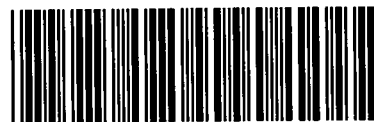


Company registration number 05739281 (England and Wales)

TELADOC HEALTH UK LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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TELADOC HEALTH UK LTD

COMPANY INFORMATION

Directors	Mr S D Welpton Mr J P Patrick Mr J M McQuillan Dr D S Griffiths
Company number	05739281
Registered office	Aspect House Floor 5 84-87 Queens Road Brighton BN1 3XE
Auditor	Whitley Stimpson Limited 29-31 Castle Street High Wycombe Buckinghamshire United Kingdom HP13 6RU
Business address	Aspect House Floor 5 84-87 Queens Road Brighton BN1 3XE

TELADOC HEALTH UK LTD

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TELADOC HEALTH UK LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Review of the business

2022 continued to be a period of growth for Teladoc Health UK, with several new long-term contracts signed during the year, both with UK-based and international clients. Demand for our services remained strong, with increasing utilisation of all our services over the period. This increase in activity increased our costs over the period, as we continued to increase headcount to match demand for our services.

Teladoc Health UK is regulated by the Care Quality Commission (CQC). Unfortunately our inspection in October 2021 was not rated but our report demonstrated that we had robust systems in place whilst providing safe, effective and responsive services to patients.

Teladoc Health UK has a robust Governance Framework which sets out a structured approach to governance, including clear lines of responsibility through a Governance Committee and up to the Board of Directors. An established and extensive programme of clinical and non-clinical audits is set out in an audit planner which is proactively monitored to ensure that audits are performed to standard, on time with outcomes and shared learning.

While Teladoc Health UK currently has yet to hold accreditations, we successfully demonstrate individual requirements and align to the standards and best practice of the ISO22301 Business Continuity standards, ISO27001, ISO9001 and ISO13485 Certifications. We also maintain compliance with regulatory bodies and regulations such as GDPR, ICO, GMC, BPS, BACP, and HCPC.

Principal risks and uncertainties

Loss of a Key Client

Teladoc Health UK works with a small number of leading insurance providers. The loss of a large client could have a material impact on the business' financial performance. However, most of our contracts are long-dated, and we work closely with our partners to ensure we meet all SLAs and deliver a best-in-class service. Additionally, we maintain flexibility in our capacity to ensure we can flex our service up and down based on demand.

Regulatory Risk

The Care Quality Commission regulates the provision of medical services in the UK. Failure to adhere to the CQC's standards could result in Teladoc being asked to cease medical services. Teladoc invests heavily in the quality and governance of its service. We proactively monitor and proactively act on any issue that could negatively affect patient experience or safety.

Liquidity Risk

Liquidity Risk arises from the company's management of working capital. It is the risk that the company will not be able to meet its financial obligations as they fall due.

Management closely monitors cash flow in tandem with our colleagues in Spain and the US and can benefit from the group's strong cash position if necessary. Teladoc Health UK has no financial liabilities owing to third parties.

Development and performance

During 2022, we continued to invest heavily in our technology, processes, and infrastructure focusing on customer experience, clinical excellence, and efficiency. This has continued to be a key focus for 2023, with the launch of new services for our existing customers and a strong pipeline of opportunities. We are well-placed to benefit from consolidation in the market after a period of rapid growth in this sector.

TELADOC HEALTH UK LTD

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

Key performance indicators

We measure our performance based on metrics in the following areas:

- Operating metrics to measure capacity and speed of delivery to our clients.
- Quality Metrics to monitor customer satisfaction, impact, and outcomes.
- Financial metrics to measure revenue and profitability.
- Performance against SLAs.

Other information and explanations

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2022 have not been adjusted to reflect their impact.

On behalf of the board

Scott Welpton

.....
Mr S D Welpton
Director

Date: 2023-09-28

TELADOC HEALTH UK LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

Teladoc Health UK Limited is part of the US-based Teladoc Health group ("Teladoc Health"). Teladoc Health is the global leader in whole-person virtual care. Our mission is to empower all people everywhere to live their healthiest lives by transforming the healthcare experience.

Virtual healthcare

Teladoc Health was founded on a simple yet revolutionary idea: everyone should have access to the best healthcare, anywhere in the world, on their terms. Today, we have a vision of making virtual care the first step on any healthcare journey, and we are delivering on this mission by providing whole-person virtual care that includes primary care, mental health, chronic condition management, and more. We have developed and built upon our experience (more than 20 years), evolving our product and service portfolio from a suite of point solutions to a whole-person offering.

Personalised whole person support

We are creating a truly unified and personalized consumer experience, developing technologies to connect patients and extend the reach of care providers, delivering the highest standard of clinical quality at every touchpoint, and enhancing health decisions and outcomes with smart data and actionable insights. Regardless of people's healthcare needs, we aim to provide the right level of personalised support across any site of care to meet that need. We have the largest breadth of integrated whole-person products and services in the virtual care industry, enabling us to treat the whole person, from mental healthcare to physical healthcare, and from acute episodic needs to chronic needs.

We offer a portfolio of services and solutions covering a very broad range of medical sub-specialties, bolstered by technology, machine learning, and human expertise to provide an effective care experience that people value and trust. This is delivered 24/7, 365 days a year.

Global capabilities

We have developed a highly effective and efficient global distribution network. Our international operations are headquartered in Barcelona, Spain, with satellite locations in Europe, South America, and Asia. With these locations, we can provide 24/7 services to our members internationally. When medically necessary, our doctors can help members navigate the local health systems to obtain the best healthcare for their situation. Our international client base, comprising global financial services and health insurance companies, provides fertile ground for expanding of our product portfolio through existing partners in attractive markets where our infrastructure is already in place. We also market our solution in international markets, supporting the needs of government health systems, hospitals, and private entities. In addition, we partner with companies, such as consumer telecommunications companies, in certain international markets to offer virtual care services on a co-branded or white-labelled basis directly to customers of those companies and other consumers.

Teladoc Health UK Limited is the wholly owned UK subsidiary of Teladoc Health. Our UK operations provide healthcare services to both our UK-based clients and Teladoc Health's international clients across the globe. Teladoc Health UK's main services cover virtual physical care (GP services), virtual mental health (counselling, helpline services, and self-help through a dedicated app), physiotherapy, well-being services (nutrition, Get Fit, Smoking Cessation, etc.) and second expert medical opinions.

Through Teladoc Health UK's wholly owned subsidiary, Consultant Connect, we provide services to the NHS that reduce the cost of publicly provided healthcare and ensure that patients receive the right care the first time.

Results and dividends

The results for the year are set out on page 9.

The Directors do not recommend the payment of a dividend in respect of the year ended 31st December 2022.

TELADOC HEALTH UK LTD

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

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S D Welpton
Mr J P Patrick
Mr J M McQuillan
Dr D S Griffiths

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and research and development.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Medium-sized companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the medium-sized companies exemption.

On behalf of the board

Scott Welpton

.....
Mr S D Welpton
Director

Date: 2023-09-28

TELADOC HEALTH UK LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TELADOC HEALTH UK LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TELADOC HEALTH UK LTD

Opinion

We have audited the financial statements of Teladoc Health UK Ltd (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

TELADOC HEALTH UK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF TELADOC HEALTH UK LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewed areas for management override of controls, including testing of journal entries and other adjustments for appropriateness
- Substantive testing of revenue and debtors;

TELADOC HEALTH UK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF TELADOC HEALTH UK LTD

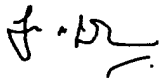
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Substantive testing on fixed assets including having sight of the assets to confirm existence;
- Review of bank reconciliations for evidence of window dressing;
- Recalculation of work in progress and profit margin to check accuracy
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Reviewed financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.



Date: ^{28/09/23}

Jonathan Walton BFP FCA FCCA
Senior Statutory Auditor
For and on behalf of Whitley Stimpson Limited
Chartered Accountants
Statutory Auditor
29-31 Castle Street
High Wycombe
Buckinghamshire
United Kingdom
HP13 6RU

TELADOC HEALTH UK LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	12,267,381	11,086,643
Cost of sales		(8,014,435)	(6,762,210)
Gross profit		4,252,946	4,324,433
Distribution costs		(1,970,055)	(1,770,963)
Administrative expenses		(1,729,171)	(2,766,001)
Operating profit/(loss)	4	553,720	(212,531)
Interest receivable and similar income	7	1,000,000	1,500,000
Interest payable and similar expenses	8	(600,092)	(598,199)
Profit before taxation		953,628	689,270
Tax on profit	9	(37,011)	101,800
Profit for the financial year		916,617	791,070

The profit and loss account has been prepared on the basis that all operations are continuing operations.

TELADOC HEALTH UK LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Profit for the year	916,617	791,070
Other comprehensive income	-	-
Total comprehensive income for the year	<u>916,617</u>	<u>791,070</u>

TELADOC HEALTH UK LTD

BALANCE SHEET AS AT 31 DECEMBER 2022

	Notes	£	2022 £	£	2021 £
Fixed assets					
Intangible assets	10		794,647		510,188
Tangible assets	11		292,234		95,722
Investments	12		43,850,176		43,850,176
			<u>44,937,057</u>		<u>44,456,086</u>
Current assets					
Debtors	14	9,422,643		5,524,114	
Cash at bank and in hand		1,516,305		1,301,358	
			<u>10,938,948</u>	<u>6,825,472</u>	
Creditors: amounts falling due within one year	15	(8,939,093)		(6,883,223)	
Net current assets/(liabilities)			<u>1,999,855</u>		<u>(57,751)</u>
Total assets less current liabilities			<u>46,936,912</u>		<u>44,398,335</u>
Creditors: amounts falling due after more than one year	16		(42,919,754)		(41,319,662)
Provisions for liabilities					
Deferred tax liability	18	38,302		18,187	
			<u>(38,302)</u>	<u>18,187</u>	<u>(18,187)</u>
Deferred income	19		(6,253)		(4,500)
Net assets			<u>3,972,603</u>		<u>3,055,986</u>
Capital and reserves					
Called up share capital	22		1		1
Profit and loss reserves	23		3,972,602		3,055,985
Total equity			<u>3,972,603</u>		<u>3,055,986</u>

These financial statements have been prepared in accordance with the provisions relating to medium-sized companies.

The financial statements were approved by the board of directors and authorised for issue on ²⁰²³⁻⁰⁹⁻²⁸ and are signed on its behalf by:

Scott Welpton

.....
Mr S D Welpton
Director

Company registration number 05739281 (England and Wales)

TELADOC HEALTH UK LTD

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

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2021	1	2,264,915	2,264,916
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	791,070	791,070
Balance at 31 December 2021	1	3,055,985	3,055,986
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	916,617	916,617
Balance at 31 December 2022	1	3,972,602	3,972,603

TELADOC HEALTH UK LTD

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

1 Accounting policies

Company information

Teladoc Health UK Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Aspect House Floor 5, 84-87 Queens Road, Brighton, BN1 3XE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Teladoc Health, Inc., a company incorporated in USA. These consolidated financial statements are available from its registered office at 2 Manhattanville Road, Purchase, NY 10577 USA.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

TELADOC HEALTH UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Intangible fixed 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 arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	33% Straight Line
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over lease term
Fixtures and fittings	33% Straight Line
Computers	33% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss. At the year-end date, the Directors have carefully considered the value of the investment which is recorded at original cost. Despite the subsidiary falling behind on some of the key indicators used to evaluate the purchase price, the subsidiary is performing well and the Directors remain convinced that the investment will generate economic returns in excess of the cost over the period of ownership.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

TELADOC HEALTH UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.7 Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production 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 in profit or loss in the period in which they are incurred.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

TELADOC HEALTH UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

TELADOC HEALTH UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

TELADOC HEALTH UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Share-based payments

If a share based payment is granted by an entity to the employees of one or more group entities, the group entities are permitted to measure the share-based payment expense on the basis of a reasonable allocation of the expense for the group, calculated in accordance with US GAAP which is an equivalent basis to FRS.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The judgements made in the value of the recoverability of the fixed asset investment are based on looking at the original purchase price and the methodology of the calculations used behind that price, and satisfying themselves that the subsidiary, whilst slightly behind target in its own performance, will provide a positive return in excess of the value of the investment.

3 Turnover and other revenue

TELADOC HEALTH UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3	Turnover and other revenue	(Continued)	
		2022	2021
		£	£
	Turnover analysed by geographical market		
	United Kingdom	8,740,249	7,903,213
	Spain	3,527,132	3,183,430
		<u>12,267,381</u>	<u>11,086,643</u>
		2022	2021
		£	£
	Other revenue		
	Dividends received	1,000,000	1,500,000
		<u>1,000,000</u>	<u>1,500,000</u>
4	Operating profit/(loss)	2022	2021
		£	£
	Operating profit/(loss) for the year is stated after charging:		
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	103,548	29,640
	Fees payable to the company's auditor for the audit of the company's financial statements	11,880	11,000
	Depreciation of owned tangible fixed assets	73,134	37,325
	Amortisation of intangible assets	283,763	72,126
	Operating lease charges	110,317	97,201
		<u>682,642</u>	<u>247,392</u>
5	Employees		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		2022	2021
		Number	Number
		162	138
		<u>162</u>	<u>138</u>
	Their aggregate remuneration comprised:		
		2022	2021
		£	£
	Wages and salaries	6,068,448	5,823,839
	Social security costs	715,775	744,312
	Pension costs	369,013	306,183
		<u>7,153,236</u>	<u>6,874,334</u>

TELADOC HEALTH UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6	Directors' remuneration	2022 £	2021 £
	Remuneration for qualifying services	367,460	994,035
	Company pension contributions to defined contribution schemes	7,044	8,790
		374,504	1,002,825
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		2022 £	2021 £
	Remuneration for qualifying services	-	393,347
	Company pension contributions to defined contribution schemes	-	3,517
		-	396,864
7	Interest receivable and similar income	2022 £	2021 £
	Income from fixed asset investments		
	Income from shares in group undertakings	1,000,000	1,500,000
		1,000,000	1,500,000
8	Interest payable and similar expenses	2022 £	2021 £
	Interest on financial liabilities measured at amortised cost:		
	Interest payable to group undertakings	600,092	598,199
		600,092	598,199
	Borrowing costs excluded from interest payable and included in the cost of assets during the year are as follows:		
		2022 £	2021 £
	Intangible fixed assets	-	17,246
		-	17,246
9	Taxation	2022 £	2021 £
	Current tax		
	UK corporation tax on profits for the current period	16,896	(119,987)
		16,896	(119,987)

TELADOC HEALTH UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Intangible fixed assets (Continued)

There has been intangible assets capitalised in the year, of a material size. These costs relate to the development of a bespoke software platform. The carrying value at year-end 2022 is £741,735.

11 Tangible fixed assets

	Leasehold land and buildings £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2022	-	-	149,053	149,053
Additions	151,887	63,568	54,191	269,646
At 31 December 2022	151,887	63,568	203,244	418,699
Depreciation and impairment				
At 1 January 2022	-	-	53,331	53,331
Depreciation charged in the year	12,861	3,335	56,938	73,134
At 31 December 2022	12,861	3,335	110,269	126,465
Carrying amount				
At 31 December 2022	139,026	60,233	92,975	292,234
At 31 December 2021	-	-	95,722	95,722

12 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	13	43,850,176	43,850,176

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Consultant Connect Limited	One St Aldates, St. Aldates, Oxford, England, OX1 1DE	Ordinary Shares	100.00

TELADOC HEALTH UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Debtors		2022	2021
		£	£
Amounts falling due within one year:			
Trade debtors		704,841	460,554
Corporation tax recoverable		119,987	119,987
Amounts owed by group undertakings		4,966,844	1,546,113
Other debtors		28,511	245
Prepayments and accrued income		3,602,460	3,397,215
		<u>9,422,643</u>	<u>5,524,114</u>
15 Creditors: amounts falling due within one year		2022	2021
		£	£
Trade creditors		60,321	132,412
Amounts owed to group undertakings		6,001,783	2,902,367
Corporation tax		16,896	-
Other taxation and social security		5,089	2,084
Other creditors		1,936,466	1,693,130
Accruals and deferred income		918,538	2,153,230
		<u>8,939,093</u>	<u>6,883,223</u>
16 Creditors: amounts falling due after more than one year		2022	2021
	Notes	£	£
Other borrowings	17	<u>42,919,754</u>	<u>41,319,662</u>
17 Loans and overdrafts		2022	2021
		£	£
Loans from group undertakings		<u>42,919,754</u>	<u>41,319,662</u>
Payable after one year		<u>42,919,754</u>	<u>41,319,662</u>

TELADOC HEALTH UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	38,302	18,187
	<u>38,302</u>	<u>18,187</u>
Movements in the year:		2022 £
Liability at 1 January 2022		18,187
Charge to profit or loss		20,115
Liability at 31 December 2022		<u>38,302</u>

The deferred tax liability set out above is expected to reverse within [12 months] and relates to accelerated capital allowances that are expected to mature within the same period.

19 Deferred income

	2022 £	2021 £
Other deferred income	6,253	4,500
	<u>6,253</u>	<u>4,500</u>

20 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	369,013	306,183
	<u>369,013</u>	<u>306,183</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share-based payment transactions

Group share-based payments

The company also participates in a group share based payment plan, and recognises and measures its share based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The allocation is based on the number of employees benefiting from the share based payment plan employed by each group entity.

TELADOC HEALTH UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

22 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	1	1	1	1

23 Profit and loss reserves

	2022 £	2021 £
At the beginning of the year	3,055,985	2,264,915
Profit for the year	916,617	791,070
At the end of the year	3,972,602	3,055,985

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	87,670	21,734
Between two and five years	301,512	-
	389,182	21,734

25 Related party transactions

The company was under the control of the four directors. They did not have any beneficial interest in the share capital of the company.

Sales included intercompany recharges of £3,527,131 (2021: £3,050,664), with Teladoc Health International, the immediate parent.

26 Ultimate controlling party

Teladoc Health Inc, a company registered and situated in the USA, is the ultimate parent company by virtue of its 100% effective interest in the issued share capital of Best Doctors Holdings Inc, a company registered and situated in the US. Best Doctors Holdings Inc owns 100% of BD11; BD11 owns 100% of BDS; BDS owns 100% of Teladoc Health UK Ltd, BDPT and BDAUS.