent with the Spire Healthcare Group plc group financial statements. Refer to note 22 of the group financial statements.

C1. Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IAS) in accordance with the Companies Act 2006 and on an historical cost basis. The financial statements are presented in UK sterling and all values are rounded to the nearest million pounds (£m), except when otherwise indicated.

See note 1 for general information about the company.

The financial statements have been prepared on a going concern basis as the directors believe there are no material uncertainties that lead to significant doubt that the company can continue as a going concern until June 2026 (see the going concern section in note 2 for more detail).

The company applies consistent accounting policies, as applied by the group. To the extent that an accounting policy is relevant to both group and company financial statements, refer to the group financial statements for disclosure of the accounting policy. Material policies that apply to the company only are included as appropriate.

The company has used the exemption granted under s408 of the Companies Act 2006 that allows for the non-disclosure of the income statement of the parent company.

The company did not have items to be reported as other comprehensive income; therefore, no statement of comprehensive income was prepared.

C2. Significant accounting policies in this section

Investment in subsidiary

The company's investment in subsidiary is carried at cost less provisions resulting from impairment. In testing for impairment, the carrying value of the investment is compared to its recoverable amount, being its value-in-use. In addition, market capitalisation is compared to the investments of the company when assessing impairment requirements.

Share-based payments

The financial effect of awards by the company of options over its equity shares to employees of subsidiary undertakings is recognised by the company in its individual financial statements as an increase in its investment in subsidiaries with a credit to equity equivalent to the IFRS 2 cost in subsidiary undertakings. The subsidiary, in turn, will recognise the IFRS 2 cost in its income statement with a credit to equity to reflect the deemed capital contribution from the company.

C3. Other areas of accounting estimates in this section

Impairment testing of investment in subsidiary

The market capitalisation of the company is compared to the investment of the company to determine if there is a trigger for impairment review. Management acknowledged indicators of impairment at the year end, being, the net assets of the company are higher than that of the group's consolidated net assets and that the market capitalisation exceeds the investment value including intercompany receivables. The company's investment in its subsidiary has been tested for impairment by comparison against the underlying value of the subsidiary's assets, based on value-in-use calculated using the same assumptions as noted for the testing of goodwill impairment in note 15 of the group financial statements adjusted for the assumption that internal and external borrowings including lease liabilities have been settled. See note C9 for more detail.

Notes to the parent company financial statements continued

C4. Staff costs and directors' remuneration

The company had no employees during the year, except for the directors. The information on compensation for the directors, being considered as the key management personnel of the company, is disclosed in Note C12.

C5. Auditor's remuneration

During the year, the company obtained the following services from the company's external auditor, as detailed below:

(£'000)	2024	2023
Amounts payable to auditor in respect of:		
Audit of the company's annual financial statements	**15.0**	15.0
	15.0	15.0

C6. Cash and cash equivalents

(£m)	2024	2023
Cash at bank	**0.1**	0.1
	0.1	0.1

C7. Other receivables

(£m)	2024	2023
Amounts owed by subsidiary undertakings – current	**281.9**	226.9
	281.9	226.9

The amounts owed by subsidiary undertakings bear interest at SONIA plus 2.05% (2023: SONIA plus 2.05%). No allowance for expected credit losses has been included for amounts receivable from subsidiary undertakings as the provision rates are immaterial. As described in the directors' report, the group has sufficient resources to satisfy going concern and viability considerations. All subsidiaries are under common control and resources could be made available for settlement of debts as and when required.

(£m)	2024	2023
Amounts owed by subsidiary undertakings – non-current	**193.1**	179.8
	193.1	179.8

The amounts owed by subsidiary undertakings bear interest at SONIA plus 2.05% (2023: SONIA plus 2.05%). The amounts are unsecured and repayable on demand.

C8. Trade and other payables

(£m)	2024	2023
Amounts owed to subsidiary undertakings	**8.8**	–
Accruals	**0.6**	0.6
	9.4	0.6

The amounts owed to subsidiary undertakings bear interest at SONIA plus 2.05% (2023: SONIA plus 2.05%). The amounts are unsecured and repayable on demand.

C9. Investment in subsidiary

(£m)	Subsidiary undertakings
Net book value	
At 1 January 2023	**840.5**
Additions – IFRS 2 costs	**0.1**
At 1 January 2024	**840.6**
Additions – IFRS 2 costs	**3.1**
At 31 December 2024	**843.7**

Details of the company's subsidiaries at the balance sheet date are in note 17 to the group financial statements.

At the year end, the investment in subsidiary were reviewed for indicators of impairment.

Management acknowledged indicators of impairment at the year end, being, the net assets of the company are higher than that of the group's consolidated net assets and that the market capitalisation exceeds the investment value including intercompany receivables.

The recoverable amount of the investment is calculated by reference to its estimated value-in-use calculation adjusted for the assumption that internal and external borrowings including lease liabilities have been settled.

In order to estimate the value-in-use, management has used trading projections covering the period to December 2029 from the most recent board approved budget. The variables in the cash flows are interdependent and reflect management's expectations based on past experience and current market trends, it takes into account both current business and committed initiatives. In addition, management consider the potential financial impact from short-term climate change scenarios, and the cost of initiatives by the group to manage the longer-term climate impacts.

Management determined that no impairment was required as the recoverable amount exceeds the carrying amount by £623.3 million.

Key assumptions

Management identified a number of key assumptions relevant to the value-in-use calculation, being EBITDA growth over the five-year period, capital maintenance spend, discount rate and the long-term growth rate. The assumptions are based on past experience and external sources of information.

The trading projections for the five-year period underlying the value in use reflect a growth in EBITDA. EBITDA is dependent on a number of elements of the operating model over the longer term, including pricing trends, volume growth and the mix and complexity of procedures and assumptions regarding cost inflation. The average annual EBITDA growth over the five years is 10.7%.

During the 2023 financial year, the group moved to a post IFRS 16 discount rate, and has used a pre-tax discount rate of 11.2% (2023: 11.5%).

C9. Investment in subsidiary continued

Key assumptions continued

A long-term growth rate of 2.0% has been applied to cash flows beyond 2029 based on long term view of inflation and market conditions. Capital maintenance spend is based on historic run rates and our expectation of the group's requirements.

Management has performed a sensitivity analysis using reasonably possible changes for each key assumption, keeping all other assumptions constant. The sensitivity analysis included an assessment of the break-even point for each of the key assumptions. The sensitivity testing identified no reasonably possible changes in key assumptions that would cause the carrying amount of the investment to exceed its recoverable amount.

C10. Capital management and financial instruments

The capital structure of the company comprises issued capital, reserves and retained earnings as disclosed in the company statement of changes in equity totalling £1,302.5 million as at 31 December 2024 (2023: £1,237.5 million), and cash amounted to £0.1 million (2023: £0.1 million).

Credit risk

As at 31 December 2024, the company had amounts owed by subsidiary undertakings of £475.0 million (2023: £406.7 million). The company's maximum exposure to credit risk from these amounts is £475.0 million (2023: £406.7 million).

Liquidity risk

The company finances its activities through its investments in subsidiary undertakings.

The company anticipates that its funding sources will be sufficient to meet its anticipated future administrative expenses and dividend obligations as they become due over the next 12 months.

Dividends paid in the year:

(£m)	2024	2023
Final dividend for the year ended 31 December 2023 (2.1 pence per share)	**8.5**	2.0
Total dividends paid	**8.5**	2.0

Since the end of the financial year, the directors have proposed a final dividend of approximately 2.3 pence per share. The dividend is subject to approval by shareholders at the Annual General Meeting and is therefore not included in the balance sheet as a liability at 31 December 2024.

(£m)	2024	2023
Financial assets: carrying amount and fair value:		
Loans and receivables		
Cash and cash equivalents	**0.1**	0.1
Amounts owed by subsidiary undertakings	**475.0**	406.7
	475.1	406.8

The above financial assets are not impaired.

(£m)	2024	2023
Financial liabilities: carrying amount and fair value:		
Amortised cost		
Amounts owed to subsidiary undertakings	**8.8**	–
	8.8	–

All of the above financial liabilities have a maturity of less than one year.

The fair value of financial assets and liabilities approximates their carrying value.

Market risk

Interest rate risk and sensitivity analysis

As at 31 December 2024 the company had short-term borrowings of £8.8 million (2023: Nil) owed to subsidiary undertakings, which are repayable on demand and bear interest at SONIA plus 2.05% (2023: SONIA plus 2.05%). Interest on these borrowings in the year amounted to Nil (2023: Nil) and the directors do not perceive that servicing this debt poses any significant risk to the company given its size in relation to the company's net assets.

IFRS 7 Financial Instruments: Disclosures required a market risk sensitivity analysis illustrating the fair values of the company's financial instruments and the impact on the company's income statement and shareholders' equity of reasonably possible changes in selected market risks. Excluding cash and cash equivalents, the company has no financial assets or liabilities that expose it to market risk, other than the amounts owed by/to subsidiary undertakings of £475.0 million (2023: £406.7 million) and £8.8 million (2023: Nil) respectively. The directors do not believe that a change of 25 basis points in the SONIA interest rates will have a material impact on the company's income statement or shareholders' equity.

Notes to the parent company financial statements continued

C11. Financial guarantees

The below financial guarantees have been assessed in line with the requirements of IFRS 17 insurance contracts and are exempt as the guarantees have not been asserted explicitly as insurance contracts and as such the accounting for insurance contracts is not applicable.

Lease arrangements with a consortium of investors

The company has given a guarantee to a consortium of investors, comprising Malaysia's Employees Provident Fund (EPF), affiliated funds of Och-Ziff Capital Management group and Moor Park Capital, in relation to the sale of 12 of the Spire Healthcare group's property-owning companies on 17 January 2013. With effect from 17 January 2013, the total third-party annual commitments of the group under these leases increased by £51.3 million per annum.

As a result of the sale, the group has long-term institutional lease arrangements (up to December 2042, subject to renewal or extension), with the landlord for each of the 12 properties. The leases include key terms such as annual rental covenants and minimum levels of capital expenditure invested by the group. The capital expenditure covenants measured on an average basis over each five-year period during the term of the leases, require the group to incur, in total, £5.0 million of maintenance capital expenditure and £3.0 million of additional capital expenditure on the portfolio of 12 hospitals each year, such being subject to indexation in line with RPI. If the minimum rent cover ratio is not met, the group is required to enter into an asset performance recovery plan in order to comply with the covenants, but no default would be deemed to have occurred. The company is a party to this guarantee. As at 31 December 2024 the group complied with the required covenants and the lease liability held on the consolidated balance sheet is £645.0 million (2023: £628.7 million).

Based on the liquidity and expected cash generation of Spire Healthcare Limited, the expected credit loss in respect of these financial guarantees, as at 31 December 2024, is not considered to be significant. As a result, no liability has been recorded (2023: Nil).

Lease agreements entered into by Classic Hospitals Limited (novated to Spire Healthcare Limited)

Under lease agreements entered into on 26 January 2010 by Classic Hospitals Limited, a subsidiary undertaking of the company, the company has undertaken to guarantee the payment of rentals over the lease term to August 2040, and to ensure that the other covenants in the lease are observed. The lease has been moved to Spire Healthcare Limited, another subsidiary undertaking of the company, to allow Classic Hospitals Limited to enter Members' Voluntary Liquidation as part of the entity rationalisation carried out during the 2021 financial year. The initial rentals payable under the leases in 2010 were £6.3 million per annum, which will be subject to an increase in future years. As part of these arrangements, the assets of the company are subject to a fixed and floating charge in the event of a default. As at 31 December 2024, there was no breach in the required covenants and the lease liability held on the Consolidated balance sheet is £81.2 million (2023: £81.2million).

Based on the liquidity and expected cash generation of Spire Healthcare Limited, the expected credit loss in respect of these financial guarantees, as at 31 December 2024, is not considered to be significant. As a result, no liability has been recorded (2023: Nil).

C12. Related party transactions

The company's subsidiaries are listed in note 17 to the group financial statements. The following table provides the company's balances that are outstanding with subsidiary companies at the balance sheet date:

(£m)	2024	2023
Amounts owed from subsidiary undertakings – Spire Healthcare Finance Limited, Spire Healthcare Limited and Spire Healthcare (Holdings) Limited	**475.0**	406.7
Amounts owed to subsidiary undertakings – Spire Healthcare Limited	**(8.8)**	–
	466.2	406.7

The amounts outstanding are unsecured and repayable on demand.

The following table provides the company's transactions with subsidiary companies recorded in the profit for the year:

(£m)	2024	2023
Amounts invoiced to subsidiaries	**128.3**	73.3
Amounts invoiced by subsidiaries	**(71.8)**	–
Dividend received from subsidiaries	**55.4**	52.1

Amounts invoiced to/by subsidiaries relate to general corporate purposes.

Directors' remuneration

The remuneration of the non-executive directors of the company is set out below. Further information about the remuneration of individual directors is provided in the audited part of the directors' remuneration report on pages 111 to 122.

(£m)	2024	2023
Short-term employee benefits*	**1.0**	1.1
Share-based payments	**1.0**	1.0
Total	**2.0**	2.1

* Emoluments and share-based payment charges for the executive directors are borne by a subsidiary company, Spire Healthcare Limited. Share-based payment related charges for the Executive Chairman prior to Admission (ie directors' Share Bonus Plan) are also borne by a subsidiary company, Spire Healthcare Limited. Please refer to Note 29 of the group consolidation statements.

Directors' interests in share-based payment schemes

Refer to note 29 to the group financial statements for further details of the main features of the schemes relating to share options held by the chairman, executive directors and senior management team.

C13. Events after the reporting period

There have been no events to disclose after the reporting date.

Shareholder information

Spire Healthcare group websites
Shareholders are encouraged to visit our websites at www.spirehealthcare.com, www.vitahealthgroup.co.uk, www.londondoctorsclinic.co.uk and spireoccupationalhealth.com which have a wealth of information about the company and the services it offers.

There is a section designed specifically for investors at www.investors.spirehealthcare.com where shareholder and media information can be accessed. This year's annual report and notice of annual general meeting can also be viewed there.

Registered office and group head office
Spire Healthcare Group plc
3 Dorset Rise
London EC4Y 8EN
Tel +44 (0)20 7427 9000
Fax +44 (0)20 7427 9001
Registered in England and Wales No. 09084066

Shareholder enquiries
All written shareholder enquiries regarding your shares should be addressed to the company's share registrar at the address on page 170, or as follows:

Equiniti Limited
Tel (UK only) 0371 384 2030
Tel (non-UK) +44 371 384 2030
For deaf and speech impaired shareholders, Equiniti welcomes calls via Relay UK. For more information please visit www.relayuk.bt.com.

Managing your shares
Please contact our registrar, Equiniti Limited, to manage your shareholding if you wish to:

- Register for electronic communications
- Transfer your shares
- Change your registered name or address
- Register a lost share certificate and obtain a replacement
- Consolidate your shareholdings
- Manage your dividend payments
- Notify the death of a shareholder

When contacting Equiniti Limited or registering online, you should have your shareholder reference number at hand. This can be found on your share certificate or latest dividend confirmation. You can manage your shareholding online by registering for Shareview at www.shareview.co.uk. This website has a 'frequently asked questions' section which addresses the most common shareholder problems.

All other shareholder enquiries not related to the share register should be addressed to the company secretary at the registered office or emailed to companysecretary@spirehealthcare.com.

Electronic shareholder communications
Registering for online communications gives shareholders more control of their shareholding. The registration process is via our registrar's secure website at www.shareview.co.uk. Once registered you will be able to:

- Elect how we communicate with you
- Amend your details
- Amend the way you receive dividends
- Buy or sell shares online

This does not mean shareholders can no longer receive paper copies of documents if they so wish. We are able to offer a range of services and tailor communication to meet your needs.

Share dealing services
UK resident shareholders can sell shares on the internet or by phone using Equiniti Limited's Shareview Dealing facility by either logging onto www.shareview.co.uk/dealing or by calling 0345 603 7037 between 8.00am and 4.30pm on any business day (excluding bank holidays).

In order to gain access to this service, the shareholder reference number is required, which can be found at the top of the Company's share certificates.

ShareGift
It may be that you have a small number of shares which would cost you more to sell than they are worth. It is possible to donate these to ShareGift, a registered charity, who provide a free service to enable you to dispose charitably of such shares. There are no implications for Capital Gains Tax purposes (no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. More information on this service can be obtained from www.sharegift.org or by calling +44 (0)207 930 3737.

Dividend mandate
If you are a shareholder who has a UK bank or building society account, you are recommended to arrange payment electronically through a bank or building society mandate. There is no fee for this service and notification confirming details of any dividend payment will be sent to your registered address. Please contact Equiniti on 0371 384 2030 or download an application form from www.shareview.co.uk.

Overseas dividend payment service
Equiniti Limited provides a dividend payment service to over 30 countries that automatically converts payments into the local currency by an arrangement with Citibank Europe PLC. Further details, including an application form and terms and conditions of the service, are available on www.shareview.co.uk or from Equiniti Limited by calling +44 371 384 2030 or writing to them at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (please quote Overseas Payment Service with the Company name and your shareholder reference number).

* Lines are open from 8.30am to 5.30pm, Monday to Friday, UK time.

Shareholder information continued

Shareholder security

From time-to-time, in common with other listed companies, shareholders may receive unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders, using persuasive and high-pressure tactics to lure investors into scams in what often turn out to be worthless, non-existent or high-risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'.

Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. Further information on how to avoid share fraud or to report a scam can be found on our website at www.spirehealthcare.com.

2025 financial calendar

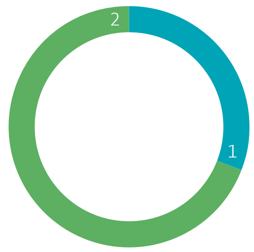
2025 annual general meeting	14 May 2025
Final dividend record date	23 May 2025
Final dividend payment date	20 June 2025
Announcement of 2025 half year results	11 September 2025

Analysis of ordinary shareholders
Holding of ordinary shares as at 31 December 2024

	Private		Institutional and other		Total	
Investor type	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Number of holders	**153**	161	**341**	351	**494**	512
Percentage of holders	**30.97%**	31.45%	**69.03%**	68.55%	**100%**	100%
Percentage of shares held	**0.28%**	0.20%	**99.72%**	99.80%	**100%**	100%

	1–1,000		1,001–50,000		50,001–500,000		500,001+	
Investor type	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Number of holders	**87**	85	**226**	237	**117**	121	**64**	69
Percentage of holders	**17.61%**	16.60%	**45.75%**	46.29%	**23.68%**	23.63%	**12.96%**	13.48%
Percentage of shares held	**0.01%**	0.01%	**0.69%**	0.68%	**5.31%**	5.55%	**93.99**	93.76%

Shareholders percentage by shareholder



- 1. Private **30.97%**
- 2. Institutional and others **69.03%**

Shareholders percentage by shareholding

- 1. 1-1,000 **17.61%**
- 2. 1,001-50,000 **45.75%**
- 3. 50,001-500,000 **23.68%**
- 4. 500,001+ **12.86%**

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Registrar
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Aspect House
Spencer Road
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Alternative performance measures definitions

Performance measure	Definition	Purpose
Adjusted operating profit; or, adjusted EBIT	Operating profit, less adjusting items before interest and tax	Provides a comparable measure of operating profit performance over time
Conversion of adjusted EBITDA to cash	Adjusted EBITDA divided by operating cash flows before adjusting items and taxation	Intends to show the group's efficiency at converting adjusted EBITDA into cash
Adjusted EBITDA	Adjusted EBITDA is calculated as operating profit, adjusted to add back depreciation, and adjusting items	Adjusted EBITDA shows the group's earning power independent of capital structure and tax situation with the purpose of simplifying comparisons with other companies in the same industry as it excludes non-cash accounting entries, such as depreciation
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of revenue	Provides a comparable performance metric, expressed as a percentage of revenues
Comparable basis	Financial information where we have deducted the contribution from Spire Tunbridge Wells (sold on 31 March 2025) and presented Vita Health Group on a proforma basis, assuming VHG was owned for 12 months in 2023 (acquired 18 October 2024)	To provide a meaningful comparison to prior year financial information
Net debt	Interest-bearing liabilities, less cash and cash equivalents	Measurement of net group indebtedness for covenant purposes
Net bank debt	Interest-bearing liabilities, excluding borrowing costs, less cash and cash equivalents	Measurement of net group indebtedness
Pre IFRS 16	Reported numbers before applying the effects of IFRS 16 leases	To provide an understanding of the impact of IFRS 16 to the reported numbers and allow comparison to previously reported numbers
Net debt/EBITDA	Net debt at the end of the period divided by EBITDA	Indicates the group's ability to service its debt from cash earnings
Clinical staff costs as a percentage of revenue	Clinical staff costs and medical fees as a percentage of revenue	Provides a comparable measure of cost performance over time in relation to revenue activity
Other direct costs as a percentage of revenue	Other direct costs include, direct costs and medical fees as a percentage of revenue.	Provides a comparable measure of cost performance over time in relation to revenue activity.

Glossary

The following definitions apply throughout the Annual Report 2024, unless the context requires otherwise:

Act	The Companies Act 2006, as amended
Acute care	active but short-term treatment for a severe injury or episode of illness
Adjusted EBITDA	Adjusted EBITDA is calculated as operating profit, adjusted to add back depreciation, and adjusting items
Admission	the admission of the shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
AHP	Allied health professional
ARPC	Average revenue per case
Articles	the articles of association of the company
Board	the board of directors of the company
CAGR	compound annual growth rate
Cardiology	specialty which encompasses the treatment of patients with cardiovascular disease
CGSC	Clinical governance and safety committee
CMA	the UK Competition and Markets Authority
Company	Spire Healthcare Group plc
CQC	Care Quality Commission
CO_2e	carbon dioxide equivalent
CQUIN	commissioning for quality and innovation payment which is earned for meeting quality targets on NHS work
CRC Energy Efficiency Scheme	the CRC (Carbon Reduction Commitment) scheme aims to incentivise energy efficiency and cut emissions in large energy users in the UK's public and private sectors
CREST	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK and Ireland Limited is the operator
CRM	customer relationship management system/software
CT	computerised tomography
DAISY	Diseases Attacking the Immune System
DCG	The Doctors Clinic Group Ltd (include London Doctors Clinic and Spire Occupational Health)
Directors	the executive directors and non-executive directors
DPA	Data Protection Act
DMR	Dry mixed recycling
DSBP	Deferred Share Bonus Plan
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	earnings per share
eRS	Electronic Referral System
EU	the European Union
Executive directors	the executive directors of the company
FCA	the Financial Conduct Authority
FRC	the Financial Reporting Council
FTSUG	Freedom to Speak Up Guardian
GDP	gross domestic product
GDPR	General Data Protection Regulation
GHG	greenhouse gas
GIRFT	Getting it Right First Time
GMC	General Medical Council
GP	General practitioner
GPG	Gender Pay Gap
Group	Spire Healthcare Group plc and its subsidiaries
HD	Hospital director
HGV	Heavy Goods Vehicle
Health & Safety Act	The Health & Safety at Work etc Act 1974
HIS	Health Improvement Scotland
HIW	Health Inspectorate Wales
HMRC	HM Revenue & Customs
HSE	Health and Safety Executive
ICBs	Integrated Care Boards: NHS organisation which plans how to meet local population health needs, associated budget and provision
ICSs	Integrated Care Systems: Partnerships of NHS organisations, local authorities and others to collectively plan services
IFRS	International Financial Reporting Standards, as adopted by the EU
IPO	initial public offering of shares to certain institutional and other investors
IRIS	Inclusive Recognition of Inspirational Staff
ISO 14001	environmental management system
ISO 18001	health and safety management system
ITU	Intensive Therapy Unit
JAG accreditation	The Joint Advisory Group on Gastrointestinal Endoscopy (JAG) accreditation: formal recognition an endoscopy service has the competence to deliver against measures in the Endoscopy Global Rating Scale standards
KPI	key performance indicator
LDC	London Doctors Clinic (trading name for the private GP element of The Doctors Clinic Group Ltd)
Listing Rules	the listing rules of the FCA made under section 74(4) of the Financial Services and Markets Act 2000

Glossary continued

LTIP	Long Term Incentive Plan
MAC	Medical advisory committee
MHFA	Mental Health First Aid
MQEM	Macmillan Quality Environment Mark
MRI	magnetic resonance imaging
NDC	Spire Healthcare's national distribution centre in Droitwich
NHS	the National Health Services in England, Scotland, Wales and Northern Ireland, collectively
NI	National Insurance
NIC	National Insurance Contributions
NJR	National Joint Registry: records, monitors, analyses and reports on performance outcomes in joint replacement surgery
Non-executive directors	the non-executive directors of the company
Official List	the record of whether a company's shares are officially listed, maintained by the FCA (the UKLA Official List)
Oncology	specialty which encompasses the treatment of people with cancer
PHIN	Private Healthcare Information Network
PILON	payment in lieu of notice
PMI	Private medical insurers or insurance
PPE	property, plant and equipment
PROMs	Patient Reported Outcome Measures
PSIRF	Patient Safety Incident Response Framework
QI	Quality Improvement
Registrar	Equiniti Limited
Registration regulations	the Care Quality Commission (Registration) Regulations 2009
REGO	Renewable energy guarantees of origin
Regulated activities regulations	the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
ROCE	return on capital employed
RCP	Representative Concentration Pathway
SAP	global software developer/software
SDG	Sustainable Development Goal, set by the United Nations
SECR	Streamlined Energy and Carbon Reporting
Self-pay	when a procedure or treatment provided is funded by the patient directly
SEQOHS	Safe Effective Quality Occupational Health Service, benchmarks for occupational health services
Shareholders	the holders of shares in the capital of the company
Shares	the ordinary shares of 1 pence each in the company, having the rights set out in the articles
SQR	Safety, quality and risk committee
tCO_2e	tonnes of carbon dioxide equivalent
TSR	total shareholder return
UK	the United Kingdom of Great Britain and Northern Ireland
UKAS	UK Accounting Standards
UK Code	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time-to-time
VHG	Vita Health Group
VTE	Venous thromboembolism
YOY	Year-on-year

Forward-looking statements

Important information: forward-looking statements

These materials contain certain forward-looking statements relating to the business of Spire Healthcare Group plc (the 'company') and its subsidiaries (collectively, the 'group'), including with respect to the progress, timing and completion of the group's development, the group's ability to treat, attract, and retain patients and customers, its ability to engage consultants and GPs and to operate its business and increase referrals, the integration of prior acquisitions, the group's estimates for future performance and its estimates regarding anticipated operating results, future revenue, capital requirements, shareholder structure and financing.
In addition, even if the group's actual results or development are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of the group's results or developments in the future. In some cases, you can identify forward-looking statements by words such as 'could,' 'should,' 'may,' 'expects,' 'aims,' 'targets,' 'anticipates,' 'believes,' 'intends,' 'estimates,' or similar words. These forward-looking statements are based largely on the group's current expectations as of the date of this presentation and are subject to a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. In particular, the group's expectations could be affected by, among other things, uncertainties involved in the integration of acquisitions or new developments, changes in legislation or the regulatory regime governing healthcare in the UK, poor performance by consultants who practice at our facilities, unexpected regulatory actions or suspensions, competition in general, the impact of global economic changes, and the group's ability to obtain or maintain accreditation or approval for its facilities or service lines. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made during this presentation will in fact be realised and no representation or warranty is given as to the completeness or accuracy of the forward-looking statements contained in these materials.

The group is providing the information in these materials as of this date, and we disclaim any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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