

Company Registration No. 07392646 (England and Wales)

**HEALTH BRIDGE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# HEALTH BRIDGE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M Griefahn A Khutti D Meinertz
<b>Secretary</b>	D Meinertz
<b>Company number</b>	07392646
<b>Registered office</b>	46 Essex Road London N1 8LN
<b>Auditor</b>	Burgis & Bullock 23-25 Waterloo Place Warwick Street Leamington Spa Warwickshire CV32 5LA
<b>Bankers</b>	National Westminster Bank Plc Bishopgate PO Box 34 15 Bishopgate London EC2P 2AP

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# HEALTH BRIDGE LIMITED

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# HEALTH BRIDGE LIMITED

## STRATEGIC REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2019*

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The directors present the Strategic Report for the company (registered number 07392646), registered in England, in the United Kingdom, together with the audited financial statements for year ended 31 December 2019.

#### **Results and Business Review**

The Company had a successful year to 31 December 2019. It marked a period of significantly increased investment in developing the basis of our future clinical platform and building the teams to support this model, resulting in an operating loss of £7.7m for the year.

To fund this investment the Zava group closed a €28m series A funding round in December 2018, led by growth equity firm, HPE Growth. In September 2020 the Zava group concluded a further funding round of €10m.

To the extent that these funds are made available to the Company, it will use the investment to further accelerate its growth, including building out its world class team, expanding its medical offering and reaching its ambition of becoming the world's leading digital healthcare provider. The funding will also help to expand Zava's business in existing markets, to grow pan-European and then globally.

#### **Business Environment and Strategy**

The Company's mission is to build healthcare that is accessible, dependable and at a fraction of today's cost. To capture this opportunity, we will continue to build strong product and clinical service development teams to rapidly and systematically discover, build and launch new services, and continue to iterate upon them. We will also continue our expansion into foreign markets that we believe have attractive business fundamentals.

# HEALTH BRIDGE LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Principal Risks and Uncertainties**

The management of the Company and the execution of the Company's strategy are subject to a number of risks. These risks are constantly monitored by the board and appropriate processes have been put in place to monitor and mitigate these risks. The key business risks identified by management are as follows:

- COVID-19: Coronavirus has resulted in a general economic downturn in the markets we operate in, with less money available for discretionary private healthcare spending. However, it has also brought the telemedicine services we offer to the forefront as a desirable alternative to traditional offline primary care. Our service allows patients to access fast, safe medical treatment without exposing themselves to the risks of in-person consultations.
- Competition: The Company operates in a highly competitive environment which is still in the early stages of development. As the Company continues to have success, we have seen more competitors enter the market with similar offerings. The Company intends to leverage its in-depth knowledge and years of experience in the industry to outperform these competitors. We will continue to innovate, provide new services and optimise the patient experience.
- Regulation: Healthcare is a heavily regulated sector and there are multiple regulatory requirements that apply to our service and operations. Our base of operations is in the UK and therefore we are primarily subject to the UK regulatory frameworks. This includes the regulatory frameworks that govern our clinical staff (General Medical Council for Doctors), our pharmacists (General Pharmaceutical Council), and the services we provide generally (Care Quality Commission regulations). We mitigate regulation risks by maintaining a strong clinical governance framework and working with regulators to develop practice standards.
- Data and IT security: The Company deals with sensitive patient data. The introduction of the General Data Protection Regulation means that there is greater public awareness of Data Privacy and there are increased consequences in case of a breach. Management is committed to protect the privacy of our patients and data security is a cornerstone of the company mission. Processes are in place to monitor incidents and to log and respond to any customers queries reactively. Legal and Infrastructure teams support operational teams to embed data privacy in all facets of the business and to ensure compliance with the regulation and relevant security standards. In November 2019 we were awarded the Cyber Essentials Plus certification, recognising our commitment to and investment in cyber security.
- Brexit: The possible impact of Brexit has created uncertainty regarding cross-border trading rules within the European Union, in particular access to the single market and the free movement of goods and labour. Management have plans in place to deal with a number of possible Brexit outcomes, to ensure the Company can continue to provide its services safely, legally, and efficiently in its existing markets.

# HEALTH BRIDGE LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### Financial Risk Management

The Company's financial instruments consist of cash, trade receivables and trade payables. The carrying values of these instruments have various contractual maturities. Historically, the Company has been primarily funded by operationally generated cash flow, rather than external sources of finance. However, as detailed above, the Zava group closed a significant financing rounds in December 2018 and September 2020 which has substantially increased the funds available to the Company.

*Credit Risk* - As the majority of the Company's sales are to individuals by credit or debit card, credit risk is to a large extent a minor short-term risk only. There are processes in place to reduce the risk of credit card fraud. Corporate customers and payment service providers are vetted for creditworthiness and any outstanding balances are regularly reviewed and chased.

*Liquidity Risk* - Due to the structuring of payment arrangements the Company maintains a strong cash flow position, allowing it to pay all debts as they fall due. The Company also has a demonstrable history of capital efficiency and cost control. As of September 2020 an additional €10m was raised at the holding company level to finance continuing operations.

*Foreign Exchange Risk* - The Company is exposed to some foreign exchange risk as a significant proportion of the Company's sales are denominated in Euros. However, much of this risk is naturally hedged by corresponding purchases that are also denominated in Euros.

### Financial Key Performance Indicators

The directors monitor Company financial performance with reference to the following KPIs:

	2018	2019
Turnover	£21,565,500	£20,792,196
Operating Profit / (Loss)	(£517,998)	(£7,726,115)
Operating Margin	(2.40%)	(37.16%)

Turnover remained relatively flat year-on-year (3.6% decrease in Turnover from £21.6m to £20.8m) despite a number of key strategic changes that occurred in the year, including withdrawal from Switzerland and Austria, and reorienting the business towards lower-turnover, but higher-margin clinical services we provide.

Operating margin decreased to a £7.7m loss due to increased investment in long term projects (platform and market development) which have not been capitalised for reporting purposes

### Non-financial Key Performance Indicators

The directors also use a number of non-financial KPIs to monitor business performance. These include:

- Patient treatments per day;
- Customer trustpilot reviews and net promoter score;
- Average response time to patients; and
- Number of clinical incidents and other clinical governance-related metrics.

The status of all of these metrics was considered highly satisfactory in 2019.

# HEALTH BRIDGE LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

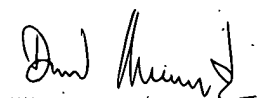
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### **Future Outlook and Prospects**

The strength and sustainability of the Company's position is underpinned by its in-depth knowledge of the digital healthcare sector in large European markets, our approach to clinical excellence, the size and loyalty of our existing patient base, and the exceptional patient experience that we provide.

The Company's robust trading performance in 2019 coupled with clear future strategy and strong cash flows leaves the Company well-positioned to grow successfully in 2020 and beyond.

By order of the board



D Meinertz

**Secretary**

01/12/2020

# HEALTH BRIDGE LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their annual report and financial statements for the year ended 31 December 2019.

#### Principal activities

The principal activity of the company continued to be that of the provision of online health services to customers in the UK, Germany, Austria, Switzerland, France and Ireland.

#### Directors

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

M Griefahn

L Draper

(Resigned 26 August 2020)

A Khutti

D Meinertz

#### Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Auditor

Burgis & Bullock were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Strategic report

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

#### Statement of disclosure to auditor

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



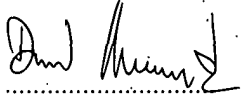
**HEALTH BRIDGE LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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By order of the board



D Meinertz

**Secretary**

Date: 01/12/2020 .....

# **HEALTH BRIDGE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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

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

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

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

**HEALTH BRIDGE LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF HEALTH BRIDGE LIMITED**

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**Opinion**

We have audited the financial statements of Health Bridge Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# HEALTH BRIDGE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HEALTH BRIDGE LIMITED

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of directors

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

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

# HEALTH BRIDGE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HEALTH BRIDGE LIMITED

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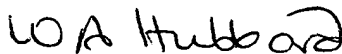
### Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's 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.



Wende Hubbard FCCA (Senior Statutory Auditor)  
for and on behalf of Burgis & Bullock

1<sup>st</sup> December 2020

Chartered Accountants  
Statutory Auditor

23-25 Waterloo Place  
Warwick Street  
Leamington Spa  
Warwickshire  
CV32 5LA

**HEALTH BRIDGE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	20,792,196	21,565,500
<b>Cost of sales</b>		(10,713,520)	(11,386,639)
<b>Gross profit</b>		10,078,676	10,178,861
<b>Administrative expenses</b>		(17,917,199)	(10,696,859)
<b>Other operating income</b>		112,408	-
<b>Operating loss</b>	<b>4</b>	(7,726,115)	(517,998)
<b>Interest receivable and similar income</b>	<b>7</b>	-	375
<b>Interest payable and similar expenses</b>	<b>8</b>	-	(14,592)
<b>Loss before taxation</b>		(7,726,115)	(532,215)
<b>Tax on loss</b>	<b>9</b>	320,150	-
<b>Loss for the financial year</b>		(7,405,965)	(532,215)

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

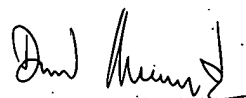
# HEALTH BRIDGE LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	10	1,209,294	255,274
<b>Current assets</b>			
Stocks	11	111,068	41,074
Debtors	12	7,081,461	5,343,198
Cash at bank and in hand		4,904,121	4,365,575
		12,096,650	9,749,847
<b>Creditors: amounts falling due within one year</b>	13	(13,574,684)	(9,367,896)
<b>Net current (liabilities)/assets</b>		(1,478,034)	381,951
<b>Total assets less current liabilities</b>		(268,740)	637,225
<b>Capital and reserves</b>			
Called up share capital	17	3,472	3,472
Share premium account		7,807,197	1,307,197
Profit and loss reserves		(8,079,409)	(673,444)
<b>Total equity</b>		(268,740)	637,225

The financial statements were approved by the board of directors and authorised for issue on 01/12/2020 and are signed on its behalf by:



D Meinertz  
Director

Company Registration No. 07392646

# HEALTH BRIDGE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2018</b>		3,472	1,307,197	(141,229)	1,169,440
<b>Year ended 31 December 2018:</b>					
Loss and total comprehensive income for the year		-	-	(532,215)	(532,215)
<b>Balance at 31 December 2018</b>		3,472	1,307,197	(673,444)	637,225
<b>Year ended 31 December 2019:</b>					
Loss and total comprehensive income for the year		-	-	(7,405,965)	(7,405,965)
Issue of share capital	17	-	6,500,000	-	6,500,000
<b>Balance at 31 December 2019</b>		3,472	7,807,197	(8,079,409)	(268,740)



# HEALTH BRIDGE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	22		(4,708,607)		556,558
Interest paid			-		(14,592)
Income taxes refunded/(paid)			320,151		(108)
<b>Net cash (outflow)/inflow from operating activities</b>			<b>(4,388,456)</b>		<b>541,858</b>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,239,664)		(166,291)	
Proceeds on disposal of tangible fixed assets		-		1	
Interest received		-		375	
<b>Net cash used in investing activities</b>			<b>(1,239,664)</b>		<b>(165,915)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		6,500,000		-	
Repayment of borrowings		(333,334)		(166,666)	
<b>Net cash generated from/(used in) financing activities</b>			<b>6,166,666</b>		<b>(166,666)</b>
<b>Net increase in cash and cash equivalents</b>			<b>538,546</b>		<b>209,277</b>
Cash and cash equivalents at beginning of year			4,365,575		4,156,298
<b>Cash and cash equivalents at end of year</b>			<b>4,904,121</b>		<b>4,365,575</b>

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### Company information

Health Bridge Limited is a private company limited by shares incorporated in England and Wales. The registered office is 46 Essex Road, London, N1 8LN.

#### 1.1 Accounting convention

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

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

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

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, despite the negative profit and loss reserves at the year end. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements as they consider that the cash balances and performance over the next 12 months will be sufficient to pay its liabilities as they fall due.

#### 1.3 Turnover

Turnover represents amounts receivable for consultations and prescriptions, dispensation of medicines and clinic management, stated net of VAT.

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

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.4 Tangible fixed assets

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

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

Leasehold improvements	over lease term
Fixtures and fittings	3 years straight line
Computers	3 years straight line

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

#### 1.5 Impairment of fixed assets

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

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

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

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

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.7 Cash and cash equivalents

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

#### 1.8 Financial instruments

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

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

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

##### **Basic financial assets**

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

##### **Other financial assets**

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

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

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

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

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

#### ***Derecognition of financial assets***

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

#### ***Classification of financial liabilities***

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

#### ***Basic financial liabilities***

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

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

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

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### *Other financial liabilities*

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

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

#### *Derecognition of financial liabilities*

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

### 1.9 Equity instruments

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

### 1.10 Taxation

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

#### *Current tax*

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

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### *Deferred tax*

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

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

#### **1.11 Employee benefits**

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

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

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

#### **1.12 Retirement benefits**

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

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2019*

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### 1 Accounting policies

(Continued)

#### 1.13 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

No charge has been made to operating expenses in respect of the options issued as, in the opinion of the directors, this charge would not be material to the financial statements.

#### 1.14 Leases

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

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### 1.15 Foreign exchange

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

### 2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.



# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### *Useful economic lives of property, plant & equipment*

The annual depreciation charge for property plant and equipment is sensitive to changes in the estimated useful life and residual values of the assets. The useful economic lives and residual values are amended when necessary to reflect current estimates based on economic utilisation and the physical condition of the assets. The carrying amount of fixed assets at the reporting date are £1,209,293 (2018: £255,274).

#### *Impairment*

Financial assets, such as receivables are subject to impairment reviews based on whether the current or future events and circumstances suggest that their recoverable amount may be less than their carrying value.

The value of the provision for potentially or actually irrecoverable receivables at the reporting date are £Nil (2018: £Nil).

#### *Dilapidation provision*

A leased property dilapidation provision is based on managements' current best analysis of future obligations.

The value of the dilapidation provision at the reporting date is £50,000 (2018: £50,000)

### 3 Turnover and other revenue

	2019	2018
	£	£
<b>Turnover analysed by class of business</b>		
Consultations & prescriptions	11,172,189	10,611,785
Medication	8,681,279	10,124,987
Clinic management	938,728	828,728
	<u>20,792,196</u>	<u>21,565,500</u>
	2019	2018
	£	£
<b>Other significant revenue</b>		
Interest income	-	375
	<u>-</u>	<u>375</u>

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 3 Turnover and other revenue (Continued)

	2019	2018
	£	£
<b>Turnover analysed by geographical market</b>		
UK	8,300,899	7,568,086
Europe	12,491,297	13,997,414
	<u>20,792,196</u>	<u>21,565,500</u>

### 4 Operating loss

	2019	2018
	£	£
Operating loss for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	180,784	20,235
Fees payable to the company's auditor for the audit of the company's financial statements	16,000	15,000
Depreciation of owned tangible fixed assets	285,644	137,769
(Profit)/loss on disposal of tangible fixed assets	-	281
Operating lease charges	<u>1,337,683</u>	<u>391,529</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Clinical and pharmacy	19	18
Customer support	37	24
Development	62	34
General and administrative	29	16
Marketing	25	15
	<u>172</u>	<u>107</u>
<b>Total</b>	<u>172</u>	<u>107</u>

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	10,425,516	6,327,664
Social security costs	989,240	571,766
Pension costs	136,126	52,140
	<u>11,550,882</u>	<u>6,951,570</u>

### 6 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	<u>282,869</u>	<u>288,577</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 2).

The number of directors who exercised share options during the year was 1 (2018 - 0).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 1 (2018 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019	2018
	£	£
Remuneration for qualifying services	185,258	188,505
Company pension contributions to defined contribution schemes	<u>1,188</u>	<u>703</u>

### 7 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	<u>-</u>	<u>375</u>

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

		(Continued)	
<b>7</b>	<b>Interest receivable and similar income</b>		
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	-	375
		<u>          </u>	<u>          </u>
<b>8</b>	<b>Interest payable and similar expenses</b>		
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
	Interest on financial liabilities measured at amortised cost:		
	Other interest on financial liabilities	-	14,592
		<u>          </u>	<u>          </u>

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Taxation

	2019	2018
	£	£
<b>Current tax</b>		
Adjustments in respect of prior periods	(320,150)	-

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Loss before taxation	(7,726,115)	(532,215)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(1,467,962)	(101,121)
Tax effect of expenses that are not deductible in determining taxable profit	53,376	3,953
Tax effect of utilisation of tax losses not previously recognised	-	85,985
Adjustments in respect of prior years	(320,150)	-
Effect of change in corporation tax rate	147,941	10,116
Depreciation on assets not qualifying for tax allowances	8,704	1,067
Unprovided deferred tax	1,257,941	-
Taxation credit for the year	(320,150)	-

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2019	221,454	95,841	294,824	612,119
Additions	844,232	143,705	251,727	1,239,664
At 31 December 2019	1,065,686	239,546	546,551	1,851,783
<b>Depreciation and impairment</b>				
At 1 January 2019	146,107	78,647	132,091	356,845
Depreciation charged in the year	122,618	44,453	118,573	285,644
At 31 December 2019	268,725	123,100	250,664	642,489
<b>Carrying amount</b>				
At 31 December 2019	796,961	116,446	295,887	1,209,294
At 31 December 2018	75,347	17,194	162,733	255,274

### 11 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	111,068	41,074

### 12 Debtors

	2019	2018
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	4,779,129	3,586,370
Other debtors	1,063,317	373,153
Prepayments and accrued income	1,239,015	1,383,675
	7,081,461	5,343,198

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 13 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Other borrowings	14	-	333,334
Trade creditors		11,255,149	7,327,776
Corporation tax		-	(1)
Other taxation and social security		833,181	949,232
Other creditors		75,981	60,580
Accruals and deferred income		1,410,373	696,975
		<u>13,574,684</u>	<u>9,367,896</u>

### 14 Loans and overdrafts

	2019 £	2018 £
Loans from related parties	-	333,334
	<u>-</u>	<u>333,334</u>
Payable within one year	-	333,334
	<u>-</u>	<u>333,334</u>

Included in the above is a loan of £Nil (2018 - £333,334) from a related party. Interest is being charged on the loan at 4% per annum.

### 15 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes	-	-
Charge to profit or loss in respect of defined contribution schemes	136,126	52,140
	<u>136,126</u>	<u>52,140</u>

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

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 16 Share-based payment transactions

Health Bridge Limited set up a share option scheme on 11th May 2012 which is open to nominated members of staff. The option may only be exercised in the event of an exit event or at such a time as the Board determines. If the option holder ceases employment the options will lapse and will be forfeited.

During the year the existing EMI scheme was rolled over into a new EMI scheme with ZAVA Global B.V (the company's parent company) and then subsequently rolled over into a new EMI scheme with ZAVA Global GmbH (the company's parent company).

	Number of share options		Weighted average exercise price	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 January 2019	30,650	17,100	5.03	5.03
Granted	-	16,300	-	5.03
Exercised	(1,472)	-	5.13	-
Expired	(8,289)	(2,750)	5.13	-
	<u>20,889</u>	<u>30,650</u>	<u>5.13</u>	<u>5.03</u>
Outstanding at 31 December 2019	20,889	30,650	5.13	5.03
	<u>20,089</u>	<u>30,650</u>	<u>5.13</u>	<u>5.03</u>
Exercisable at 31 December 2019	20,089	30,650	5.13	5.03
	<u>20,089</u>	<u>30,650</u>	<u>5.13</u>	<u>5.03</u>

### 17 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
347,251 (2018: 347,250) Ordinary of 1p each	3,472	3,472
	<u>3,472</u>	<u>3,472</u>

During the year 1 ordinary share was allotted at a nominal value of 1p. The consideration received by the company for the allotment was £6,499,999.99.



# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 18 Operating lease commitments

#### Lessee

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

	2019 £	2018 £
Within one year	1,189,248	378,935
Between two and five years	6,109,500	130,268
In over five years	4,073,000	-
	<u>11,371,748</u>	<u>509,203</u>

### 19 Events after the reporting date

After the year end 3 ordinary £0.01 shares were issued with a total share premium of £5,973,476.

### 20 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	<u>1,241,600</u>	<u>810,882</u>

#### Other information

During the year a director invoiced the company £65,899 (2018 - £41,256) for services rendered in the period. At the year end the director was owed £nil (2018 - £10,465).

### 21 Ultimate controlling party

Previously the company was under the immediate control of its parent company, Zava Global BV, a company incorporated in the Netherlands. On the 23rd October 2019 the company's parent company became Zava Global GmbH, a company incorporated in Germany. The ultimate controlling parties are the majority shareholders, Mr D Meinertz, Mr A Khutti, Juviqu GmbH and HPE ZavaCo BV.

# HEALTH BRIDGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 22 Cash (absorbed by)/generated from operations

	2019 £	2018 £
Loss for the year after tax	(7,405,965)	(532,215)
<b>Adjustments for:</b>		
Taxation credited	(320,150)	-
Finance costs	-	14,592
Investment income	-	(375)
(Gain)/loss on disposal of tangible fixed assets	-	281
Depreciation and impairment of tangible fixed assets	285,644	137,769
<b>Movements in working capital:</b>		
Increase in stocks	(69,994)	(27,597)
Increase in debtors	(1,738,263)	(2,113,054)
Increase in creditors	4,540,121	3,077,157
<b>Cash (absorbed by)/generated from operations</b>	<b>(4,708,607)</b>	<b>556,558</b>

### 23 Analysis of changes in net funds

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	4,365,575	538,546	4,904,121
Borrowings excluding overdrafts	(333,334)	333,334	-
	<u>4,032,241</u>	<u>871,880</u>	<u>4,904,121</u>