Spire Healthcare reports its results for the six months ended 30 June 2024

London, UK, 12 September 2024, Spire Healthcare Group plc (LSE: SPI) ('Spire Healthcare', 'the Group' or 'the Company'), a leading independent healthcare group in the United Kingdom, today announces its interim results for the six months ended 30 June 2024 ('the period' or 'H1 24').

Strong financial performance and delivery of our strategy in H1

Summary and Outlook

Spire Healthcare Group delivered a strong financial performance in the first half of FY24, improving both earnings and returns. This performance was driven by continued growth in private revenue, increasing support for the NHS and improving margin in hospitals. The Group remains on track to deliver the planned savings, efficiencies and digitalisation initiatives set out at the Capital Markets Event last April and maintains a positive outlook for FY25.

Management confirms its FY24 guidance for Adjusted EBITDA to be in the previously stated range (£255-275m).

Justin Ash, Chief Executive Officer of Spire Healthcare, said:

"These are strong results that demonstrate our strategy as an expanded group is delivering.

"Our private revenue grew in H1, driven by strong growth in private medical insurance (PMI) which has seen a resurgence amongst working-age people. Patients are also increasingly switching between self-pay and PMI.

"Our work with the NHS also increased in the first half, partly due to higher commissioning, increased complexity and patients exercising the right to choose where they receive treatment. Spire stands ready to work with the new government to help address NHS waiting lists.

"Our investment in mental health and physiotherapy has also seen good growth, and we are confident this will continue. Vita plays a vital role in helping people live healthier lives and get back to work.

"I am also pleased to report that our savings programme remains on track and we are maintaining our safe and high quality care. We look forward to building on the Group's performance in the first half and we are entering the second half confident of further progress."

Financial and operating highlights

H1 24 represents the first six months of the integrated Group comprising the Hospitals Business and New Services.

Strong revenue and earnings performance [1]

Group:
- Revenue growth of 12.7% vs H1 23 to £762.5m, of which 5.4% relates to Hospitals Business [2] on a Comparable Basis [1] with the balance from New Services [2]
- Adjusted EBITDA up 10.8% vs H1 23 to £130.6m; Adjusted EBIT up 11.7% vs H1 23 to £75.7m
- Adjusted profit before taxation increased by 20.2% vs H1 23 to £26.8m
- Profit before taxation up 11.8% vs H1 23 to £22.7m
- Net bank debt on 30 June 2024 of £323.4m; increase from £248.5m on 30 June 2023 linked to the acquisition of Vita Health Group (VHG)
- Net bank debt / EBITDA covenant ratio of 2.1x on 30 June 2024 (2.2x at the end of FY23 and 2.1x on 30 June 2023)

Hospitals Business:
- Overall revenue up 5.4% on a Comparable Basis vs H1 23
- Private revenue grew by 5.1% vs H1 23, with PMI revenue up 9.7% on the back of strong demand and Self-pay (SP) revenue down 3.0%
- NHS revenue increased by 5.2%
- Average revenue per case (ARPC) increased by 4.7% to £3,495; admissions of 140,657 during H1 24 were flat YOY on a Comparable Basis
- Adjusted EBITDA rose by 6.6% vs H1 23 to £126.3m; Adjusted EBIT up 6.9% vs H1 23 to £73.2m

New Services:
- Revenue of £59.7m (H1 23: £6.7m) and Adjusted EBITDA of £4.3m (H1 23: £0.6m loss)
- Vita revenue £53.0m (LFL[3] H1 23: £41.2m) and Adjusted EBITDA £5.1m (LFL H1 23: £3.5m)

Good progress against our strategy

- 98% of inspected hospitals and clinics currently rated 'Good' or 'Outstanding' by the CQC or equivalent in Scotland and Wales (end FY23: 98%)
- 97% of inpatient and daycase patients rating overall experiences as 'Good' or 'Very Good', up 1ppt vs prior year
- Cost savings programme on track to deliver at least £15m cost savings in 2024
- Employee Reward Framework finalised, due to launch later in 2024
- £51.5m capex investment [9] in facilities and equipment (H1 23: £31.0m)
- Active management of portfolio with sale of Tunbridge Wells hospital

Summary Group results for the six months ended 30 June 2024

(£ million)	Six months ended 30 June (Unaudited) 2024	2023	Variance
Revenue	**762.5**	676.5	**12.7%**
Adjusted operating profit (Adjusted EBIT)	**75.7**	67.8	**11.7%**
Adjusting items	**(4.1)**	(2.0)	NM[4]
Operating profit (EBIT)	**71.6**	65.8	**8.8%**
Profit before taxation	**22.7**	20.3	11.8%
Profit after taxation	**14.1**	12.7	11.0%
Basic earnings per share, pence	**3.3**	3.1	6.5%
Adjusted basic earnings per share, pence [5]	**4.7**	3.4	38.2%
Adjusted EBITDA [6]	**130.6**	117.9	**10.8%**
Adjusted profit before tax	**26.8**	22.3	20.2%
Adjusted profit after tax	**19.6**	14.2	38.0%
Adjusted FCF [7]	**18.6**	24.0	(22.5%)
Net bank debt [8]	**323.4**	248.5	**30.1%**
Net bank debt / EBITDA covenant ratio	**2.1**	2.1	**–**

1. On 31 March, the Group sold the business operations and assets of Spire Tunbridge Wells to the local NHS Trust. Therefore, where meaningful we have presented certain financial information on a 'Comparable Basis' where we have adjusted for the year-on-year (YOY) impact of Tunbridge Wells.
2. The Hospitals Business relates to business operations performed at hospital sites. All other Group operations are referred to as 'New Services' and include the Doctors Clinic Group (DCG), Vita Health Group (VHG) and the clinics (community facilities that offer a range of diagnostics and treatment that do not require an overnight stay). Unless otherwise stated, all metrics are on a Group basis. Refer to page 8 for alternative performance measures and segmental analysis.
3. Like for like (LFL) numbers are provided for H1 23 which is the pre-acquisition performance of VHG which was acquired in October 2023
4. Not meaningful
5. Adjusted basic earnings per share is stated before the effects of Adjusting items.
6. Adjusted EBITDA is calculated as Operating profit, adjusted to add back depreciation, amortisation, and Adjusting items, referred to hereafter as 'Adjusted EBITDA' refer to page 9. For EBITDA for covenant purposes, refer to note 18.
7. 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.
8. Net bank debt is defined as bank borrowings less cash and cash equivalents.
9. Capital investment includes capital spend on property, plant and equipment. Refer to note 14.

For further information please contact:

Spire Healthcare **+44 (0)20 7427 9000**
Angus Prentice – Director of Investor Relations

Instinctif Partners **+44 (0)20 7457 2020**
Julian Walker
Guy Scarborough

Registered Office and Head Office:

Spire Healthcare Group plc
3 Dorset Rise
London
EC4Y 8EN

Registered number 09084066

About Spire Healthcare

Spire Healthcare is the largest independent healthcare provider in the United Kingdom, running 39 hospitals and over 50 clinics, medical centres and consulting rooms across England, Wales and Scotland. It operates a network of private GPs and provides occupational health services to over 800 corporate clients. It also delivers a range of private and NHS mental health, musculoskeletal and dermatological services under the Vita Health Group brand.

Working in partnership with over 8,600 experienced consultants, Spire Healthcare delivered tailored, personalised care to over 1 million inpatients, outpatients and day case patients, and occupational health programme clients, in 2023. It is the leading private provider, by volume, of knee and hip operations in the United Kingdom as well as being the largest independent provider of mental health talking therapies to the NHS. Spire Healthcare's well-located and scalable hospitals have delivered successful and award-winning outcomes, positioning the group well with patients, consultants, the NHS, GPs and Private Medical Insurance ('PMI') providers. 98% of Spire Healthcare's inspected locations are rated 'Good', 'Outstanding' or the equivalent by health inspectors in England, Wales and Scotland. In a recent Newsweek global survey, Spire was voted the third most trusted healthcare provider in the world from a panel of over 70,000 people.

Spire Healthcare is listed on the London Stock Exchange and is a member of the FTSE 250.

Cautionary statement

This announcement contains 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 announcement, 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 announcement 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, risks arising out of health crises and pandemics, changes in tax rates, future business combinations or dispositions, 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 in this announcement 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 this announcement.

The group is providing the information in this announcement 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.

Analyst and investor meeting

There will be an analyst and investor meeting today at 9.00 am. Please register in advance for the live webcast of the meeting through the following link:

https://spirehealthcare.zoom.us/webinar/register/WN_lnWbJHGcQs2BHYE8b9lcTA

The webcast will be available for replay following the presentation through the Company's investor website:

https://investors.spirehealthcare.com/home/

Operating review

Group: Strong profit growth in hospitals and new services

Spire Healthcare delivered a strong financial and operational performance in the first half of 2024, in line with the Group's expectations. The Group saw strong demand for private and NHS healthcare, underpinning its confidence in continued growth in 2024 and beyond.

Earnings growth was driven by increased revenue – up 12.7% to £762.5m (H1 23: £676.5m), including 5.4% from the Hospital Business on a Comparable Basis, with the balance from New Services. Earnings also benefited from progress made in our ongoing efficiency programme which is targeting at least £15m of cost saving in 2024, with most crystallising in H2.

Adjusted EBITDA rose by 10.8% to £130.6m and Adjusted EBIT rose 11.7% to £75.7m. Adjusted profit before tax for the period was £26.8m (H1 23: £22.3m). After Adjusting items (see note 10) totalling £4.1m (H1 23: £2.0m), statutory profit before tax for the period was £22.7m, up 11.8% on the £20.3m recorded in H1 23. Statutory profit after tax increased by 11.0% to £14.1m (H1 23: £12.7m).

Hospitals Business: Increased profit and revenue growth and improved margins

The Hospitals Business remains Spire Healthcare's core business activity. Performance during the first half of the year was strong.

Revenue and adjusted earnings for the first six months were ahead of prior year. Overall, hospital revenue grew by 5.4% vs H1 23 on a Comparable Basis (up 4.9% vs H1 23 to £702.8m as reported). This was underpinned by increased average revenue per case (ARPC). Adjusted EBITDA rose by 6.6% to £126.3m and Adjusted EBIT rose 6.9% to £73.2m. Driving hospital margin expansion is a core medium-term financial target. Margins grew with an Adjusted EBITDA margin of 18.0% (H1 23: 17.7%) and Adjusted EBIT margin of 10.4% (H1 23: 10.2%). Following a record 2023, admissions were sustained during the first six months of 2024 and in part reflects our strategy to drive ARPC, by reducing the volume of lower margin treatments, including ophthalmology and cosmetics, in favour of higher complexity work.

Activity in the period was broadly unchanged compared to prior year, with admissions and outpatient (OP) procedures of 225,659 (H1 23: 222,802), including admissions of 140,657 (H1 23: 141,347). On a Comparable Basis, admissions were flat YOY. The average revenue per case (ARPC) rose by 4.7% to £3,495 during H1 24.

Private revenue was ahead by 5.1% vs H1 23 and represented 72.5% (H1 23: 72.4%) of total hospital revenue. This is in line with our target range of 70-80%. ARPC for the Group's private business of £3,489 represents an average weighted increase of 5.2%.

PMI revenue grew by 9.7% vs H1 23 to £336.4m. Volumes of PMI patients, including admissions and outpatient procedures, were up 5.8% vs H1 23. This YOY growth is encouraging and reflects an increase in referrals and the reported ongoing growth of the medical insurance market, with more corporate and private policies, which we have seen continue into H2 24. The increased volume seen in H1 24 included a slightly higher proportion of daycase than inpatient treatments. Our contracts with PMI providers generally allow for price adjustments in Q1 / Q2 and contain mechanisms linked to inflation, as well as pricing incentives to capture increased patient flow from insurance partners. Compared to H1 23, PMI ARPC was up 4.2% to £2,992.

SP revenue declined by 3% YOY driven by competitiveness and some patients of working age switching from SP to PMI. ARPC increased 7.5% to £4,618.

NHS revenue grew by 5.2% to £179.3m in the first six months of this year compared to last year, with increasing referrals through the electronic referral system (eRS). Overall NHS volumes, including admissions and outpatient procedures, were up 1.3% YOY and NHS ARPC up 6.4% to £3,509 in H1. NHS tariff for 2024-25 was released and went live on 1 April 2024, resulting in a net 0.6% uplift to prices.

Cost-saving initiatives under our on-going efficiency programme which were completed or progressed during the period include Purchase to Pay (P2P) roll-out, offering procurement benefits and improvement in administrative processes; and the Brentwood Patient Administration centre supporting five hospital locations.

Spire Healthcare completed the sale of Spire Tunbridge Wells to the Maidstone and Tunbridge Wells NHS Trust ('the Trust') at the end of March 2024 for a consideration of £9.975m. Since the sale, Spire Healthcare has continued to run the hospital operations on behalf of the Trust. During the period, the Group reached an agreement with the NHS to support the Sussex Health system, helping to reduce their list of long waiter NHS patients by providing treatment through a group of Spire hospitals in the south of England.

New Services: On track

At the heart of the Group's New Services business is Vita Health Group (VHG), a market-leading provider of mental and physical health services in the UK, which it acquired in H2 23. VHG delivered revenue of £53.0m during H1 24, Adjusted EBITDA of £5.1m and Adjusted EBIT of £3.4m. VHG was successful in retaining key contracts during H1 24 and performed in line with our expectations. It remains on track to deliver c.£10m EBITDA for the full year.

Revenue and Adjusted EBITDA from remaining New Services businesses outside of VHG is immaterial. As a whole, the Group's New Services segment delivered revenue of £59.7m (H1 23: £6.7m) and Adjusted EBITDA of £4.3m (H1 23: £0.6m loss) in the first six months. Adjusted EBITDA margin was 7.2% for the period and Adjusted EBIT margin 4.2%.

The other principal businesses within New Services are Spire Occupational Health (Spire OH) and London Doctors Clinic (LDC), which offers private GP services in Greater London. Both businesses performed in line with plan. The integration of VHG, Spire OH and LDC with the Hospitals Business continued to plan, and we are starting to see synergies with downstream revenue.

The Group has previously disclosed plans to target 10 new medical clinics to meet the growing healthcare needs in our communities. We opened the first clinic at Abergele, North Wales earlier this year and performance is on track. Work to open a second clinic at Harrogate is well underway and we aim to open the doors to patients later this year.

Building on quality

Delivery of safe, high-quality patient care is embedded in Spire Healthcare's purpose, culture and operations. Patient safety is a 24/7 commitment and core to the work of all colleagues, clinical and non-clinical.

98% of our inspected hospitals and clinics are currently rated 'Good' or 'Outstanding' by the CQC or the equivalent in Scotland and Wales. We are awaiting re-inspection of Spire Alexandra, our one remaining site which has a 'Requires Improvement' rating, which has not been inspected since 2016/17. In H1 24, 97% of patients rated their overall care as 'very good' or 'good', a further improvement on the 96% recorded in 2023.

Investing in our workforce

Successfully recruiting and retaining staff is critical particularly given the ongoing shortage of skilled healthcare staff in the UK and international market. As a healthcare service provider, Spire Healthcare recognises and values the hard work and dedication of all its colleagues, and continues to invest heavily in its workforce in line with the Group's strategy. Towards the end of the period, we announced this year's annual salary review. Most permanent colleagues have been awarded an above-inflation pay increase of 2.75% from 1 September 2024 with a c.5% increase for the lowest paid.

The Group's reward strategy is in progress, ahead of the launch of its Reward Framework later this year. The framework will help to provide visibility of progression opportunities as well as to provide a structure for remuneration.

For the first time, we are now fully staffed at almost all sites in line with the Group's establishment models with colleague vacancies at a record low. Colleague turnover is at its lowest level for many years. In the most recent 12 months, clinical staff turnover was 12.7%, down from 16.3% this time last year. This is enabling us to further reduce spend on agency staff, down 39% year on year.

Strong cash generation, continued capital investment, net debt and return on capital

The cash generated from operations during the first half of 2024 was £112.0m (H1 23: £96.6m). After accounting for Adjusting items, the Adjusted operating cash flows were £115.5m (H1 23: £99.5m), or a cash conversion rate of 88.4% from £130.6m Adjusted EBITDA (H1 23: 84.4% conversion of £117.9m Adjusted EBITDA).

Capital investment in the period was £51.5m (H1 23: £31.0m), in line with the Company's full-year target range of 6-7% of revenue. Capital investments during the period included the building and fitting out of Spire Healthcare Abergele Clinic, a minor operations unit at Spire Claremont, and refurbishment works at Spire Portsmouth and Spire Washington.

Net bank debt at 30 June 2024 was £323.4m (31 December 2023: £315.7m), with a cash balance of £43.0m (31 December 2023: £49.6m) . The Group entered an interest rate hedge in July 2022, resulting in 75% of the risk from the senior loan facility being mitigated until April 2024, after which 50% is hedged until February 2026.

The Group's leverage ratio continued to reduce, resulting in a net debt / EBITDA covenant ratio of 2.1x at 30 June 2024 (from 2.2x at the end of FY23).

Improving the Group's return on capital employed (ROCE) remains a key focus; we are targeting at least 10% return over the medium term. On a last 12 months (LTM) basis, ROCE in H1 24 was 7.6%, up from 6.6% in H1 23 and 7.5% in FY23.

Financial review

Selected financial information

Six months ended 30 June (Unaudited)

(£ million)	2024 Total before Adjusting items	2024 Adjusting items (note 10)	2024 Total	2023 Total before Adjusting items	2023 Adjusting items (note 10)	2023 Total
Revenue	762.5	–	762.5	676.5	–	676.5
Cost of sales	(416.4)	–	(416.4)	(362.3)	–	(362.3)
Gross profit	346.1	–	346.1	314.2	–	314.2
Other operating costs	(273.2)	(8.8)	(282.0)	(247.5)	(2.0)	(249.5)
Other income	2.8	4.7	7.5	1.1	–	1.1
Operating profit (EBIT)	75.7	(4.1)	71.6	67.8	(2.0)	65.8
Finance income	0.4	–	0.4	–	–	–
Finance costs	(49.3)	–	(49.3)	(45.5)	–	(45.5)
Profit before taxation	26.8	(4.1)	22.7	22.3	(2.0)	20.3
Taxation	(7.2)	(1.4)	(8.6)	(8.1)	0.5	(7.6)
Profit for the period	19.6	(5.5)	14.1	14.2	(1.5)	12.7
Adjusted EBITDA (6)			130.6			117.9
Basic earnings per share, pence			3.3			3.1
Adjusted FCF(7)			18.6			24.0
Net cash from operating activities			112.0			96.6
Net bank debt (8)			323.4			248.5

1. On 31 March, the Group sold the business operations and assets of Spire Tunbridge Wells to the local NHS Trust. Therefore, where meaningful we have presented certain financial information on a 'Comparable Basis' where we have adjusted for the year-on-year (YOY) impact of Tunbridge Wells.
2. The Hospitals Business relates to business operations performed at hospital sites. All other Group operations are referred to as 'New Services' and include the Doctors Clinic Group (DCG), Vita Health Group (VHG) and the clinics (community facilities that offer a range of diagnostics and treatment that do not require an overnight stay). Unless otherwise stated, all metrics are on a Group basis. Refer to page 8 for alternative performance measures and segmental analysis.
3. Like for like (LFL) numbers are provided for H1 23 which is the pre-acquisition performance of VHG which was acquired in October 2023
4. Not meaningful
5. Adjusted basic earnings per share is stated before the effects of Adjusting items.
6. Adjusted EBITDA is calculated as Operating profit, adjusted to add back depreciation, amortisation, and Adjusting items, referred to hereafter as 'Adjusted EBITDA' refer to page 9. For EBITDA for covenant purposes, refer to note 18.
7. 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.
8. Net bank debt is defined as bank borrowings less cash and cash equivalents.
9. Capital investment includes capital spend on property, plant and equipment. Refer to note 14.

Revenue

Group revenues increased by 12.7% to £762.5m (H1 23: £676.5m). Hospitals Business revenue has increased by 4.9% (5.4% on a Comparable Basis(1)) to £702.8m (H1 23: £669.8m), the increase is due to the ongoing growth in private medical insurance (PMI) offset by the decline in self-pay driven by competitiveness and some patients of working age switching from SP to PMI. Overall revenue growth is underpinned by increased average revenue per case (APRC) for all payor groups. Revenue for New Services is £59.7m (H1 23: £6.7m) with the majority of this from Vita Health Group (VHG) which was acquired in October 2023.

Revenue by location and payor

Six months ended 30 June (Unaudited)

(£ million)	2024 Hospitals Business	2024 New Services	2024 Total	2023 Hospitals Business	2023 New Services	2023 Total	Variance % Hospitals Business	Variance % New Services	Variance % Total
Total revenue	702.8	59.7	762.5	669.8	6.7	676.5	4.9%	NM*	12.7%
Of which:									
Inpatient	279.3	–	279.3	272.7	–	272.7	2.4%	NM*	2.4%
Day case	212.3	0.1	212.4	199.0	–	199.0	6.7%	NM*	6.7%
Out-patient	197.2	59.5	256.7	183.8	6.7	190.5	7.3%	NM*	34.8%
Other	14.0	0.1	14.1	14.3	–	14.3	(2.1%)	NM*	(1.4%)
Total revenue	702.8	59.7	762.5	669.8	6.7	676.5	4.9%	NM*	12.7%

* Not meaningful due to the VHG acquisition in October 2023.

(£ million)	2024 Hospitals Business	2024 New Services	2024 Total	2023 Hospitals Business	2023 New Services	2023 Total	Variance % Hospitals Business	Variance % New Services	Variance % Total
	Six months ended 30 June (Unaudited)								
Of which:									
PMI	**336.4**	**0.7**	**337.1**	306.6	0.3	306.9	**9.7%**	**NM***	**9.8%**
Self-pay	**173.1**	**3.9**	**177.0**	178.4	4.0	182.4	**(3.0%)**	**NM***	**(3.0%)**
Total Private	**509.5**	**4.6**	**514.1**	485.0	4.3	489.3	**5.1%**	**NM***	**5.1%**
Total NHS	**179.3**	**44.5**	**223.8**	170.5	–	170.5	**5.2%**	**NM***	**31.3%**
Other	**14.0**	**10.6**	**24.6**	14.3	2.4	16.7	**(2.1%)**	**NM***	**47.3%**
Total revenue	**702.8**	**59.7**	**762.5**	669.8	6.7	676.5	**4.9%**	**NM***	**12.7%**

* Not meaningful due to the VHG acquisition in October 2023.

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

(£ million)	2024 Hospitals Business adjusted for the effect of Tunbridge wells hospital	2024 Tunbridge Wells hospital	2024 Hospitals Business	2023 Hospitals Business adjusted for the effect of Tunbridge Wells hospital	2023 Tunbridge Wells hospital	2023 Hospitals Business	Variance % Hospitals Business adjusted for the effect of Tunbridge wells hospital	Variance % Tunbridge Wells hospital	Variance % Hospitals Business
	Six months ended 30 June (Unaudited)								
Total Revenue	**699.1**	**3.7**	**702.8**	663.4	6.4	669.8	**5.4%**	**NM***	**4.9%**

* Not meaningful due to period of trading for Tunbridge Wells hospital in H1 2024 being 3 months vs 6 months in 2023

Cost of sales and gross profit

Group cost of sales increased in the period by £54.1m, or 14.9% to £416.4m (H1 23: £362.3m) on revenues that increased by 12.7% with the majority of the increase due to the VHG acquisition in October 2023. For the Hospital Business cost of sales increased by 4.9% to £376.8m (H1 23: £359.3m). Gross margin for the Hospitals Business for the first six months is 46.4% in line with H1 23.

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

	2024 £m	2024 % of Group revenue	2023 £m	2023 % of Group revenue
	Six months ended 30 June (Unaudited)			
Clinical staff	**188.2**	24.7%	**144.9**	21.4%
Direct costs	**164.5**	21.6%	**157.5**	23.3%
Medical fees	**63.7**	8.4%	**59.9**	8.9%
Cost of sales	**416.4**	54.6%	**362.3**	53.6%
Gross profit	**346.1**	45.4%	**314.2**	46.4%

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

(£ million)	Hospitals Business 2024	% of Hospitals Business revenue	2023	% of Hospitals Business revenue	New Services 2024	% of New Services revenue	2023	% of New Services revenue
	Six months ended 30 June (Unaudited)							
Clinical staff	**151.1**	21.5%	**142.8**	21.3%	**37.1**	62.1%	**2.1**	31.3%
Direct costs	**162.7**	23.2%	**157.3**	23.5%	**1.8**	3.0%	**0.2**	3.0%
Medical fees	**63.0**	9.0%	**59.2**	8.8%	**0.7**	1.2%	**0.7**	10.4%
Cost of sales	**376.8**	53.6%	**359.3**	53.6%	**39.6**	66.3%	**3.0**	44.8%
Gross profit	**326.0**	46.4%	**310.5**	46.4%	**20.1**	33.7%	**3.7**	55.2%

Other operating costs

Excluding Adjusting items other operating costs for the six months ended 30 June 2024 increased by £25.7m or 10.4% versus H1 23 to £273.2m.

Operating margin for the six months ended 30 June 2024 is 9.4% compared to 9.7% at H1 23. Excluding Adjusting items, operating margin is 9.9%, down from 10.0% at H1 23.

Adjusted EBITDA

Adjusted EBITDA for the Group has increased by 10.8% in the period from £117.9m to £130.6m for H1 2024, of which 6.6% relates to the Hospitals Business, the increase primarily reflects increased PMI and NHS revenue and efficiency gains in the cost base. Additional growth is due to the acquisition of VHG in October 2023 delivering £5.1m EBITDA in H1 2024.

Share-based payments

During the period, grants were made to Executive Directors and members of the executive management team under the Company's Long Term Incentive Plan. For the six months ended 30 June 2024, the charge to the income statement is £2.1m (H1 23: £1.5m), or £2.3m inclusive of National Insurance (H1 23: £1.7m).

Adjusting items

	Six months ended 30 June (Unaudited)	
(£ million)	**2024**	2023
Business reorganisation and restructuring	**1.8**	1.6
Asset acquisitions, disposals, impairment and aborted project costs	**(4.0)**	0.4
Remediation of regulatory compliance or malpractice	**4.6**	–
Hospital set up and closure costs	**0.8**	–
Amortisation on acquired intangible assets	**0.9**	–
Total costs	**4.1**	2.0
Income tax charge / (credit) on Adjusting items	**1.4**	(0.5)
Total post-tax Adjusting items	**5.5**	1.5

Adjusting items comprise those matters where the Directors believe the financial effect should be adjusted for due to their nature or amount, in order to provide a more comparable measure of the Group's underlying performance.

Asset acquisitions, disposals, impairments and aborted projects costs includes a profit of £4.7m relating to the sale of the Group's Tunbridge Wells hospital to Maidstone and Tunbridge Wells NHS Trust ("Trust") for £9.975m. Refer to disposal note 27 for more details. In addition, there is £0.7m of integration and other acquisition costs relating to the VHG acquisition. Costs in the prior year mainly comprise costs in respect of Doctors Clinic Group with costs incurred to integrate the Group into the Spire 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 £1.5m (H1 23: £1.6m) have been incurred in the period, bringing costs to date of £9.3m. 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. £0.2m has been incurred in respect of restructuring costs relating to the Doctors Clinic Group.

Remediation of regulatory compliance or malpractice costs of £4.6m (December 2023: £2.5m) relate to an increase in the provision established by Spire Healthcare in respect of implementing the recommendations of the Public Inquiry including a detailed patient review and support for patients of Paterson. The project is complex and the process for review and settlement 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 at this point. The variables include the number of patients which are found to have been harmed following review, the level of harm, and the associated compensation claim, as well as the time to review each case can vary significantly. This provision remains subject to ongoing review.

Hospital 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. The set up for Harrogate is still on going and is expected to continue into H2.

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

Finance costs

Finance costs have increased by £3.8m to £49.3m (H1 23: £45.5m). Mainly due to interest on the revolving credit facility which was drawn down in October 2023 to fund the acquisition of VHG.

Taxation

The taxation charge for the six months ended 30 June 2024 is calculated using an estimate of the effective annual rate of tax ("AETR") for the full year, being c. 29%. This has been applied to the pre-tax profits for the six months ended 30 June 2024, resulting in a charge of £6.6m. The Group has separately calculated the tax rates applicable in respect of discrete items, including exercising of share-based payments and the sale of the Tunbridge Wells hospital in the period, and adjustments in result of previous periods. These items result in a further charge of £2.0m. The total charge for H1 24 is £8.6m (H1 23: £7.6m charge). The charge is a non-cash movement and is caused by timing differences mainly due to the difference in the tax base versus the accounting base for assets.

Profit after taxation

The profit after taxation for the six months ended 30 June 2024 was £14.1m (H1 23: £12.7m). Adjusted profit after taxation for the six months ended 30 June 2024 was £19.6m (H1 23: £14.2m).

Non-GAAP financial measures

We have provided below financial information that has not been prepared in accordance with IFRS. We use these non-GAAP 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 non-GAAP 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 non-GAAP financial measures to investors.

Non-GAAP 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 non-GAAP financial measures to their most directly comparable IFRS financial measures provided in the financial statements table in the press release.

The following information includes references to adjusted financial information. This has been produced for illustrative purposes and does not represent the Group's actual statutory earnings.

Adjusted EBITDA

	Six months ended 30 June (Unaudited)								
(£ million)	**2024**			2023			**Variance %**		
	Hospitals Business	**New Services**	**Total**	Hospitals Business	New Services	Total	**Hospitals Business**	**New Services**	**Total**
Operating profit	**70.3**	**1.3**	**71.6**	66.5	(0.7)	65.8	**5.7%**	**NM***	**8.8%**
Remove effects of:									
Adjusting items	**2.9**	**1.2**	**4.1**	2.0	–	2.0	**45.0%**	**NM***	**105.0%**
Depreciation	**53.1**	**0.3**	**53.4**	50.0	0.1	50.1	**6.2%**	**NM***	**6.6%**
Amortisation#	**–**	**1.5**	**1.5**	–	–	–	**NM***	**NM***	**NM***
Adjusted EBITDA	**126.3**	**4.3**	**130.6**	118.5	(0.6)	117.9	**6.6%**	**NM***	**10.8%**

Amortisation of £0.9m is included in Adjusting items
* Not meaningful due to the VHG acquisition in October 2023.

Adjusted EBIT

	Six months ended 30 June (Unaudited)								
(£ million)	**2024**			2023			**Variance %**		
	Hospitals Business	**New Services**	**Total**	Hospitals Business	New Services	Total	**Hospitals Business**	**New Services**	**Total**
Operating profit	**70.3**	**1.3**	**71.6**	66.5	(0.7)	65.8	**5.7%**	**NM***	**8.8%**
Remove effects of:									
Adjusting items	**2.9**	**1.2**	**4.1**	2.0	–	2.0	**45.0%**	**NM***	**105.0%**
Adjusted EBIT	**73.2**	**2.5**	**75.7**	68.5	(0.7)	67.8	**6.9%**	**NM***	**11.7%**

* Not meaningful due to the VHG acquisition in October 2023.

Adjusted profit after tax and adjusted earnings per share

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

	Six months ended 30 June (Unaudited)	
(£ million)	**2024**	2023
Profit before tax	**22.7**	20.3
Remove effects of:		
Adjusting items	**4.1**	2.0
Adjusted profit before tax	**26.8**	22.3
Taxation	**(7.2)**	(8.1)
Adjusted profit after tax	**19.6**	14.2
Adjusted profit after tax attributable to owners of the Parent	**18.9**	13.9
Weighted average number of ordinary shares in issue (No.)	**403,661,641**	403,771,475
Adjusted basic earnings per share (pence)	**4.7**	3.4

Adjusted Free Cash flow

	Six months ended 30 June (Unaudited)	
(£m)	**2024**	2023
Adjusted EBITDA	**130.6**	117.9
Less: Rental payments	**(48.2)**	(47.4)
Less: Cash flow for the purchase of property, plant and equipment	**(51.5)**	(31.0)
Less: Working capital movement	**(14.9)**	(19.2)
Add: Adjustments for non-recurring items	**2.6**	3.7
Adjusted Free Cash Flow (FCF)	**18.6**	24.0

Cash flow analysis for the period

(£ million)	Six months ended 30 June (Unaudited) 2024	2023
Opening cash balance	**49.6**	74.2
Adjusted operating cash flows	**115.5**	99.5
Adjusting items	**(3.5)**	(2.9)
Income tax received	**–**	–
Operating cash flows	**112.0**	96.6
Net cash in investing activities	**(43.2)**	(33.3)
Net cash in financing activities	**(75.4)**	(61.8)
Closing cash balance	**43.0**	75.7

Operating cash flows before Adjusting items

The cash inflow from operating activities was £112.0m. After adjusting for cash from Adjusting items, the Adjusted operating cash flows were £115.5m, which constitutes a cash conversion rate from £130.6m Adjusted EBITDA of 88.4% (H1 23: 84.4% conversion of £117.9m Adjusted EBITDA). The net cash outflow from movements in working capital in the period was £14.9m (H1 23: £19.2m outflow).

Investing and financing cash flows

Net cash used in investing activities for the period was £43.2m (H1 23: £33.3m). Cash outflow for the purchase of Plant, Property and Equipment in the period totalled £51.5m (H1 23: £31.0m). Capital investments during the period included the building and fitting out of Spire Healthcare Abergele Clinic, a minor operations unit at Spire Claremont, and refurbishment works at Spire Portsmouth and Spire Washington.

Net cash used in financing activities for the period was £75.4m (H1 23: £61.8m). Cash outflows include £3.1m for the buyback of shares to settle share awards, a final dividend payment of £8.5m, lease and bank interest paid of £48.2m (H1 23: £45.6m) and lease principal payments of £10.6m (H1 23: £11.1m).

Borrowings

At 30 June 2024, the Group has bank borrowings of £366.4m (December 2023: £365.3m), drawn under facilities which are due to mature in February 2027.

(£ million)	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Cash	**43.0**	49.6
Bank borrowings	**366.4**	365.3
Bank borrowings less cash and cash equivalents	**323.4**	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 30 June 2024 the leverage measure stood at 2.1x and interest cover of 8.0x.

As at 30 June 2024 lease liabilities were £885.8m (December 2023: £891.7m). Refer to note 19 for more detail.

Dividend

The Board will not be proposing an interim dividend. A final dividend for the year ended 31 December 2023 of 2.1 pence was declared and £8.5m was paid to shareholders on 21 June 2024.

Related party transactions

Other than as disclosed in note 23 there were no significant related party transactions during the period under review.

Principal Risks

In our 2023 annual report and accounts we set out our principal risks on pages 64 to 74. Since the publication of the 2023 annual report and accounts for the purposes of clarity we have:

- sub-divided the principal risk 'information governance and security' into its constituent parts of information governance and cyber security (see below)
- reclassified the PMI and self-pay market dynamic risks into a private market dynamic risk (see below) and described a separate NHS market dynamic risk that was previously included in government and NHS policy.

In recognition of the scale of the digitalisation programme, we now report a principal risk of organisational transformation.

The mitigations for our principal risks are described below, the full description of our principal risks will be disclosed in our 2024 annual report and accounts. We do not anticipate any material change to our principal risks between now and the 31 December 2024.

Inflation and wage inflation	In response to macro inflationary pressure, we continue to benefit from a range of inflation mechanisms built into the PMI contracts and will benefit from our ability to change self-pay pricing quickly via our pricing engine subject to prevailing market conditions. Our procurement team maintains a constant review of pricing and seeks opportunities to mitigate inflationary increases. We continue to respond to changing economic circumstances by optimising our private and NHS-funded work, ensuring we are not over-reliant on one income source, and supported by an efficient cost base. We responded to wage inflation by announcing to our staff early in 2023 that the 2023 general pay rise will be 5.5% for most staff, and more for those near minimum wage. In 2024, we have announced an above inflation pay award of 2.75% for all colleagues, and c5% for colleagues on the minimum hourly rate.
Private market dynamics	We invest in high quality patient care service to our self-pay and insured patients of our PMI partners. We ensure we have long-term contracts in place with our PMI partners that avoids co-termination of contractual arrangements. We believe that continuing to invest in our well-placed portfolio of hospitals provides a natural fit to the local requirements of all the PMI providers long term. We continue to invest in efficiency programmes to ensure that we can offer the best combination of high-quality patient care at competitive prices. Since 2022, we have deployed national multi-media advertising campaigns highlighting the key benefits of private healthcare to increase our brand awareness. We are strengthening our operational capability with further enhancements to the website (content and functionality) and call centre resilience and training. We have adopted sophisticated pricing capability. We are promoting patient financing as a payment option.
Climate change	Flood risk mitigation includes a continued periodic review of our estate in relation to existing and predicted flood risk zones and investment in improved roofing and drainage where vulnerabilities have been identified. None of our current sites are situated in predicted high risk flood zones or in coastal areas predicted to be at risk from rising sea levels. Extreme ambient temperature risk mitigation includes an informed investment plan for upgrade of failing and vulnerable plant. Design of the replacement and upgrade would account for the predicted increase in ambient temperature profiles expected within the lifespan of the plant eg, 15 years. Further mitigation measures include extreme weather warning protocol and Business Continuity Plans to provide emergency loan HVAC plant. Energy price risk mitigation includes energy efficiency measures to reduce consumption and our energy hedging strategy which has seen all our current energy requirements secured until December 2024.
Cyber security	The data strategy, governance and security committee monitors the risk and mitigations for cyber security. The committee reports into the executive committee with a separate reporting line to the audit and risk committee. To support this governance structure, we have a range of policies and practices, and mandatory staff training covering cyber security. Our IT team have a cyber-security strategy for continuous improvement based on industry standards. It covers the processes from identifying specific risks, to protecting physical and digital data assets through to recovery in the event of a successful cyber-attack. We work with several industry-leading technical partners to provide: • Multiple layers of security controls providing advanced detection and protection capabilities • Regular third-party penetration testing on new and existing IT systems • Red-Teaming Exercises to attempt to access our systems using a variety of real-world techniques • Managed Security Operations Centre (SOC) to monitor, analyse and respond to security threats 24x7

Organisational transformation	We have a range of mitigations in place: • Governance – there is a programme hierarchy of project, programme and steering board committees, which then report into the Executive and Board committees. • Executive accountability - There is dual executive committee representation on all programme boards, with best practice project management processes in place including disciplined stage gate reviews, lessons learnt reviews and comprehensive risk and issue management. • Investment - We are investing in both communication resource and expanding the Information Technology Operating Model to ensure there is adequate resource to support the technical aspects of the change programme. • Being kind - A set of established principles for those effected by organisational change, including offering comprehensive outplacement support and enhanced redundancy packages.
Digitalisation, automation and efficiency	The digital strategy focusses on a 18-24 month planning horizon to improve the predictability of investment and outcomes. This will enable Spire to adjust the priorities and speed of implementation in response to changes in the macro climate and competitive landscape. We will utilise best practice programme governance, supported by third party experts, to deliver change programmes into the business. We will use technology to enable early benefits realisation, for example utilising process automation to release immediate efficiencies and improvements to boost productivity and further fund future investments for digitisation. The digital strategy has built-in focus on innovation and external horizon scanning to ensure we are not behind the curve compared to competitors (current or future).
Brand reputation	Our primary mitigations against damage to our brand reputation is through the good management of our principal risks, in particular: • Clinical quality and governance • Cyber security • Workforce In addition, we continue to: • Invest in the awareness and health of the brand through national advertising, public relations and centrally coordinated social media • Build our reputation and enhance understanding among analysts, public commentators, key stakeholders, public bodies and parliamentarians • Comprehensive crisis communications planning Creating social value supports our brand reputation. We contribute to social value through: • Delivering good quality healthcare to patients who need it the most • Reducing waiting times for NHS patients through increasing capacity • Generating positive social impact for colleagues and communities • Community efforts to support local businesses and charities • Environmental efforts to reduce our impact • The onward value created by our apprenticeship programmes
Workforce	We seek to retain colleagues through: • A common purpose and a positive workplace culture (our employee engagement score provides evidence that this mitigation is effective) • A standardised, fair and competitive pay and reward benefit structure. In 2023, we announced a competitive pay award that provided a 5.5% increase for most colleagues, and extra to bring all colleagues up to the living wage. We will continue to review pay competitiveness in all the sectors in which we operate • Offering greater flexibility in colleagues' roles • Employee development programmes, e.g. a nurse training programme and other apprentice schemes • Continuous investment in our equipment, facilities and services to retain high-quality clinicians In 2023, our risk mitigations have helped to produce a downward trend in colleague churn rates. We seek to recruit colleagues through: • A centralised recruitment process which we brought in-house 2023 • Offering apprenticeship programmes to support the development of clinical and non-clinical teams across the business • Building of local bank colleague pools and using digital solutions to improve access to available shifts • An overseas recruitment capability to secure skilled healthcare workers from outside the EU (in line with World Health Organization protocols to actively recruit in only ‘green’ countries) The group manages immediate colleague shortages using agency and bank workers.
Government policy	We have a proactive strategy to establish and build relationships with new government ministers and advisors in both the health department and other related departments (e.g. Department for Work and Pensions). We seek to build relationships with our local MPs, and have written to newly elected MPs, who cover our physical locations across Great Britain to introduce them to Spire Healthcare and build their understanding of what we do. We are actively engaging with the Independent Healthcare Providers Network (IHPN) to support IHPN’s input into the Darzi review commissioned by the new government.

Major infrastructure failure	All our hospitals have a backup power source provided from diesel powered generators that operates major circuits of a hospital, but some key equipment is not covered, eg, MRI scanners. Battery powered uninterrupted power is provided into specific equipment in theatres to ensure patients remain safe in the event of a generator failure. These backup power sources are designed to keep patients in the hospital safe but are not a complete substitute for mains power. Our national distribution fleet refuel daily at the end of their shifts to ensure resilient operational capability. NHS hospitals are obliged to provide emergency care to everyone but their pressures on ambulance services can and do lead to delays to emergency transfers on rare occasions. Mitigation plans are in place and rehearsed at hospitals. The chief operating officer chairs a regular multi-disciplinary winter planning meeting to co-ordinate response activities to any infrastructure failures.
Clinical quality	We maintain the following core processes to monitor clinical quality: • Quality and safety reporting based on a Quality Assurance Framework with a standard set of KPI's • A schedule of robust and regular internal hospital inspections including the Patient Safety and Quality Reviews, with action plans for improvement that is centrally monitored • A schedule of Excellence in Care meetings with GCD/CN and DoCS to drive assurance and accountability for standards of care • Consistent reporting of clinical outcome and effectiveness measures within the hospital and central meeting governance structures (including medical advisory committee meetings) to ensure that insights and learning are actioned and shared These processes are underpinned by: • A reporting culture of openness and shared learning from ward to board, with a FTSUG at each site • Timely incident reporting via a database with central oversight and development of actions to ensure learning. We utilise the new Patient Safety Incidence Response Framework (PSIRF) introduced in 2024 • Continuous monitoring of patient experience via regular surveys with policies and procedures in place to ensure learning from patient experience feedback (including detractors and complaints) • Standard Operating Procedure for patient notification exercises that includes learning and continuous improvement methodologies Clinical quality processes and controls are governed by the executive's safety, quality and risk committee and the board's clinical governance and safety committee ('CGSC').
Expanding our proposition	We have: • An innovation board bringing together the CEO and executive committee members of the medical, clinical, commercial and finance functions to identify healthcare trends and opportunities to develop new services • A dedicated director of innovation and proposition development sourcing specific opportunities to support the group strategy, leading on development, supported with dedicated IT and project resource • A dedicated director sourcing suitable target acquisitions supported by an expert external financial and tax adviser • A property lead to handle the assessment and acquisition of new physical assets with the support of retained property advisers • Acquisition due diligence processes using appropriate third-party expertise • Board review and approval of acquisitions • Post-acquisition project management and integration processes incorporating learnings from previous acquisitions The acquisition of Vita Health Group has opened new commercial opportunities for us, but importantly also improved our mitigation of this risk.
Information Governance	The data strategy, governance and security committee monitors the risk and mitigations for data governance and cyber security. The committee reports into the executive committee with a separate reporting line to the audit and risk committee. To support this governance structure, we have a range of policies and practices, (e.g. central monitoring of compliance with data subject rights requests, data protection impact assessments and notifications to or from the Information Commissioners Office), and mandatory staff training covering data governance.
NHS market dynamics	We apply a disciplined approach to what procedures we will undertake for the NHS to optimise the balance of resource utilisation and margin contribution. We maintain diversification of revenue streams with self-pay, PMI patients and new business streams. We continue to invest in the capital base of our hospitals to provide services needed by the NHS (e.g. diagnostics). We continue to invest in efficiency programmes to ensure that we can offer the best combination of high-quality patient care with acceptable margins at NHS tariff prices. We have strong relationships with the Integrated Care Systems (ICSs) and signed contracts with all ICSs. Vita Health Group's acquisition in 2023 gave us a new opportunity to participate in the NHS tender market.
Supply chain disruption	We run a centralised supply chain with a national distribution centre (NDC) and its own vehicle and driver fleet. Medical consumables are held at the NDC with an average of six weeks' supply, medicines and prostheses are being held at hospital sites. We must respond to product shortages and global recalls consistently, and we have seen some minor shortfalls in order fulfilment. In all cases, our centralised procurement function has been able, with the support of a permanent presence from the Clinical team, to find alternative supplies to maintain hospitals' activities.

	Fresh food is supplied through a national food distributor who has its own delivery fleet and directly employs its HGV drivers. Order fulfilment has remained in the high ninety percentile. We have contingency menu plans in case of fresh food shortages. Any national shortages in critical medicines and medical gases are managed by NHS Supply Chain. We receive allocations based on our activity. We will continue to monitor supply chain risks considering the continuing geopolitical volatility.
Antimicrobial resistance	Our mitigations are: • Executive level awareness of the government's five-year AMR strategy • Participation in, and collaboration with, government's monitoring of AMR outbreaks • Requirement on clinicians to follow guidance in line with government guidelines on the prescribing of antibiotics • Access to up-to-date antimicrobial prescribing via online systems and access to microbiologists at all sites • Appropriate investigations of post-surgery infections including review of antibiotics

Directors' responsibility statement

Going Concern

The group assessed going concern risk for the period through to 31 December 2025. As at 30 June 2024 the group had cash of £43.0m and borrowings of £365m of which £325m is a Senior Loan Facility and £40m drawn Revolving Credit Facility (RCF). The Group has access to an undrawn RCF of £60m. 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 31 December 2025, 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 did not allow for the benefit of any action that could be taken by management to preserve cash. This testing suggested that there would have to be at least a 27% 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.

Each of the Directors confirms that, to the best of their knowledge:

- This condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with UK adopted International Accounting Standard 34 and Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company on a consolidated basis.

- The interim management report, which is incorporated into the Chief -Executive Officer message, Operating Review and Financial Review, includes a fair review of the information as required by:

  - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of the important events that have occurred during the six months of the current financial year and their impact on the condensed consolidated interim financial information and a description of the principal risks for the remaining six months of the year; and

  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially impacted the financial position or performance of the Group during the period and any material changes in the related party transactions described in the Group's Annual Report and Accounts for the year ended 31 December 2023.

By order of the Board

Justin Ash	**Harbant Samra**
Chief Executive Officer	Chief Financial Officer

11 September 2024

Independent review report of Spire Healthcare Group plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Consolidated interim income statement, Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity, Consolidated interim balance sheet, Consolidated interim statement of cash flows and related notes 1 to 27. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK adopted International Accounting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, 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 review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London, UK
11 September 2024

Condensed financial statements

Consolidated interim income statement

For the six months ended 30 June 2024

		Six months ended 30 June (Unaudited)					
		2024			2023		
(£ million)	Notes	**Total before Adjusting items**	**Adjusting items (note 10)**	**Total**	Total before Adjusting items	Adjusting items (note 10)	Total
Revenue	5	**762.5**	**–**	**762.5**	676.5	–	676.5
Cost of sales		**(416.4)**	**–**	**(416.4)**	(362.3)	–	(362.3)
Gross profit		**346.1**	**–**	**346.1**	314.2	–	314.2
Other operating costs		**(273.2)**	**(8.8)**	**(282.0)**	(247.5)	(2.0)	(249.5)
Other income	7	**2.8**	**4.7**	**7.5**	1.1	–	1.1
Operating profit (EBIT)	8	**75.7**	**(4.1)**	**71.6**	67.8	(2.0)	65.8
Finance income	9	**0.4**	**–**	**0.4**	–	–	–
Finance costs	9	**(49.3)**	**–**	**(49.3)**	(45.5)	–	(45.5)
Profit before taxation		**26.8**	**(4.1)**	**22.7**	22.3	(2.0)	20.3
Taxation	11	**(7.2)**	**(1.4)**	**(8.6)**	(8.1)	0.5	(7.6)
Profit for the period		**19.6**	**(5.5)**	**14.1**	14.2	(1.5)	12.7
Profit for the period attributable to owners of the Parent		**18.9**	**(5.5)**	**13.4**	13.9	(1.5)	12.4
Profit for the period attributable to non-controlling interests		**0.7**	**–**	**0.7**	0.3	–	0.3
Profit per share (in pence per share)							
– **basic**	12	**4.7**	**(1.4)**	**3.3**	3.4	(0.3)	3.1
– **diluted**	12	**4.6**	**(1.4)**	**3.2**	3.4	(0.4)	3.0

Consolidated interim statement of comprehensive income

For the six months ended 30 June 2024

(£ million)	Notes	Six months to 30 June (Unaudited) 2024	2023
Profit for the period		**14.1**	12.7
Items that may be reclassified to profit or loss in subsequent periods			
Net gain on cash flow hedges (net of taxation)	20	**0.2**	3.4
Other comprehensive income for the period		**0.2**	3.4
Total comprehensive profit for the year, net of tax		**14.3**	16.1
Attributable to:			
Equity holders of the parent		**13.6**	15.8
Non-controlling interests		**0.7**	0.3

Consolidated interim statement of changes in equity

For the six months ended 30 June 2024

(£ million)	Notes	Share capital	Share premium	Capital reserves	EBT share reserves	Hedging reserve	Retained earnings	Total	Non-controlling interests	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 period		–	–	–	–	–	12.4	12.4	0.3	12.7
Other comprehensive profit for the period		–	–	–	–	3.4	–	3.4	–	3.4
Total comprehensive income		–	–	–	–	3.4	12.4	15.8	0.3	16.1
Dividends paid	13	–	–	–	–	–	(2.0)	(2.0)	–	(2.0)
Purchase of own shares by EBT		–	–	–	(3.1)	–	–	(3.1)	–	(3.1)
Issue of own shares by EBT		–	–	–	2.0	–	(2.0)	–	–	–
Additional interest acquired of non-controlling interests	24	–	–	–	–	–	(3.2)	(3.2)	3.2	–
Financial liability to acquire non-controlling interests	26	–	–	–	–	–	(9.6)	(9.6)	–	(9.6)
Share based payments (net of tax)	23	–	–	–	–	–	0.6	0.6	–	0.6
As at 30 June 2023		**4.0**	**830.0**	**376.1**	**(1.1)**	**10.0**	**(489.5)**	**729.5**	**(2.4)**	**727.1**
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 period		**–**	**–**	**–**	**–**	**–**	**13.4**	**13.4**	**0.7**	**14.1**
Other comprehensive profit for the period		**–**	**–**	**–**	**–**	**0.2**	**–**	**0.2**	**–**	**0.2**
Total comprehensive income		**–**	**–**	**–**	**–**	**0.2**	**13.4**	**13.6**	**0.7**	**14.3**
Dividends paid	13	**–**	**–**	**–**	**–**	**–**	**(8.5)**	**(8.5)**	**–**	**(8.5)**
Purchase of own shares by EBT		**–**	**–**	**–**	**(3.1)**	**–**	**–**	**(3.1)**	**–**	**(3.1)**
Issue of own shares by EBT		**–**	**–**	**–**	**2.5**	**–**	**(2.5)**	**–**	**–**	**–**
Share based payments (net of tax)	23	**–**	**–**	**–**	**–**	**–**	**(1.8)**	**(1.8)**	**–**	**(1.8)**
As at 30 June 2024		**4.0**	**830.0**	**376.1**	**(1.3)**	**3.5**	**(472.2)**	**740.1**	**(1.4)**	**738.7**

Consolidated interim balance sheet

(£ million)	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,614.5**	1,618.8
Intangible assets	15	**438.0**	438.3
Other receivables	16	**4.3**	–
Derivatives	20	**1.5**	0.4
Financial asset		**10.3**	10.0
		2,068.6	2,067.5
Current assets			
Inventories		**45.5**	44.3
Trade and other receivables	16	**141.8**	121.6
Derivatives	20	**3.1**	4.0
Cash and cash equivalents		**43.0**	49.6
		233.4	219.5
Non-current assets held for sale	17	**1.1**	1.1
		234.5	220.6
Total assets		**2,303.1**	2,288.1
EQUITY AND LIABILITIES			
Equity			
Share capital		**4.0**	4.0
Share premium		**830.0**	830.0
Capital reserves		**376.1**	376.1
EBT share reserves		**(1.3)**	(0.7)
Hedging reserve		**3.5**	3.3
Retained earnings		**(472.2)**	(472.8)
Equity attributable to owners of the Parent		**740.1**	739.9
Non-controlling interests		**(1.4)**	(2.1)
Total equity		**738.7**	737.8
Non-current liabilities			
Bank borrowings	18	**362.7**	361.9
Lease liability	19	**791.5**	793.3
Deferred tax liability		**75.5**	67.9
Financial liabilities	26	**–**	9.6
		1,229.7	1,232.7
Current liabilities			
Bank borrowings	18	**3.7**	3.4
Lease liability	19	**94.3**	98.4
Financial liabilities	26	**8.0**	–
Provisions	21	**15.4**	16.4
Trade and other payables	22	**212.2**	197.1
Income tax payable		**1.1**	2.3
		334.7	317.6
Total liabilities		**1,564.4**	1,550.3
Total equity and liabilities		**2,303.1**	2,288.1

Consolidated interim statement of cash flows

For the six months ended 30 June 2024

(£ million)	Notes	Six months ended 30 June (Unaudited) 2024	2023
Cash flows from operating activities			
Profit before taxation		**22.7**	20.3
Adjustments for:			
Depreciation	8	**53.4**	50.1
Amortisation	8	**2.4**	–
Non-cash Adjusting items		**4.4**	(0.9)
Share-based payments	23	**2.1**	1.5
Movements in financial instruments		**(1.9)**	(0.7)
Profit on disposal of property, plant and equipment	8	**(5.1)**	–
Finance income	9	**(0.4)**	–
Finance costs	9	**49.3**	45.5
		126.9	115.8
Movements in working capital:			
Increase in trade and other receivables		**(21.2)**	(20.7)
Increase in inventories		**(1.2)**	(1.8)
Increase in trade and other payables		**13.1**	7.8
Decrease in provisions		**(5.6)**	(4.5)
Cash generated from operations		**112.0**	96.6
Income tax received		**–**	–
Net cash from operating activities		**112.0**	96.6
Cash flows from investing activities			
Purchase of property, plant and equipment		**(51.5)**	(31.0)
Purchase of intangible assets		**(2.1)**	–
Proceeds of disposal of property, plant and equipment		**10.4**	0.2
Movement in restricted cash		**–**	(2.5)
Net cash used in investing activities		**(43.2)**	(33.3)
Cash flows from financing activities			
Bank interest paid		**(10.6)**	(9.3)
Lease interest paid		**(37.6)**	(36.3)
Payment of lease principal		**(10.6)**	(11.1)
Payment of share awards		**(5.0)**	–
Purchase of own shares		**(3.1)**	(3.1)
Dividends paid to equity holders of the parent	13	**(8.5)**	(2.0)
Net cash used in financing activities		**(75.4)**	(61.8)
Net (decrease)/increase in cash and cash equivalents		**(6.6)**	1.5
Cash and cash equivalents at beginning of period		**49.6**	74.2
Cash and cash equivalents at end of period		**43.0**	75.7
Adjusting items (note 10)			
Adjusting items included in the cash flow		**(3.5)**	(2.9)
Total Adjusting items		**(4.1)**	(2.0)

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

The condensed consolidated interim financial information for the six months ended 30 June 2024 was approved by the Board on 11 September 2024.

2. Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with UK adopted International Accounting Standard 34 "Interim Financial Reporting". It does not include all the information required for full annual financial statements and should be read in conjunction with information contained in the Group's Annual Report and Accounts for the year ended 31 December 2023. The condensed consolidated interim financial information has been reviewed, not audited.

The financial information contained in these interim statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Financial information for the year ended 31 December 2023 has been extracted from the statutory accounts which were approved by the Board of Directors on 28 February 2024 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The accounting for the Vita Health Group business combination is not complete and amounts recognised, are subject to adjustment in line with IFRS 3 for up to 12 months from acquisition, with goodwill being adjusted accordingly. Therefore, goodwill has not been allocated at H1 24 and there are no indicators of impairment.

Going concern

The group assessed going concern risk for the period through to 31 December 2025. As at 30 June 2024 the group had cash of £43.0m and borrowings of £365m of which £325m is a Senior Loan Facility and £40m drawn Revolving Credit Facility (RCF). The Group has access to an undrawn RCF of £60m. 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 31 December 2025, 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 did not allow for the benefit of any action that could be taken by management to preserve cash. This testing suggested that there would have to be at least a 27% 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 are 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.

3. Accounting policies

In preparing the condensed consolidated financial information, the same accounting policies, methods of computation and presentation have been applied as set out in the Group's Annual Report and Accounts for the year ended 31 December 2023 except for the application of new standards and amendments mentioned below effective from 1 January 2024. The accounting policies are consistent with those of the previous financial year and corresponding interim period.

The annual financial statements of the Group will be prepared in accordance with UK adopted International Accounting Standards (UK adopted International Financial Reporting Standards ("IFRSs")).

New standards, interpretations and amendments applied

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

The following amendments to existing standards were effective for the Group from 1 January 2024. These have not had a material impact on the Group.

- Amendments to IAS 1 – Classification of liabilities as Current or Non-Current
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements

4. Significant judgements and estimates

The preparation of the condensed consolidated interim financial information required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements and estimates used in the application of the Group's accounting policies are the same as those described in the Group's Annual Report and Accounts for the year ended 31 December 2023 with the exception of those estimates used in the assessment of the medical malpractice provision in connection with the Ian Paterson claims which are, consistent with all judgements and estimates, subject to ongoing review. Refer to note 21 for more information.

5. Revenue

All revenue is attributable to, and all non-current assets are located in, the United Kingdom.

Revenue by location (inpatient, daycase or out-patient) and wider customer (payor) group is shown below:

	Six months ended 30 June (Unaudited)					
	2024			2023		
(£ million)	**Hospitals Business**	**New Services**	**Total**	Hospitals Business	New Services	Total
Inpatient	**279.3**	**–**	**279.3**	272.7	–	272.7
Daycase	**212.3**	**0.1**	**212.4**	199.0	–	199.0
Out-patient	**197.2**	**59.5**	**256.7**	183.8	6.7	190.5
Other*	**14.0**	**0.1**	**14.1**	14.3	–	14.3
Total revenue	**702.8**	**59.7**	**762.5**	669.8	6.7	676.5
Insured	**336.4**	**0.7**	**337.1**	306.6	0.3	306.9
Self-pay	**173.1**	**3.9**	**177.0**	178.4	4.0	182.4
NHS	**179.3**	**44.5**	**223.8**	170.5	–	170.5
Other*	**14.0**	**10.6**	**24.6**	14.3	2.4	16.7
Total revenue	**702.8**	**59.7**	**762.5**	669.8	6.7	676.5

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

Group revenues increased by 12.7% to £762.5m (H1 23: £676.5m). Hospitals Business revenue has increased by 4.9% to £702.8m (H1 23: £669.8m), the increase is due to the ongoing growth in private medical insurance (PMI) offset by the decline in self-pay driven by competitiveness and some patients of working age switching from SP to PMI. Overall revenue growth is underpinned by increased average revenue per case (APRC) for all payor groups. Revenue for New Services is £59.7m (H1 23: £6.7m) with the majority of this from Vita Health Group (VHG) which was acquired in October 2023.

6. Segmental reporting

In determining the group's operating segment, 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 two operating segments, being Hospitals Business and New Services.

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 Spire Clinics, Vita Health Group and Doctors Clinic Group into one operating segment called New Services 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 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.

	Six months ended 30 June (Unaudited)					
	2024			2023		
(£ million)	**Hospitals Business**	**New Services**	**Total**	Hospitals Business	New Services	Total
Revenue	**702.8**	**59.7**	**762.5**	669.8	6.7	676.5
Cost of sales	**(376.8)**	**(39.6)**	**(416.4)**	(359.3)	(3.0)	(362.3)
Gross profit	**326.0**	**20.1**	**346.1**	310.5	3.7	314.2
Other operating costs	**(263.2)**	**(18.8)**	**(282.0)**	(245.1)	(4.4)	(249.5)
Other income	**7.5**	**–**	**7.5**	1.1	–	1.1
Segment operating profit (EBIT)	**70.3**	**1.3**	**71.6**	66.5	(0.7)	65.8

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:

	Six months ended 30 June (Unaudited)	
(£ million)	**2024**	2023
Segment operating profit (EBIT)	**71.6**	65.8
Finance income	**0.4**	–
Finance costs	**(49.3)**	(45.5)
Profit before taxation	**22.7**	20.3
Taxation	**(8.6)**	(7.6)
Profit for the year	**14.1**	12.7

7. Other income

	Six months ended 30 June (Unaudited)	
(£ million)	**2024**	2023
Fair value movement on financial asset	**0.3**	0.7
Realised profit in respect of financial asset	**0.5**	0.4
Movement on financial liability	**1.6**	–
Profit on disposal of hospital (Adjusting items)	**4.7**	–
Profit on disposal of property, plant and equipment	**0.4**	–
Total other income	**7.5**	1.1

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 £0.5m have been realised in respect of this arrangement. The movement on financial liability relates to the change in cash flows relating to the financial instruments held to purchase own equity instruments refer to note 26 for more detail.

8. Operating profit

Operating profit has been arrived at after charging / (crediting):

	Six months ended 30 June (Unaudited)	
(£ million)	**2024**	2023
Amortisation of intangible assets	**2.4**	–
Depreciation of property, plant and equipment	**33.5**	32.5
Depreciation of right of use assets	**19.9**	17.6
Lease payments made in respect of low value and short leases	**11.0**	8.8
Movement on the provision for expected credit losses of trade receivables	**1.2**	0.3
Staff costs (excluding staff restructuring costs)	**312.9**	256.1
Staff restructuring costs	**1.8**	1.6

Included in staff costs is £43.7m (2023: £4.2m) for New Services of which £39.3m (2023: Nil) for VHG which was acquired in October 2023. Refer to page 9 for the split by operating segment for depreciation and amortisation.

Cost of sales for the period ended 30 June 2024 includes inventories recognised as an expense amounting to £138.2m (2023: £133.6m).

9. Finance income and costs

(£ million)	Six months ended 30 June (Unaudited) 2024	2023
Finance income:		
Interest income on bank deposits	**0.4**	–
Total finance income	**0.4**	–
Finance costs:		
Interest on bank facilities	**10.9**	8.7
Amortisation of fee arising on facilities extensions/borrowing costs *	**0.8**	0.5
Interest on obligations under leases	**37.6**	36.3
Total finance costs	**49.3**	45.5
Total net finance costs	**48.9**	45.5

* Borrowing costs of £5.9m were capitalised to the senior finance facility, these are being amortised over the period of the facility.

10. Adjusting items

(£ million)	Six months ended 30 June (Unaudited) 2024	2023
Business reorganisation and corporate restructuring costs	**1.8**	1.6
Asset acquisitions, disposals and aborted project costs	**(4.0)**	0.4
Remediation of regulatory compliance or malpractice	**4.6**	–
Hospitals set up costs	**0.8**	–
Amortisation on acquired intangible assets	**0.9**	–
Total Adjusting items	**4.1**	2.0
Income tax charge / (credit) on Adjusting items	**1.4**	(0.5)
Total post-tax Adjusting items	**5.5**	1.5

Adjusting items comprise those matters where the Directors believe the financial effect should be adjusted for due to their nature or amount, in order to provide a more comparable measure of the Group's underlying performance.

Asset acquisitions, disposals, impairments and aborted projects costs includes a profit of £4.7m relating to the sale of the Group's Tunbridge Wells hospital to Maidstone and Tunbridge Wells NHS Trust ("Trust") for £9.975m. Refer to disposal note 27 for more details. In addition, there is £0.7m of integration and other acquisition costs relating to the VHG acquisition. Costs in the prior year mainly comprise costs in respect of Doctors Clinic Group with costs incurred to integrate the Group into the Spire 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 £1.5m (2023: £1.6m) have been incurred in the period, bringing costs to date of £9.3m. 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. £0.2m has been incurred in respect of restructuring costs relating to the Doctors Clinic Group.

Remediation of regulatory compliance or malpractice costs of £4.6m (December 2023: £2.5m) relate to an increase in the provision established by Spire Healthcare in respect of implementing the recommendations of the Public Inquiry including a detailed patient review and support for patients of Paterson. The project is complex and the process for review and settlement 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 at this point. The variables include the number of patients which are found to have been harmed following review, the level of harm, and the associated compensation claim, as well as the time to review each case can vary significantly. This provision remains subject to ongoing review.

Hospital 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. The set up for Harrogate is still on going and is expected to continue into H2.

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

11. Taxation

(£ million)	Six months ended 30 June (Unaudited) 2024	2023
Current tax:		
UK Corporation tax credit	**(0.3)**	(1.4)
Total current tax credit	**(0.3)**	(1.4)
Deferred tax:		
Origination and reversal of temporary differences	**6.6**	9.5
Impact of Adjusting items	**1.4**	(0.5)
Adjustments in respect of previous periods	**0.9**	–
Total deferred tax charge	**8.9**	9.0
Total tax charge	**8.6**	7.6

The tax charge for the period has been calculated using an estimate of the effective annual rate of tax for the full year (c.29%). This has been applied to the pre-tax profits for the six months ended 30 June 2024 resulting in a charge of £6.6m. The Group has separately calculated the tax rates on discrete items which results in an additional charge of £2.0m. Included in the impact of Adjusting items is £1.2m for the sale of the Tunbridge Wells hospital. These discrete items in H1 2024 distort the effective tax rate (ETR) at H1 24, being 38% on statutory profit, and 27% on an adjusted basis.

The total tax charge for H1 24 is £8.6m, the charge is a non-cash movement and is caused by timing differences mainly due to the difference in the tax base versus the accounting base for assets.

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.

12. Earnings per Share (EPS)

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

	Six months ended 30 June (Unaudited) 2024	2023
Profit for the period attributable to owners of the Parent (£ million)	**13.4**	12.4
Weighted average number of ordinary shares	**404,126,715**	404,042,101
Adjustment for weighted average number of shares held in the Employee Benefit Trust (EBT)	**(465,074)**	(270,626)
Weighted average number of ordinary shares in issue (No.)	**403,661,641**	403,771,475
Basic profit per share (in pence per share)	**3.3**	3.1

For dilutive earnings per share, the weighted average number of ordinary shares in issue is adjusted to include all dilutive potential ordinary shares arising from share options.

	Six months ended 30 June (Unaudited) 2024	2023
Profit for the period attributable to owners of the Parent (£ million)	**13.4**	12.4
Weighted average number of ordinary shares in issue	**403,661,641**	403,771,475
Adjustment for weighted average number of contingently issuable shares	**10,325,017**	5,837,070
Diluted weighted average number of ordinary shares in issue (No.)	**413,986,659**	409,608,545
Diluted profit per share (in pence per share)	**3.2**	3.0

The Directors believe that EPS excluding Adjusting items ("adjusted EPS") better reflects the underlying performance of the business and assists in providing comparable performance of the Group.

Reconciliation of profit to Adjusted Profit (profit excluding Adjusting items):

	Six months ended 30 June (Unaudited) 2024	2023
Profit for the period attributable to owners of the Parent (£ million)	**13.4**	12.4
Adjusting items (net of taxation) (see note 10)	**5.5**	1.5
Adjusted profit after tax (£ million)	**18.9**	13.9
Weighted average number of Ordinary Shares in issue	**403,661,641**	403,771,475
Weighted average number of dilutive Ordinary Shares	**413,986,659**	409,608,545
Adjusted basic earnings per share (in pence per share)	**4.7**	3.4
Adjusted diluted earnings per share (in pence per share)	**4.6**	3.4

13. Dividends

	Six months ended 30 June (Unaudited)			
	2024	2023	**2024**	2023
Amounts recognised as distributions to equity shareholders	**Pence per share**	Pence per share	**£million**	£million
Ordinary shares				
Final dividend for the year ended 31 December	**2.1**	0.5	**8.5**	2.0
Total dividends	**2.1**	0.5	**8.5**	2.0

14. Property, plant and equipment

(£ million)	Freehold property	Leasehold improvements	Equipment	Assets in the course of construction	**Sub-total**	Right of use asset	**Total**
Net book value at 1 January 2024	650.8	135.9	173.3	25.2	**985.2**	633.6	**1,618.8**
Additions	**4.4**	**7.5**	**26.8**	**12.8**	**51.5**	**2.5**	**54.0**
Adjustments to ROU	**–**	**–**	**–**	**–**	**–**	**3.3**	**3.3**
Disposals	**–**	**(4.9)**	**(0.9)**	**–**	**(5.8)**	**(2.4)**	**(8.2)**
Transfers	**–**	**0.1**	**0.8**	**(0.9)**	**–**	**–**	**–**
Depreciation	**(6.5)**	**(5.2)**	**(21.8)**	**–**	**(33.5)**	**(19.9)**	**(53.4)**
Net book value at 30 June 2024	**648.7**	**133.4**	**178.2**	**37.1**	**997.4**	**617.1**	**1,614.5**

The net book value of land is £156.3m (December 2023: £156.3m). The Group has pledged nine of its freehold properties as security for the senior finance facility, and the net book value of these properties is £121.9m (December 2023: £124.0m). There were no borrowing costs capitalised during the period (2023: Nil).

On the 31 March 2024 the Group sold its Tunbridge Wells Hospital business to Maidstone and Tunbridge Wells NHS Trust for £9.975m and derecognised property, plant and equipment of £6.2m. 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 19). A right of use asset of £2.4m was derecognised and a finance lease receivable of £4.4m 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 27 for more details.

Right of use assets are included in the following property, plant and equipment categories:

(£ million)	Leasehold Property	Equipment & motor vehicles	**Total**
Net book value at 1 January 2024	612.3	21.3	**633.6**
Additions	**0.6**	**1.9**	**2.5**
Adjustments to ROU	**3.3**	**–**	**3.3**
Disposals	**(2.4)**	**–**	**(2.4)**
Depreciation	**(16.9)**	**(3.0)**	**(19.9)**
Net book value at 30 June 2024	**596.9**	**20.2**	**617.1**

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 on key assumptions.

In order to estimate the value-in-use, management has used trading projections covering the period to December 2028 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, taking 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 considers 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 four and a half 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 four and a half 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 have performed a sensitivity analysis on properties triggered for review by 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.

For one property with a headroom (amount that recoverable amount exceeded the carrying amount) of £4.1m, identified that a reasonably possible change in the EBITDA growth over the five-year period for the triggered property, would result in the elimination of headroom. The average annual EBITDA growth over the five years is 8.8%. The annual EBITDA over the five year period would have to decrease by 18.0% per annum to eliminate the headroom.

The Group has used a pre-tax discount rate of 11.58% (December 2023: 11.5%). A long-term growth rate of 2.0% has been applied to cash flows beyond 2028 based on 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 the EBITDA growth assumption constitutes a source of estimation uncertainty as they consider that there is a risk of a change to its estimate of this assumptions within the next 12 months.

15. Intangible asset

(£ million)	Goodwill	Customer contracts	IT projects	Mobilisation costs	Total
Net book value at 1 January 2024	411.1	20.4	4.3	2.5	438.3
Additions	–	–	**1.1**	**1.0**	**2.1**
Amortisation	–	**(1.2)**	**(0.9)**	**(0.3)**	**(2.4)**
Net book value at 30 June 2024	**411.1**	**19.2**	**4.5**	**3.2**	**438.0**

Impairment testing

The Directors have reviewed goodwill for indicators of significant impairment since the most recent financial year end. As at 31 December 2023 the recoverable amount of goodwill exceeded the carrying amount by c. £800m. Since the 2023 financial year end there have been no indicators of impairment and therefore management have not performed a detailed impairment calculation for the interim period.

16. Trade and other receivables

	As at	
(£ million)	**30 June 2024 (Unaudited)**	31 December 2023 (Audited)
Trade receivables	**86.9**	74.8
Unbilled receivables	**23.5**	20.2
Prepayments	**30.3**	21.9
Other receivables	**7.8**	10.2
	148.5	127.1
Allowance for expected credit losses	**(6.7)**	(5.5)
Trade and other receivables	**141.8**	121.6

Other receivables include a balance of £0.1m relating to the recognition of a finance lease receivable. During the year and as part of the sale of the Tunbridge Wells hospital the Group entered into a sub lease agreement to lease the Tunbridge Wells property to the NHS trust. The terms of the sub lease are the same as the head lease refer to note 19 for more detail. The non-current portion of the £4.3m of the finance lease receivable is due after more than one year and £0.1m is due within one year.

17. Non-current assets held for sale

One property remains as held for sale in the current period.

	As at	
(£ million)	**30 June 2024 (Unaudited)**	31 December 2023 (Audited)
East Midlands Cancer Centre property (Bostocks Lane)	**1.1**	1.1
Total assets held for sale	**1.1**	1.1

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 classified as held for sale.

18. 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. During 2023, the Group exercised the option to extend the facility by a further year. There have been no modifications to the agreement terms as a result. The arrangement has a maturity of February 2027. The financial covenants relating to this agreement and the extension are materially unchanged. The loan is non-amortising and carries interest at a margin of 2.05% over SONIA (2023: 2.05% over SONIA).

The Group drew down £60.0m on its revolving credit facility to acquire VHG in October 2023. Since the acquisition the group has repaid £20.0m.

(£ million)	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Amount due for settlement within 12 months	**3.7**	3.4
Amount due for settlement after 12 months	**362.7**	361.9
Total bank borrowings	**366.4**	365.3

Net debt for the purposes of the covenant test in respect of the Senior Loan Facility was £322.0m (December 2023: £315.4m) and the net debt to EBITDA ratio was 2.1x (December 2023: 2.2x). The net debt for covenant purposes comprises the senior facility of £325.0m, drawn revolving credit facility of £40.0m less cash and cash equivalents of £43.0m. EBITDA for covenant purposes comprises Adjusted EBITDA for Last Twelve Months (LTM) of pre-IFRS 16 Adjusted EBITDA of £163.5m (December 2023: £152.9m) less the rental of a property lease pre-IFRS 16 of £10.2m (December 2023: £10.0m).

Terms and debt repayment schedule

The maturity date is the date on which the relevant bank loans are due to be fully repaid, as at the balance sheet date.

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

(£ million)	Maturity	Margin over SONIA	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Senior finance facility	February 2027	2.05%	**326.4**	325.3
Revolving credit facility (undrawn committed facility)	February 2027	1.95%	**40.0**	40.0

Changes in bank borrowings and lease liabilities arising from financing activities

(£ million)	1 January	Cash flows	Non-cash changes*	Additions	30 June
2024					
Bank loans	**365.3**	**(10.6)**	**11.7**	**–**	**366.4**
Lease liabilities	**891.7**	**(48.2)**	**37.6**	**4.7**	**885.8**
Total	**1,257.0**	**(58.8)**	**49.3**	**4.7**	**1,252.2**

* Non-cash changes reflect accrued interest charged on the loan and interest charge on lease liabilities. Amortised fees of £0.8m are included in non-cash changes for bank loans.

(£ million)	1 January	Cash flows	Non-cash changes	Additions	Loan modification	30 June
2023						
Bank loans	324.3	(9.3)	9.2	–	–	324.2
Lease liabilities	866.5	(47.4)	36.3	8.4	0.8	864.6
Total	1,190.8	(56.7)	45.5	8.4	0.8	1,188.8

Effect of covenants

The Group's non-current bank borrowings include borrowings amounting to £365m 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 is for the leverage ratio to be below 4.0x and interest cover to be in excess of 4.0x. As at 30 June 2024 the Group complied with all covenants as the leverage measure stood at 2.1x and interest cover of 8.0x and therefore bank borrowings remain classified as non-current liabilities.

19. Lease liability

The Group has finance arrangements in place 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 £885.8m (December 2023: £891.7m), expire in various years to 2046 and carry incremental borrowing rates in the range 3.2% - 14.6% (2023: 3.2% - 14.6%). Rent in respect of hospital property leases are reviewed annually with reference to RPI, subject to assorted floors and caps. The discount rate used is calculated on a lease-by-lease basis, and based on estimates of incremental borrowing rates.

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.

In the period, the Group recognised charges of £6.3m (2023: £6.6m) of lease expenses relating to low value leases and £4.7m (2023: £2.2m) of short term leases for which the exemption under IFRS 16 has been taken. Cash outflows in respect of these are materially in line with the expense recognised, resulting in a total cash outflow for all leases of £59.2m (2023: £56.2m). 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 £4.4m (2023: Nil) the terms of the sub-lease are the same as those contained in the head-lease. There have been no (2023: no) sale and leaseback transactions in this period.

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 the current period.

20. Derivatives

The Group has a derivative contract in respect of an interest rate swap in place:

(£ million)	As at **30 June 2024 (Unaudited)**	As at 31 December 2023 (Audited)
Amount due for settlement within 12 months	**3.1**	4.0
Amount due for settlement after 12 months	**1.5**	0.4
Total derivatives	**4.6**	4.4

The Group entered into interest rate swaps on 25 July 2022. The movement in respect of derivatives reflects £2.6m (December 2023: £4.4m) recycled in the period and a £2.8m gain (December 2023: £0.2m credit) in fair value. All movements are reflected within other comprehensive income.

21. Provisions

The movement for the period in the provisions is as follows:

(£ million)	Medical malpractice	Business restructuring and other	Total
At 1 January 2024	**15.1**	**1.3**	**16.4**
Increase in existing provisions	**4.6**	**0.2**	**4.8**
Provisions utilised	**(5.6)**	**-**	**(5.6)**
Provisions released	**-**	**(0.2)**	**(0.2)**
At 30 June 2024	**14.1**	**1.3**	**15.4**

Medical malpractice relates to estimated liabilities arising from claims for damages in respect of services previously supplied to patients. Amounts are shown gross of insured liabilities. Insurance recoveries of £3.9m (December 2023: £4.6m) are recognised in other receivables.

Following the completion of the criminal proceedings against Ian Paterson and 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. The provision is being utilised, including £12.2m in patient claim settlements. The provision to complete the reviews, settle any claims and costs in respect of other Paterson items has been increased by £4.6m (December 2023: £2.5m). The project is complex and the process for review and settlement 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 at this point. The variables include the number of patients which are found to have been harmed following review, the level of harm, and the associated compensation claim, as well as the time to review each case which can vary significantly. This provision remains subject to ongoing review.

As at 30 June 2024, Business Restructuring and Other provisions primarily includes non-patient claims made against the Group. The Group is in the process of settling or defending such claims as appropriate.

Management have sought external counsel, where appropriate, to determine the appropriate provision levels.

Provisions as at 30 June 2024 are materially considered to be current and expected to be utilised at any time within the next twelve months.

22. Trade and other payables

(£ million)	As at **30 June 2024 (Unaudited)**	31 December 2023 (Audited)
Trade payables	**73.0**	63.9
Accrued expenses	**62.8**	65.9
Deferred income	**10.8**	10.4
Social security and other taxes	**16.2**	15.2
Other payables	**49.4**	41.7
Trade and other payables	**212.2**	197.1

Accrued expenses includes holiday pay accrued of £2.7m (December 2023: £2.1m).

Other payables includes an accrual for pensions and payments on account. Revenue in respect of payments on account are not recognised until the performance obligation has been met. At June 2024, the balance of payments on account was £8.0m (December 2023: £10.3m), and other credit balances, largely relating to NHS credits, were £39.7m (December 2023: £32.0m).

23. 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 recognised in the income statement was £2.1m in the six months ended 30 June 2024 (2023: £1.5m). Employer's National Insurance is also 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 period was £0.2m (2023: £0.2m).

A summary of additional schemes granted in the period are shown below:

Long Term Incentive Plan

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 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 2-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 Award

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.

24. Non-controlling interest

On 5 May 2023 Spire Healthcare Limited acquired an additional 24.9% interest in Montefiore House Limited in consideration of the release and discharge of outstanding liabilities. Prior to this agreement the Group held a 50.1% interest. The Group now owns 75% of this entity. The accumulated interest relating to the 24.9% interest acquired in Montefiore was therefore reclassified to retained earnings in the prior year. In addition, the Group entered into an agreement in which both parties can exercise an option for Spire to purchase the remaining 25% interest in the subsidiary at a future date. Refer to note 26 for more detail.

25. Financial risk management, impairment of financial assets and commitments

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

- credit risk;
- liquidity risk; and
- market risk.

Note 31 in the Annual Report and Accounts 2023 sets out the Group's policies and processes for measuring and managing risk. These have not changed significantly during the period to 30 June 2024.

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. A large proportion of revenue 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. Individual self-pay patients continue to be the largest risk for the Group given the current economic uncertainty. The Expected Credit Loss ("ECL") as at June 2024 is £6.7m (December 2023: £5.5m).

The Group establishes an allowance for impairment that represents its expected credit loss in respect of trade and other receivables. This allowance is composed of specific losses that relate to individual exposures and also an expected credit loss component established using rates reflecting historic information for payor groups, and forward looking information. Given the continued economic uncertainty, the Group has considered the provision required, specifically for self-pay patients and maintained an adjustment to the provision accordingly, which is in line with the position at December 2023.

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.

Interest rate risk

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
30 June 2024 (£ million)	**365.0**	**365.0**	**60.0**
Effective interest rate (%)	**6.13%**	**6.13%**	
31 December 2023 (£ million)	365.0	365.0	60.0
Effective interest rate (%)	5.63%	5.63%	

The following derivative contracts were in place at 30 June 2024 (December 2023: £4.4 million asset):

(£ million)	Interest rate	Maturity date	Notional Amount	Carrying value Asset / (Liability)
Interest rate swap	**2.7780%**	**February 2026**	**243.8m**	**4.6**

The fair value of the above instrument is considered the same as its carrying value. In line with disclosures in note 31 of the 2023 Annual report and accounts, the above instrument uses level 2 of the fair value hierarchy to measure the fair value of the instrument.

Sensitivity analysis

A change in 25 basis points 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.

	Profit or loss		Equity	
(£ million)	25bp increase	25bp decrease	25bp increase	25bp decrease
30 June 2024				
Variable rate instruments	**(0.9)**	**0.9**	**(0.9)**	**0.9**
31 December 2023				
Variable rate instruments	(0.3)	0.3	(0.3)	0.3

Liquidity risk

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

30 June 2024			Maturity analysis					
(£ million)	Carrying amount	Contractual cash outflow/ (inflow)	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
Trade and other payables	185.2	185.2	185.2	–	–	–	–	–
Bank borrowings	366.4	431.3	25.5	22.8	383.0	–	–	–
Lease liabilities	885.8	1,774.2	100.1	100.0	98.0	98.0	97.4	1,280.7
Financial Liability	8.0	8.0	8.0	–	–	–	–	–
	1,445.4	2,398.7	318.8	122.8	481.0	98.0	97.4	1,280.7
Derivative interest rate swap	(4.6)	(5.1)	(3.3)	(1.8)	–	–	–	–
Total	1,440.8	2,393.6	315.5	121.0	481.0	98.0	97.4	1,280.7

31 December 2023			Maturity analysis					
(£ million)	Carrying amount	Contractual cash flows	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
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
Financial liability	9.6	10.7	–	10.7	–	–	–	–
	1,438.1	2,435.2	296.0	130.6	116.8	468.8	97.7	1,325.3
Derivative interest rate swap	(4.4)	(5.0)	(4.1)	(0.8)	(0.1)	–	–	–
Total	1,433.7	2,430.2	291.9	129.8	116.7	468.8	97.7	1,325.3

Capital management

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

	As at	
(£ million)	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Committed undrawn revolving credit facility	60.0	60.0
Cash and cash equivalents	43.0	49.6

Capital commitments

Capital commitments comprise amounts payable under capital contracts which are duly authorised and in progress at the balance sheet date. They include the full costs 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 balance sheet date were £30.9m (December 2023: £31.6m).

Bases of valuation

Management assessed that cash and short-term deposits, trade 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 period, there were no transfers between the levels in the fair value hierarchy.

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 uses the expected present value technique – method 2 in determining the fair value of the arrangement. Management uses forward looking and historical trends of the partner's gross profits, growth rate, risk factors and an appropriate discount rate to determine the fair value. Sensitivities are also taken into account when reviewing the fair value.

As at 30 June 2024, the Group held the following financial instruments measured at fair value. There has been no change in the hierarchy categories during the period.

Instruments measured at fair value
(£ million)

	Value as at 30 June 2024	Value as at 31 December 2023	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss					
Profit share arrangement	7.8	7.5	–	–	7.8
Financial liabilities at fair value through profit or loss and using hedge accounting					
Interest rate swaps	4.6	4.4	–	4.6	–

In the period, Spire Healthcare received a profit share in respect of the financial asset of £0.5m. In addition a fair value movement of £0.3m was recognised in the income statement, and remains unrealised. The movement on the interest rates swaps related wholly to fair value movements and is unrealised.

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 the inputs which have a significant effect on the recorded fair value that are not based on observable market data.

26. Financial liabilities

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 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. 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 (2023: 9.6m) and subsequently recognised at amortised cost.

(£ million)	2024	2023
Valuation at 1 January	9.6	–
Option to purchase NCI	–	9.6
Movement	(1.6)	–
Carrying amount at 30 June	8.0	9.6

27. Disposals

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 £4.7m. The profit is reported within Adjusting items (note 10). 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 £2.0m relating to the derecognition of the right of use asset (£2.4m) and recognition of the finance lease receivable (£4.4m). 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 has 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 profit on disposal is as follows:

(£ million)	2024
Consideration received	10.0
Net assets disposed (note 14)	(5.8)
Disposal costs	(1.5)
Derecognise right of use asset (note 14)	(2.4)
Recognise finance lease receivable (note 16)	4.4
Profit on disposal (note 7)	4.7
Deferred tax charge (note 11)	(1.2)
Profit on disposal after tax	3.5