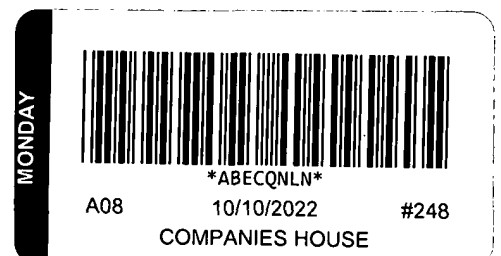


Registered number: 06780612

Big Health Ltd

REPORT OF THE DIRECTORS AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021



Big Health Ltd

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Big Health Ltd

Company Information

Directors

P Hames
A Cole
A Gupta
J Dittmer
C Espie (resigned 04/01/2022)
I Cheng (resigned 04/01/2022)
E Rockett (resigned 18/05/2022)
J Cassidy (appointed 04/01/2022)
A Shah (appointed 04/01/2022)

Independent Auditor

PKF Littlejohn LLP
Statutory Auditors
15 Westferry Circus
Canary Wharf
London E14 4HD

Bankers

HSBC PLC
Lion House
25 Islington High Street
Islington
London N1 9LJ

Registered Office

Simkins LLP
Lynton House
7 – 12 Tavistock Square
London WC1H 9LT
United Kingdom

Big Health Ltd

Strategic Report

The Directors present their Strategic Report for the period ended 31 December 2021.

Principal Activity and Business Review

The company is engaged in the development of digital therapeutics solutions for the treatment of sleep disorders and anxiety. Our products are backed by leading global mental scientists and extensive gold standard clinical research.

The company's products are sold and distributed primarily in the United States, vis-a-vis relationships with employers who make our products available to their employees, either directly through us or through intermediaries with pre-existing relationships with the employers.

We also have a growing presence in the United Kingdom, having received favourable national press coverage, endorsements from leading health charities, and contracts with the NHS.

As our business continues to grow, attracting increasing customer and investor interest, we are actively expanding our product portfolio into new geographic markets and into new mental health indications.

Like with other digital health companies, COVID-19 has provided us unique opportunities to grow our business without otherwise required regulatory oversight. As the pandemic nears its final stages, these regulatory requirements will be reinstated, and we will have to adjust our business accordingly.

We raised \$68 million in our Series C funding round.

Results and Dividends

We have not been profitable since our founding in [2016]. As we continue to grow, we expect to remain unprofitable but are actively adjusting our business to achieve profitability within a reasonable timeframe. We believe this will be critical given current market conditions and macroeconomic volatility.

As a young, growth-stage and VC-backed company we do not currently pay dividends and do not anticipate paying dividends for the foreseeable future as we invest in our business.

Key performance indicators

Through our relationship with our employer partners, our products touch millions of lives across the world, and we have treated hundreds of thousands of individuals.

Principal risks and uncertainties

The directors of the company consider the following as the principal risks and uncertainties the company faces in its international operations:

Regulatory requirements

As special privileges granted in the United States under the Food and Drug Administration's (FDA) Emergency Use Authorization (EUA) issued in April 2020 in response to the COVID-19 pandemic are likely to expire within the next 12 months, we will no longer be able to make certain outcome claims about our product. This may affect our ability to keep current employer partners and attract new employer partners, and to attract new individual users of our products.

We are also regulated by extensive patient protection and data privacy laws globally, including HIPAA in the United States and GDPR in the United Kingdom. Should we fail to comply with these laws and invest in the appropriate technological infrastructure and staffing, we may face civil and criminal liability imposed on us by regulators.

Big Health Ltd

Strategic Report

Principal risks and uncertainties (continued)

Financing

We believe we face minimal financing risks for the foreseeable future given our recent funding round and our prudent cash management activities. Given high inflation and macroeconomic uncertainty, as well as the high cost of attracting top talent, we actively assess our cash position and adjust our business activities accordingly.

Foreign Exchange

With significant business activity in both the United States and the United Kingdom, we face ongoing risk from foreign exchange rate fluctuations in the normal course of business. We utilize conservative cash management and other best practices to mitigate negative effects of foreign exchange risk.

Liquidity Risk

Liquidity risk is any inability to obtain funds the Group requires to maintain day-to-day operations and comply with its commitments under financial instruments.

The Group manages its liquidity risk through the raising of new equity capital, cashflows remain abundant from this source.

In addition, controls over expenditure are carefully managed. Financial liabilities are all due within one year.

Competition

The company operates in a competitive environment and other digital therapeutics companies developing overlapping products may market their products more successfully. However, we continue to strengthen our sales and marketing teams by attracting top leadership and talent and investing heavily in R&D to keep our products competitive and differentiated in order to maintain our market position against our competitors.

Employment

Our products and technology are specialized, requiring advanced engineering skills and knowledge about healthcare and mental health. Our success will depend on our ability to attract and retain top talent relevant expertise across a range of disciplines. Stock options and RSU awards vesting over multiple years aim to reduce this risk, but so do the positive and empathetic work environment we strive to create on a daily basis, which also aligns with our focus on mental health.

Brexit

We do not foresee any direct impact of Brexit on our business within the United Kingdom, although it may impact our growth into continental Europe. We continue to monitor British and European politics actively.

Market Conditions

The market for digital therapeutics has benefitted from the COVID-19 pandemic, which accelerated what we believe was a secular shift towards digital health solutions taking place before the pandemic. We expect this secular shift to continue once the pandemic ends and the digital health space continues to grow and attract investor funding as technology improves and more people across the world increase their access to technology. Although short-term volatility may present temporary setbacks to the digital health space, we expect the market to remain robust.

Big Health Ltd

Strategic Report

Principal risks and uncertainties (continued)

COVID-19 Assessment

During the financial reporting period and up to the date of this report, we have carried out our business operations in line with our principal activities without significant disruption as a result of the COVID-19 pandemic. As the COVID-19 pandemic approaches its end, we expect the pandemic's impact on our business to continue to decline.


Future developments

Our flagship products Sleepio (for sleep disorders) and Daylight (for anxiety) disorders have become established as gold standard digital therapeutics for the treatment of their respective mental health disorders. We do not believe they have reached market saturation either in the United States or abroad, so we intend to ensure that our products can reach everyone who needs them. As such, we will continue to push growth in our existing markets and enter new international markets through various initiatives, such as translating our products into other languages.

We also intend to expand our product portfolio into new indications. We are likely to start with depression, as it has shown clinically-backed responsiveness to cognitive behavioural therapy-based treatments such as ours. Over time, we will expand beyond depression.

Given the approaching end of the COVID-19 pandemic and the FDA's EUA, we are exploring submitting for FDA approval as well.

The report was approved and authorised by the Directors on 9/29/2022 and signed by:

DocuSigned by:

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A Gupta

Director

Big Health Ltd

Directors' Report

The Directors present their report with the audited financial statements of the Group and Parent Company for the year ended 31 December 2021.

Principal activities and business review

The principal activity of the Group and Parent Company during the year continued to be the development of computer applications.

The results for the year and financial position of the Group and Parent Company are as shown in the financial statements.

Directors

The Directors who held office during the period from 1 January 2021 to the date of this report were as follows:

P Hames
A Cole
A Gupta
J Dittmer
C Espie (resigned 04/01/2022)
I Cheng (resigned 04/01/2022)
E Rockett (resigned 18/05/2022)
J Cassidy (appointed 04/01/2022)
A Shah (appointed 04/01/2022)

Going concern

The directors have prepared these financial statements under the going concern basis of accounting. In the opinion of the directors the Group has obtained sufficient additional funding during 2021 to enable it to meet its financial obligations going forward for a period of at least twelve months from the approval of these financial statements.

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards and the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group and Parent Company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

Big Health Ltd

Directors' Report

Statement of Directors' responsibilities (continued)

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

COVID 19

The COVID-19 (Coronavirus) public health emergency continues to evolve. The Company has a COVID-19 response team in place, to coordinate local actions to safeguard employee health and initiate Business Continuity Plans.

Directors' statement as to disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as each director is aware there is no relevant audit information of which the Group and Parent Company's auditors are unaware; and
- the director has taken all the steps that ought to be taken as a director in order to be aware of relevant audit information and to establish that the Group and Parent Company's auditors are aware of that information.

Auditor

PKF Littlejohn has signified its willingness to continue in office as auditor.

On behalf of the board

DocuSigned by:

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A Gupta
Director

Date 9/29/2022

Big Health Ltd

Independent Auditor's Report**for the year ended 31st December 2021****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIG HEALTH LIMITED****Opinion**

We have audited the financial statements of Big Health Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's and parent company's profit/loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we

Big Health Ltd

Independent Auditor's Report

for the year ended 31st December 2021

identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report

for the year ended 31st December 2021

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from the Companies Act 2006 and regulations applicable to the subsidiaries
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - enquiries of management, review of minutes, review of legal and regulatory correspondence
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to revenue recognition policy and we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities; <http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>; [https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-\(1\)](https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance/2010-ethical-standards-for-auditors-(1)). This description forms part of our auditor's report.

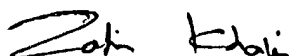
Big Health Ltd

Independent Auditor's Report

for the year ended 31st December 2021

Use of our report

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



**Zahir Khaki (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor**

**15 Westferry Circus
Canary Wharf
London E14 4HD**

Date: 30/09/2022

Big Health Ltd

Group statement of comprehensive income

for the year ended 31 December 2021

	Notes	2021 \$	2020 \$
Revenue	5	20,318,106	13,438,954
Discounts		<u>(1,742,352)</u>	<u>(1,059,983)</u>
Net revenue		18,575,754	12,378,971
Cost of sales		<u>(407,822)</u>	<u>(278,391)</u>
Gross profit		18,167,932	12,100,580
Administrative expenses	8	(31,618,833)	(21,542,441)
Other income	6	<u>56,742</u>	<u>86,307</u>
Operating loss		(13,394,159)	(9,355,554)
Interest receivable		8,842	973
Interest payable		-	(10,107)
Gain/(loss) on foreign exchange		<u>516,988</u>	<u>(4,133,557)</u>
Loss on ordinary activities before taxation		(12,868,329)	(13,498,245)
Tax credit on loss on ordinary activities	10	<u>-</u>	<u>5,725</u>
Loss for the financial year		<u>(12,868,329)</u>	<u>(13,492,520)</u>

Other comprehensive income

	2021 \$	2020 \$
Loss for the financial year	(12,868,329)	(13,492,520)
Other comprehensive income		
Items that maybe be reclassified to profit or loss		
Movement on translation reserve	<u>(576,119)</u>	<u>(36,961)</u>
Total comprehensive income for the year	<u>(13,444,448)</u>	<u>(13,529,481)</u>

All results arose from continuing activities.

The notes on pages 18 to 38 form part of these financial statements.

Big Health Ltd

Group statement of financial position

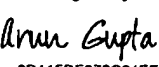
at 31 December 2021

REGISTERED NUMBER: 06780612

	Notes	2021 \$	2020 \$
Non-current assets			
Leasehold improvements and equipment	12	7,834	9,876
Right of use assets	12	<u>317,912</u>	<u>567,432</u>
Total non-current assets		325,746	577,308
Current assets			
Debtors	13	68,480,656	3,373,655
Cash at bank and in hand	14	<u>15,396,082</u>	<u>24,177,345</u>
		83,876,738	27,551,000
Creditors: amounts falling due within one year	15	<u>(4,553,364)</u>	<u>(3,916,911)</u>
Net current assets		79,323,374	23,634,089
Total assets less current liabilities		79,649,120	24,211,397
Creditors: amounts falling due after one year	15	<u>(38,358)</u>	<u>(284,131)</u>
Total net assets		<u>79,610,762</u>	<u>23,927,266</u>
Capital and reserves			
Called up share capital	16	78*	56*
Share premium		124,592,381	56,527,903
Share based payment reserve		2,024,099	1,110,025
Profit and loss account		(47,177,083)	(34,458,124)
Translation reserve	17	<u>171,287</u>	<u>747,406</u>
Total equity		<u>79,610,762</u>	<u>23,927,266</u>

*Ordinary shares issued during the year at par value being £0.000001.

The financial statements were approved and authorised for issue by the Board of Directors on 9/29/2022 2022 and were signed on its behalf by:

DocuSigned by:

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A Gupta
Director

The notes on pages 18 to 38 form part of these financial statements

Big Health Ltd

Company statement of financial position

at 31 December 2021

REGISTERED NUMBER: 06780612

	Notes	2021 \$	2020 \$
Fixed assets			
Tangible assets	12	-	274
Investment in a subsidiary	11	-	-
		<u>-</u>	<u>274</u>
Current assets			
Debtors	13	106,941,451	28,312,767
Cash at bank and in hand	14	<u>9,789,486</u>	<u>19,624,729</u>
		116,730,937	47,937,496
Creditors: amounts falling due within one year	15	<u>(278,672)</u>	<u>(299,364)</u>
Net current assets		<u>116,452,265</u>	<u>47,638,132</u>
Total assets less current liabilities		116,452,265	47,638,406
Creditors: amounts falling due after one year	15	-	-
Total net assets		<u>116,452,265</u>	<u>47,638,406</u>
Capital and reserves			
Called up share capital	16	78*	56*
Share premium		124,592,381	56,527,903
Share based payment reserve		2,024,099	1,110,025
Profit and loss account		(10,433,063)	(10,746,987)
Translation reserve	17	<u>268,770</u>	<u>747,409</u>
		<u>116,452,265</u>	<u>47,638,406</u>

*Ordinary shares issued during the year at par value being £0.000001.

Approved by the board and authorised for issue on 9/29/2022 2022

DocuSigned by:

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A Gupta
Director

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and has not presented its own profit and loss account. The profit of the Company for the year was \$164,554 (2020: loss of \$5,230,695).

The notes on pages 18 to 38 form part of these financial statements.

Big Health Ltd

Group statement of changes in equity

at 31 December 2021

	Share capital* \$	Share premium \$	Share option reserve \$	Retained earnings \$	Translation reserve \$	Total \$
At 1 January 2020	30	13,351,238	599,595	(20,965,604)	784,367	(6,230,374)
Loss for the year	-	-	-	(13,492,520)	-	(13,492,520)
Movement on translation reserve	-	-	-	-	(36,961)	(36,961)
Total comprehensive income for the year	-	-	-	(13,492,520)	(36,961)	(13,529,481)
Contributions by and distributions to owners						
Issue of shares	26	43,176,665	-	-	-	43,176,691
Movement on share option reserve	-	-	510,430	-	-	510,430
Total transactions with owners	26	43,176,665	510,430	-	-	43,687,121
At 1 January 2021	56	56,527,903	1,110,025	(34,458,124)	747,406	23,927,266
Loss for the year	-	-	-	(12,868,329)	-	(12,868,329)
Movement on translation reserve	-	-	-	-	(576,119)	(576,119)
Total comprehensive income for the year	-	-	-	(12,868,329)	(576,119)	(13,444,448)
Contributions by and distributions to owners						
Issue of shares	22	68,064,478	-	-	-	68,064,500
Movement on share option reserve	-	-	914,074	149,370	-	1,063,444
Total transactions with owners	22	68,064,478	914,074	149,370	-	69,127,944
At 31 December 2021	78	124,592,381	2,024,099	(47,177,083)	171,287	79,610,762

*Ordinary shares issued during the year at par value being £0.000001.

The notes on pages 18 to 38 form part of these financial statements.

Big Health Ltd

Company statement of changes in equity

at 31 December 2021

	Share capital* \$	Share premium \$	Share option reserve \$	Retained earnings \$	Translation reserve \$	Total \$
At 1 January 2020	30	13,351,238	599,595	(5,516,292)	784,368	9,218,939
Loss for the year	-	-	-	(5,230,695)	-	(5,230,695)
Movement on translation reserve	-	-	-	-	(36,959)	(36,959)
Total comprehensive income for the year	-	-	-	(5,230,695)	(36,959)	(5,267,654)
Contributions by and distributions to owners						
Issue of shares	26	43,176,665	-	-	-	43,176,691
Movement on share option reserve	-	-	510,430	-	-	510,430
Total transactions with owners	26	43,176,665	510,430	-	-	43,687,121
At 1 January 2021	56	56,527,903	1,110,025	(10,746,987)	747,409	47,638,406
Profit for the year	-	-	-	164,554	-	164,554
Movement on translation reserve	-	-	-	-	(478,639)	(478,639)
Total comprehensive income for the year	-	-	-	164,554	(478,639)	(314,085)
Contributions by and distributions to owners						
Issue of shares options	22	68,064,478	-	-	-	68,064,500
Movement on share option reserve	-	-	914,074	149,370	-	1,063,444
Total transactions with owners	22	68,064,478	914,074	149,370	-	69,279,924
At 31 December 2021	78	124,592,381	2,024,099	(10,433,063)	268,770	116,452,265

*Ordinary shares issued during the year at par value being £0.000001.

The notes on pages 18 to 38 form part of these financial statements

Big Health Ltd

Group and company statement of cash flows

at 31 December 2021

Group	Note	2021 \$	2020 \$
Cash flows from operating activities			
Loss before tax		(12,868,329)	(13,498,245)
Depreciation		255,930	293,075
Gain on asset disposal		-	(50,582)
Corporation tax		-	5,726
Share options expense		1,063,444	481,165
Movement on revaluation		(576,118)	224,298
Increase in trade receivables		(2,567,571)	(1,709,195)
Increase in trade payables		<u>598,032</u>	<u>992,352</u>
Net cash used in operating activities		<u>(14,094,612)</u>	<u>(13,261,406)</u>
Cash flows from investing activities			
Purchases of tangible fixed assets		<u>(4,368)</u>	=
Net cash (used in)/generated from investing activities		<u>(4,368)</u>	=
Cash flows from financing activities			
Share consideration		5,525,069	43,176,691
Proceeds from borrowings		-	(8,465,799)
Payment of lease liabilities		<u>(236,593)</u>	<u>(314,010)</u>
Net cash generated from financing activities		<u>5,288,476</u>	<u>34,396,882</u>
Net (decreased)/increase in cash and cash equivalents		(8,810,504)	21,135,476
Exchange difference on cash and cash equivalents		29,241	14,345
Cash and cash equivalents at the beginning of the year		<u>24,177,345</u>	<u>3,027,524</u>
Cash and cash equivalents at the end of the year		<u>15,396,082</u>	<u>24,177,345</u>

Major non-cash transactions

During the year, the Group issued share capital for proceeds of \$68,064,499. An amount of \$62,539,430 is unpaid at 31 December 2021. These proceeds have been received during January 2022.

The notes on pages 18 to 38 form part of these financial statements.

Big Health Ltd

Group and company statement of cash flows

at 31 December 2021

Company	Note	2021 \$	2020 \$
Cash flows from operating activities			
Profit/(loss) before tax		164,554	(5,332,398)
Depreciation		274	4,345
Loss on asset disposal		-	6
Corporation tax		-	101,703
Share options expense		1,063,444	481,165
Foreign exchange		(478,636)	(288,599)
(Increase)/decrease in trade receivables		(15,511)	300,098
(Decrease)/increase in trade payables		<u>(20,693)</u>	<u>33,677</u>
Net cash generated from/(used in) operating activities		<u>713,432</u>	<u>(4,700,003)</u>
Cash flows from financing activities			
Share consideration		5,525,069	43,176,691
Proceeds from borrowings		-	(8,465,799)
Advances to a subsidiary undertaking		<u>(16,073,744)</u>	<u>(10,870,851)</u>
Net cash generated (used in)/from financing activities		<u>(10,548,675)</u>	<u>23,840,041</u>
Net (decrease)/increase in cash and cash equivalents		(9,835,243)	19,140,037
Exchange difference on cash and cash equivalents		-	14,345
Cash and cash equivalents at the beginning of the year		<u>19,624,729</u>	<u>470,347</u>
Cash and cash equivalents at the end of the year		<u>9,789,486</u>	<u>19,624,729</u>

Major non-cash transactions

During the year, the Group issued share capital for proceeds of \$68,064,499. An amount of \$62,539,430 is unpaid at 31 December 2021. These proceeds have been received during January 2022.

The notes on pages 18 to 38 form part of these financial statements.

Notes to financial statements

at 31 December 2021

1. General information

The financial statements presented are for Big Health Ltd (the “Company”) and its subsidiaries (together, the “Group”). The principal activity of the Group continues to be the development of computer applications.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Lynton House, 7 – 12 Tavistock Square, London WC1H 9LT, United Kingdom.

2. Summary of significant accounting policies

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

2.1 Basis of preparation of financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2021. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The Company has used the exemption granted under s408 of the Companies Act 2006 that allows for the non-disclosure of the Income Statement of the parent company. The after-tax profit attributable to the Company for the year ended 31 December 2021 was \$164,554 (2020: loss of \$5,230,695).

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and the Companies Act 2006.

These financial statements have been prepared under the historical cost convention and are presented in United States dollars.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement in the process of applying the Group’s accounting policies, or areas where assumptions and estimates are significant in the financial statements, are disclosed in note 4.

Notes to the financial statements (continued)

at 31 December 2021

2. Accounting policies (continued)

2.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represent amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Under IFRS 15 there is a five-step approach to revenue recognition which is adopted across all revenue streams. The process is:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue as and when the entity satisfies the performance obligation.

The Group generates revenue from subscriptions charged in the respect of digital applications relating to sleep and health wellbeing. Once the contract is signed such revenue is recognised on a monthly basis in accordance with the term of the subscription.

The Group also has corporate clients and is contracted to provide the digital applications to their employees. The revenue in respect of such contracts is recognised in accordance with the contract terms.

Revenue recognition treatment of Sleepio and Daylight application signups within per use employer contracts is treated over a 3 month period as this is the expected length of time taken for a client to complete the course.

The balance sheet is credited with the value of invoiced sales mentioned above, as deferred income, which is then amortised to revenue over the period of the contract. At the balance sheet date, the carrying value for deferred income reflects the total value of invoiced sales which has not yet been recognised as revenue.

2.3 Going concern

The directors have prepared these financial statements under the going concern basis of accounting. In the opinion of the directors the Group has obtained sufficient additional funding during 2021 to enable it to meet its financial obligations going forward for a period of at least twelve months from the approval of these financial statements.

During 2021, incremental funding of \$5.2 million was received, with a further \$63.0 million received in 2022, which in the opinion of the directors is sufficient to enable the Group to meet its liabilities until at least July 2026.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office & computer equipment	-	33%
Leasehold improvements	-	over the term

Notes to the financial statements (continued)

at 31 December 2021

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

2.5 Financial Instruments

Financial Assets

Classification

The Group's financial assets consist of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents at the year-end.

Recognition and Measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing or selling the asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; and
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate ("EIR"). The asset's carrying amount is reduced and the loss is recognised in the Income Statement.

Notes to the financial statements (continued)

at 31 December 2021

2. Accounting policies (continued)

2.5 Financial Instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Income Statement.

Financial Liabilities

Classification

The Group's financial liabilities consist of borrowings and payables. The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition.

i). Borrowings and payables

The Group's financial liabilities include trade and other payables and borrowings.

Recognition and Measurement

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs. After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Income Statement.

Derecognition of Financial Liabilities

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit and loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Notes to the financial statements (continued)

at 31 December 2021

2. Accounting policies (continued)

2.6 New accounting standards and interpretations in issue but not applied in the financial statements

New standards, amendments and interpretations in issue but not yet effective or not (and in some cases have not yet been adopted by the EU);

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are listed below. The Company intends to adopt these standards, if applicable, when they become effective. These are summarised below.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) in order to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows: • require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations) • require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. [Issued September 2014, the effective date has been indefinitely postponed by the IASB and EU and UK endorsement remains on hold].

Amendments to IAS 1: Classification of Liabilities as Current or Non-current: The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period, and refer to the "right" to defer settlement by at least twelve months. They make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability. The amendments clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, and clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. [Issued 23 January 2020, applies to accounting periods beginning on or after 1 January 2023, subject to EU and UK endorsement].

Amendment to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date: The amendment defers the effective date of the January 2020 amendments to IAS 1 by one year to annual reporting periods beginning on or after 1 January 2023. [Issued 15 July 2020, applies to accounting periods beginning on or after 1 January 2023 with early application of the January 2020 amendments permitted, subject to EU and UK endorsement].

Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies: The amendments require that an entity discloses its material accounting policies, instead of its significant policies. Further amendments to the standard explain how an entity can identify a material accounting policies. Examples of when an accounting policy is likely to be material have also been added. In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. [Issued 12 February 2021, applies for annual periods beginning on or after 1 January 2023 with early application permitted in the EU, and is subject to UK endorsement].

Notes to the financial statements (continued)

at 31 December 2021

2. Accounting policies (continued)

2.6 New accounting standards and interpretations in issue but not applied in the financial statements (continued)

Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates: The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. [Issued 12 February 2021 applies for annual periods beginning on or after 1 January 2023 with early application permitted, in the EU, and is subject to UK endorsement].

Amendments to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction: provides a further exemption from the initial recognition exemption provided in IAS 12. Under the amendments, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. [Issued 31 May 2021 applies for annual periods beginning on or after 1 January 2023 with early application permitted, subject to EU and UK endorsement].

The Group has not early adopted any of the above standards and the directors are assessing the impact on future financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective and would be expected to have a material impact on the Group.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Any losses arising from impairment are recognised in the Income Statement in other administrative expenses.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the EIR method.

Notes to the financial statements (continued)

at 31 December 2021

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional currency is GBP. This differs from the presentational currency of the Group which is USD. The reason for the difference is that the Company operates predominantly in the United States and most of its transactions are in USD. The Directors have decided that the financial statements should be presented in USD on this basis.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses resulting from the revaluation of the Parent Company financial statements into USD for consolidation are credited or debited to reserves, with the annual movement identified in note 17.

2.11 Share based payments

The Company operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity.

The expenses recognised, net of any directly attributable transaction costs, are credited to share capital, (nominal value) and share premium when the options are exercised.

Further details regarding the share-based compensation plans can be found in note 18.

Notes to the financial statements (continued)

at 31 December 2021

2. Accounting policies (continued)

2.12 Leases

The directors assess whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether it depends on a specific asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct use of the asset.

The Company recognises a right-of-use (ROU) asset and lease liability at the lease commencement date, except for short term leases of 12 months or less which are expensed in the Income Statement in a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

At inception, the ROU asset comprises the initial lease liability, initial indirect costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment, as for owned assets.

ROU assets are included in the heading "Leasehold Property" and the lease liability is included in the headings "Creditors due within one year" and "Creditors due after more than one year".

2.13 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

2.14 Grant Income

Grant income is recognised in the Income Statement when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grant will be received. Grants relating to research and development are off-set against the relevant costs.

3. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risk, including market risk, liquidity risk and credit risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. The Board determines principles of overall risk management and there are written policies covering specific areas such as credit risk.

Notes to the financial statements (continued)

at 31 December 2021

3. Financial risk management (continued)

Credit Risk

Credit risk arises from cash and cash equivalents as well as credit exposure to customers, including outstanding receivables and committed transactions. Management does not expect any losses from non-performance of these receivables.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk, which is stated under the cash and cash equivalents accounting policy.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board. This risk is mitigated to an extent as the Group deals large companies, easily recognised by the public, who are unlikely to default on payments.

Price Risk

Due to the nature of the Group's operations, it is not exposed to price risk.

Liquidity Risk

Liquidity risk is any inability to obtain funds the Group requires to maintain day-to-day operations and comply with its commitments under financial instruments.

The Group manages its liquidity risk through the raising of new equity capital, cashflows remain abundant from this source.

In addition, controls over expenditure are carefully managed. Financial liabilities are all due within one year.

Interest Rate Risk

The Group has both interest-bearing assets and liabilities. Interest-bearing assets include only cash balances, all of which earn interest. The interest generated on cash held is not material to the financial statements. The Directors review the effective interest rate generated on cash held on a regular basis to ensure a competitive rate is obtained.

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Pound Sterling. The Group operates predominantly in the United States and most of its transactions are in US dollars. The Group's foreign exchange risk arises mainly from intra group transactions and UK sales which are denominated in Pounds sterling. Whilst the Group maintains bank accounts in these currencies to reduce its exposure to this risk, the directors continue to monitor their options.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, which currently depends upon the Group's ability to obtain financing primarily through a further raising of new equity capital. Although the Group has been successful in raising new equity capital, there can be no guarantee that it will be able to do so in the future. The Group may not be successful in procuring the requisite funds on terms which are acceptable to it (or at all) and, if such funding is unavailable, would raise questions over its ability to further develop its products and recognise the growth they aim for. Further, Shareholders' holdings of Ordinary Shares may be materially diluted if debt financing is not available.

Notes to the financial statements (continued)

at 31 December 2021

3. Financial risk management (continued)

Capital risk management (continued)

The Group has no externally imposed capital requirements and monitors future planned activities against resources available.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Share options

The Group has applied the requirements of IFRS 2 Share-based Payment for all grants of equity instruments.

The Group issues equity-settled share-based payments to the directors, senior management and employees ("Employee Share Options"). Equity-settled share-based payments are measured at fair value at the date of grant for Employee Share Options. The fair value determined at the grant date, of the equity-settled share-based payments is expensed, with a corresponding credit to equity, on a graded basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At each subsequent reporting date the Group calculates the estimated cumulative charge for each award having regard to any change in the number of options that are expected to vest and the expired portion of the vesting period. The change in this cumulative charge since the last reporting date is expensed with a corresponding credit being made to equity. Once an option vests, no further adjustment is made to the aggregate amount expensed.

The fair value is calculated using the Black Scholes method for Employee Share Options as management views the Black Scholes method as providing the most reliable measure of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability exercise restrictions and behavioural considerations. The market price used in the model is the issue price of Company shares at the last placement of shares immediately preceding the calculation date. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitation of the calculations used.

Amortisation and depreciation

Assets included within leasehold improvements, computer and office equipment are depreciated over their estimated economic lives which are determined on the basis of management expectations and assessments. If the actual useful economic life is less than the expected useful economic life, the amount of depreciation would be adjusted accordingly. The net book value of leasehold improvements, computer and office equipment can be found in note 12.

Leases

IFRS 16 Leases has been applied when preparing the annual report and financial statements. Under the provisions of the standard most leases, including the majority of those previously classified as operating leases, will be brought onto the statement of financial position as both a right-of-use asset and a largely offsetting lease liability. The right-of-use asset and lease liability are both based on the present value of lease payments due over the term of the lease, with the asset being depreciated in accordance with IAS 16 'Property, Plant and Equipment' and the liability increased for the accretion of interest and reduced by lease payments.

The Standard expects management to make certain estimates and judgements as a result of the adoption and further details are described in the accounting policy.

Big Health Ltd

Notes to the financial statements (continued)

at 31 December 2021

5. Revenue

Analysis of revenue by geographical location is as follows:

	2021 \$	2020 \$
United Kingdom	1,504,724	112,281
Europe	-	604
Rest of World	<u>18,813,382</u>	<u>13,326,069</u>
	<u>20,318,106</u>	<u>13,438,954</u>

All revenues are attributable to the provision of digital computer applications

6. Other Income

Other income of \$56,742 during the year ended 31 December 2021 (2020: \$86,307) relates to funds received from third parties relating to a specific research project.

7. Directors' remuneration

The amounts paid or payable to directors for employee and director services are as follows:

	2021 \$	2020 \$
Salaries and other short term employee benefits	<u>450,285</u>	<u>364,099</u>

The highest paid director received remuneration of \$294,523 (2020 - \$220,903).

8. Expenses by nature

	2021 \$	2020 \$
Administrative expenses		
Staff costs	22,777,430	13,180,343
Staff development	84,328	71,129
Share-based payments charge	1,063,445	481,165
Accountancy and taxation	236,011	465,216
Legal and professional	470,855	541,063
Consultancy and contractors	1,938,215	2,465,998
Audit Fees	41,623	38,641
Recruitment	765,263	1,059,889
Travel and subsistence	134,600	224,204
Marketing and research	2,288,792	1,681,117
Depreciation	255,930	293,075
Gain on asset disposal	-	(50,588)
Other expenses	<u>1,562,341</u>	<u>1,091,189</u>
	<u>31,618,833</u>	<u>21,542,441</u>

Big Health Ltd

Notes to the financial statements (continued)

at 31 December 2021

9. Employee costs and headcount

The average number of staff employed, including directors, during the financial year totalled:

	Group	
	2021	2020
	No.	No.
Employees	<u>131</u>	<u>80</u>

The average number of staff employed, including directors, during the financial year totalled:

	Company	
	2021	2020
	No.	No.
Employees	<u>26</u>	<u>22</u>

The aggregate payroll costs for the Group were as follows:

	Group	
	2021	2020
	\$	\$
Wages and salaries	21,265,844	12,281,832
Social security costs	1,480,743	874,050
Pension contributions	<u>30,843</u>	<u>24,461</u>
	<u>22,777,430</u>	<u>13,180,343</u>

The aggregate payroll costs for the Company were as follows:

	Company	
	2021	2020
	\$	\$
Wages and salaries	1,862,617	1,357,722
Social security costs	212,686	165,934
Pension contributions	<u>30,843</u>	<u>24,461</u>
	<u>2,106,146</u>	<u>1,548,117</u>

Big Health Ltd

Notes to the financial statements (continued)

at 31 December 2021

10. Income Tax**Analysis of tax (charge)/credit in the year**

	Group	
	2021	2020
	\$	\$
Current tax		
R&D tax credit	<u>-</u>	<u>5,726</u>
	<u>-</u>	<u>5,726</u>

Analysis of charge in the year:

Loss on ordinary activities multiplied by weighted average tax rate for the group of 21.03% (2020 – 20.22%)

	(2,705,640)	(2,729,345)
Disallowed items	424,761	101,779
R&D tax credits	-	(12,769)
Timing differences	(487,799)	(118)
Tax losses carried forward	<u>2,768,678</u>	<u>2,634,728</u>
Current tax credit	<u>-</u>	<u>5,726</u>

Weighted average tax rate is calculated by reference to the tax rates effective in each of the jurisdictions. The tax rates effective at 31 December 2021 are 19% and 21% in the UK and USA respectively.

The Group has tax losses carried forward of \$34,634,869 (2020: \$21,469,496) available under the current rules. No deferred tax asset has been recognised against these losses.

11. Investment in a subsidiary

Name	Class of shares	Holding	Principal activity
Big Health Inc.	Ordinary shares	100%	Development of software applications

The registered address of Big Health Inc. is The Corporation Trust Company, Corporation Trust Center, 1209 Orange St., Wilmington, DE 19801. Big Health Inc. is included in these consolidated financial statements.

Big Health Ltd

Notes to the financial statements (continued)

at 31 December 2021

12. Tangible fixed assets**Group**

	Computer equipment	Office equipment	Leasehold property	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Cost					
At 1 January 2021	108,637	33,219	1,428,845	83,683	1,654,384
Foreign exchange adjustment	(794)	(106)	-	-	(900)
Additions	-	-	4,368	-	4,368
At 31 December 2021	<u>107,843</u>	<u>33,113</u>	<u>1,433,213</u>	<u>83,683</u>	<u>1,657,852</u>
Depreciation					
At 1 January 2021	108,363	23,617	861,413	83,683	1,077,076
Foreign exchange adjustment	(794)	(106)	-	-	(900)
Charge for year	274	1,768	253,888	-	255,930
At 31 December 2021	<u>107,843</u>	<u>25,279</u>	<u>1,115,301</u>	<u>83,683</u>	<u>1,332,106</u>
Net book value					
At 31 December 2021	<u>-</u>	<u>7,834</u>	<u>317,912</u>	<u>-</u>	<u>325,746</u>
At 31 December 2020	<u>274</u>	<u>9,602</u>	<u>567,432</u>	<u>-</u>	<u>577,308</u>

Big Health Ltd

Notes to the financial statements (continued)

at 31 December 2021

12. Tangible fixed assets (continued)**Company**

	Computer equipment	Office equipment	Total
	\$	\$	\$
Cost			
At 1 January 2021	70,728	9,417	80,145
Foreign exchange adjustment	<u>(794)</u>	<u>(106)</u>	<u>(900)</u>
At 31 December 2021	<u>69,934</u>	<u>9,311</u>	<u>79,245</u>
Depreciation			
At 1 January 2021	70,454	9,417	79,871
Foreign exchange adjustment	<u>(794)</u>	<u>(106)</u>	<u>(900)</u>
Charge for year	<u>274</u>	<u>-</u>	<u>274</u>
At 31 December 2021	<u>69,937</u>	<u>9,311</u>	<u>79,245</u>
Net book value			
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2020	<u>274</u>	<u>-</u>	<u>274</u>

13. Debtors

The fair values of trade and other receivables are as follows:

	2021	2020
Group	\$	\$
Trade debtors	2,330,998	1,618,536
Other debtors	63,082,013	86,913
Prepayments and accrued income	<u>3,067,645</u>	<u>1,668,206</u>
	<u>68,480,656</u>	<u>3,373,655</u>

Big Health Ltd

Notes to the financial statements (continued)

at 31 December 2021

13. Debtors (continued)

As at 31 December 2021, trade receivables of \$773,837 (2020: \$191,662) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2021	2020
	\$	\$
Up to 3 months	693,926	191,662
3 to 6 months	<u>79,911</u>	<u>-</u>
	<u>773,837</u>	<u>191,662</u>

The carrying amounts of the Group's debtors are denominated in the following currencies:

	2021	2020
	\$	\$
UK Pounds	63,037,883	51,078
US Dollars	<u>5,442,773</u>	<u>3,322,577</u>

Company	2021	2020
	\$	\$
Trade receivables	12,159	6,719
Other debtors	63,002,842	7,742
Prepayments and accrued income	22,882	36,616
Amounts due from group undertakings	<u>43,903,568</u>	<u>28,261,689</u>
	<u>106,941,451</u>	<u>28,312,766</u>

The balance due from group undertakings includes \$15,450,661 (2020 - \$13,808,757) that is interest free, unsecured and repayable on demand. \$28,452,907 (2020 - \$14,452,932) is unsecured, is repayable on demand and carries an annual interest rate of 1.5%.

At 31 December 2021, trade receivables of \$Nil (2020: \$Nil) were past due but not impaired. The carrying amounts of the Company's debtors are denominated in the following currencies:

	2021	2020
	\$	\$
UK Pounds	63,037,583	51,077
US Dollars	<u>43,903,568</u>	<u>28,261,689</u>

There are no material differences between the fair value of trade and other receivables and their carrying value at the year end. No receivables were past due or impaired at year end.

Big Health Ltd

Notes to the financial statements (continued)

at 31 December 2021

14. Cash and cash equivalents

	2021	2020
Group	\$	\$
Cash at bank and other liquid deposits	<u>15,396,082</u>	<u>24,177,345</u>
	<u>15,396,082</u>	<u>24,177,345</u>
	2021	2020
Company	\$	\$
Cash at bank and other liquid deposits	<u>9,789,486</u>	<u>19,624,729</u>
	<u>9,789,486</u>	<u>19,624,729</u>

15. Creditors: amounts falling due within one year

	2021	2020
Group	\$	\$
Trade creditors	422,639	746,506
Other taxes and social security costs	47,878	54,257
Other creditors	121,208	-
Accruals and deferred income	3,715,866	2,879,555
Net obligations under leases	<u>245,773</u>	<u>236,593</u>
	<u>4,553,364</u>	<u>3,916,911</u>

Creditors: amounts falling due after one year

	2021	2020
Group	\$	\$
Net obligations under leases	<u>38,358</u>	<u>284,131</u>
	<u>38,358</u>	<u>284,131</u>

Creditors: amounts falling due within one year

	2021	2020
Company	\$	\$
Trade creditors	53,561	22,568
Other taxes and social security costs	47,878	54,257
Other creditors	358	-
Accruals and deferred income	<u>176,875</u>	<u>222,540</u>
	<u>278,672</u>	<u>299,365</u>

Big Health Ltd

Notes to the financial statements (continued)

at 31 December 2021

16. Share capital

Allotted, called up and fully paid	No.	2021	No.	2020
		\$		\$
Ordinary shares of £0.000001 each	12,938,211	19	12,514,197	19
Seed shares of £0.000001 each	4,667,300	5	4,667,300	5
A Ordinary shares of £0.000001 each	7,406,202	7	7,406,201	7
B Ordinary shares of £0.000001 each	18,554,305	25	18,554,304	25
C Ordinary shares of £0.000001 each	16,409,987	<u>22</u>	-	-
		<u>78</u>		<u>56</u>

Ordinary shares have full voting rights and have the right to participate in dividends paid by the Company secondary to Seed shares. Ordinary shares have the right to participate in distributions in accordance with the Company's Articles of Association and are not redeemable.

Seed shares have full voting rights subject to the provisions relating to shares held by corporate shareholders and any connected persons. Seed shares have the right to participate in dividends subject to the provisions relating to shares held by corporate shareholders and any connected persons. Seed shares have the right to participate in distributions in accordance with the Company's Articles of Association and are not redeemable.

All of the A Ordinary shares, B Ordinary shares and C Ordinary shares ("A, B & C Ordinary shares") have full voting rights subject to the provisions relating to shares held by corporate shareholders and any connected persons. A, B & C Ordinary shares have the right to participate in dividends subject to the provisions relating to shares held by corporate shareholders and any connected persons. A, B & C Ordinary shares have the right to participate in distributions in accordance with the Company's Articles of Association and are not redeemable.

17. Translation reserve

The Group has made a loss of \$576,119 (2020 – \$36,961) in respect of translation differences on consolidation of the Group into its presentational currency, US\$.

Big Health Ltd

Notes to the financial statements (continued)

at 31 December 2021

18. Share options

Share options outstanding and exercisable at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price in £ per share	Options	
			31 December 2021	31 December 2020
			£	£
16 May 2017	15 May 2027	0.34	209,639	209,639
29 November 2017	28 November 2027	0.33	51,017	158,211
20 September 2018	19 September 2028	0.35	99,402	151,849
17 January 2019	16 January 2029	0.35	61,502	103,381
17 May 2019	16 May 2029	0.35	51,907	78,443
19 September 2019	18 September 2029	0.39	108,524	125,480
19 November 2019	18 November 2029	0.39	123,462	151,710
23 October 2020	22 October 2030	0.60	1,428,563	1,525,892
23 March 2021	22 March 2031	0.57	606,421	-
29 July 2021	28 July 2031	0.60	631,482	-
10 August 2021	18 August 2031	0.61	357,383	-
			<u>3,729,302</u>	<u>2,504,605</u>

The Company and Group have no legal or constructive obligation to settle or repurchase the options in cash.

Options are settled when the Company receives a notice of exercise and cash proceeds from the option holder equal to the aggregate exercise price of the options being exercised.

The fair value of the share options was determined using the Black Scholes valuation model. The parameters used are detailed as follows:

Big Health Ltd

Notes to the financial statements (continued)

at 31 December 2021

18. Share options (continued)

	2017 Options May	2017 Options November	2018 Options September	2019 Options January	2019 Options May	2019 Options September	2019 Options November	2020 Options October	2021 Options March	2021 Options July	2021 Options August
Granted on	16/05/17	29/11/17	20/09/18	17/01/19	17/05/19	19/09/19	19/11/19	23/10/20	23/03/21	29/07/21	19/08/21
Option Life (years)	4	4	4	4	4	4	4	4	4	4	4
Share price (£)	0.34	0.33	0.35	0.35	0.35	0.39	0.39	0.78	0.78	0.84	0.84
Risk free rate	1.28%	1.28%	1.46%	0.93%	0.93%	0.93%	0.93%	0.37%	0.37%	0.16%	0.16%
Expected volatility	69.4%	69.4%	58%	55%	55%	55%	55%	75%	75%	75%	75%
Expected dividend yield	-	-	-	-	-	-	-	-	-	-	-
Weighted average fair value per option (£)	0.244	0.246	0.233	0.222	0.222	0.249	0.249	0.46	0.46	0.46	0.47

The risk-free rate of return is based on 10 year zero yield government bonds. A reconciliation of options granted over the year to 31 December 2021 is shown below:

	Weighted average exercise price		Weighted average exercise price	
	2021	2021	2020	2020
	£	No.	£	No.
Outstanding at the beginning of the year	0.47	5,310,111	0.36	3,232,530
Granted during the year	0.59	3,507,622	0.78	2,626,249
Cancelled/forfeited during the year	0.51	(1,328,201)	0.40	(517,895)
Exercised during the year	0.37	(424,014)	0.33	(30,773)
Outstanding at the end of the year	0.53	<u>7,065,518</u>	0.47	<u>5,310,111</u>

Big Health Ltd

Notes to the financial statements (continued)

at 31 December 2021

19. Related party transactions

At 31 December 2021 the Company was owed \$43,903,568 (2020 - \$28,261,689) by its subsidiary, Big Health Inc.

Save as disclosed in note 7, during the year, the Group paid \$95,000 (2020 - \$Nil) for the services rendered to a company, of which one of the Directors has interests in it.

20. Post balance sheet events

There were no post balance sheet events on which to report.

21. Directors' advances, credits and guarantees

At 31 December 2021, there were no Director advances, credits or guarantees (2020 - none).

22. Ultimate parent undertaking and controlling party

In the opinion of the Directors, there is no ultimate controlling party of the Group.