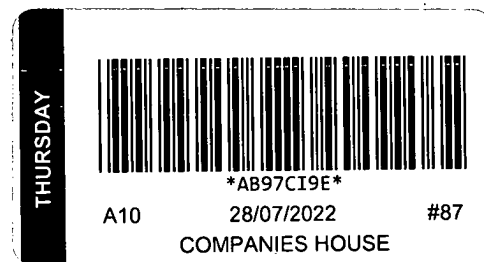


REGISTERED NUMBER: 11534232 (England and Wales)

**Report of the Directors and
Audited Financial Statements for the Year Ended 31 October 2021
for
Peppy Health Limited**



**Contents of the Financial Statements
for the Year Ended 31 October 2021**

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Peppy Health Limited (Registered number: 11534232)

Company information

Directors	E B Harris M H Trotter-Landry Dr M Pore K Chong S Lin (appointed on 8 July 2021)
Company number	11534232
Registered office	Kemp House 160 City Road London, England EC1V 2NX
Auditor	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Banker	Metro Bank One Southampton Row London WC1B 5HA

Peppy Health Limited (Registered number: 11534232)

**Report of the Directors
for the Year Ended 31 October 2021**

The directors present their report with the financial statements of the company for the year ended 31 October 2021.

Directors

The directors shown below have held office during the whole of the period from 1 November 2020 to the date of this report.

E B Harris
M H Trotter-Landry
Dr M Pore
K Chong

Other changes in directors holding office are as follows:

S Lin - appointed 8 July 2021

Principal activity

The principal activities of the Company are that of provision of digital healthcare services, including online chats and consultations with real-life experts and content via a secure mobile app.

Results and dividends

The loss for the year, after taxation, amounted to £3,909,507 (2020: loss of £554,645). During the year the Company paid dividends of £Nil (2020: £Nil).

Directors' responsibilities statement

The directors are responsible for preparing the Report of the Directors 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.

Disclosure of information to auditors

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

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

Auditors

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies. In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

On behalf of the Board:

Max Trotter-Landry

M H Trotter-Landry - Director

25 July 2022

Independent auditor's report to the members of Peppy Health Limited

Opinion

We have audited the financial statements of Peppy Health Limited (the 'company') for the year ended 31 October 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2021 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.

Other matter – prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

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 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. 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.

The notes form part of these financial statements.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the business and trade regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries which share key risk characteristics; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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. 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.



Jon Dawson (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Statutory Auditors
25 July 2022

10 Queen Street Place
London
EC4AR 1AG

The notes form part of these financial statements

Peppy Health Limited (Registered number: 11534232)

**Statement of Comprehensive Income
for the Year Ended 31 October 2021.**

	Notes	2021 £	2020 £
TURNOVER		919,738	113,517
Cost of sales		<u>(376,655)</u>	<u>(136,385)</u>
GROSS PROFIT/(LOSS)		543,083	(22,868)
Administrative expenses		<u>(4,447,863)</u>	<u>(531,777)</u>
OPERATING LOSS	5	(3,904,780)	(554,645)
Interest receivable and similar income		<u>1,521</u>	<u>-</u>
		(3,903,259)	(554,645)
Interest payable and similar expenses		<u>(6,248)</u>	<u>-</u>
LOSS BEFORE TAXATION		(3,909,507)	(554,645)
Tax on loss	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(3,909,507)</u>	<u>(554,645)</u>

The notes form part of these financial statements

Peppy Health Limited (Registered number: 11534232)

Statement of Financial Position
31 October 2021

	Notes	2021		2020	
		£	£	£	£
FIXED ASSETS					
Intangible assets	7		764,140		169,049
Tangible assets	8		<u>64,665</u>		<u>4,205</u>
			<u>828,805</u>		<u>173,254</u>
CURRENT ASSETS					
Debtors	9	1,090,263		155,677	
Cash at bank		<u>5,309,595</u>		<u>1,099,405</u>	
		<u>6,399,858</u>		<u>1,255,082</u>	
CREDITORS					
Amounts falling due within one year	10	<u>(1,564,720)</u>		<u>(181,577)</u>	
NET CURRENT ASSETS			<u>4,835,138</u>		<u>1,073,505</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,663,943</u>		<u>1,246,759</u>
CREDITORS					
Amounts falling due after more than one year	11		(176,633)		-
NET ASSETS			<u>5,487,310</u>		<u>1,246,759</u>
CAPITAL AND RESERVES					
Called up share capital			6		4
Share premium			8,454,406		1,977,931
Other reserves			1,673,581		-
Retained earnings			<u>(4,640,683)</u>		<u>(731,176)</u>
			<u>5,487,310</u>		<u>1,246,759</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 25 July 2022 and were signed on its behalf by:

Max Trotter-Landry

M H Trotter-Landry - Director

The notes form part of these financial statements

Peppy Health Limited (Registered number: 11534232)

**Statement of Changes in Equity
for the Year Ended 31 October 2021**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 November 2019	3	(176,531)	200,323	100,000	123,795
Changes in equity					
Issue of share capital	1	-	1,777,608	-	1,777,609
Total comprehensive income	-	(554,645)	-	-	(554,645)
Advance subscriptions	-	-	-	(100,000)	(100,000)
Balance at 31 October 2020	<u>4</u>	<u>(731,176)</u>	<u>1,977,931</u>	<u>-</u>	<u>1,246,759</u>
Changes in equity					
Issue of share capital	2	-	6,476,475	-	6,476,477
Total comprehensive income	-	(3,909,507)	-	-	(3,909,507)
Share options charge	-	-	-	1,673,581	1,673,581
Balance at 31 October 2021	<u>6</u>	<u>(4,640,683)</u>	<u>8,454,406</u>	<u>1,673,581</u>	<u>5,487,310</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 October 2021.

1. STATUTORY INFORMATION

Peppy Health Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address are as below:

Registered number: 11534232
Registered office: Kemp House
160 City Road
London
EC1V 2NX

2. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, "the Financial Reporting Standard applicable in the UK and the Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3). The following principal accounting policies have been applied:

Going concern

The financial statements have been prepared on a going concern basis as the Directors consider the Company to be a going concern based on its financial position. The directors have also reviewed and assessed cash flow forecasts and budgets for the next 12 months which they consider to appropriately summarise expected cash flows and forecast trading in the next 12 months.

The Directors' going concern assessment has also considered the Company's liquidity and ability to secure additional funding as required to meet its liabilities as they fall due for a period of at least 12 months.

Therefore, having considered the Company's financial position, its trading results in the year, cash flow and trading forecasts for at least the next 12 months, the economic environment, industries in which the group operates, expectations of the availability of finance and other relevant matters the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Interest income

Interest income is recognised in profit or loss using the effective interest method.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2021

2. ACCOUNTING POLICIES - continued

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Technology development costs are being amortised evenly over their estimated useful life of three years.

Domains is being amortised evenly over its estimated useful life of one year.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Computer equipment - 33% on cost

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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 effective interest method.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Share based payments

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Notes to the Financial Statements - continued
for the Year Ended 31 October 2021

3. **JUDGMENTS IN APPLYING ACCOUNTING POLICIES 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 amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Capitalisation of development costs

The company recognises as intangible fixed assets development costs that are considered to meet the relevant capitalisation criteria. The measurement of such costs and assessment of their eligibility in line with the appropriate capitalisation criteria requires judgement and estimation around the time spent by eligible staff on development, expectations around the ability to generate future economic benefit in excess of cost and the point at which technical feasibility is established.

Share-based payments

Employees within the company are eligible to share option awards which are classified as equity-settled awards. This requires the fair value of the awards to be estimated on grant date, and a judgement as to whether to treat the graded vesting on the awards as concurrent or consecutive. The Company has calculated the fair value of the awards using the Black Scholes model (note 12) and concluded that the awards should be treated as concurrent, on the basis that this is a more conservative approach, and most reflects the intention of management.

With the exception of the estimates described above, the directors consider that there are no other significant judgements or estimates in the preparation of these financial statement.

4. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 30 (2020 - 5).

5. **OPERATING LOSS**

The operating loss is stated after charging:

	2021	2020
	£	£
Depreciation - owned assets	9,081	1,370
Intangible fixed assets amortisation	185,656	35,715

6. **TAXATION**

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 October 2021 nor for the year ended 31 October 2020.

Peppy Health Limited (Registered number: 11534232)

Notes to the Financial Statements - continued
for the Year Ended 31 October 2021

7. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 1 November 2020	212,112
Additions	<u>780,747</u>
At 31 October 2021	<u>992,859</u>
AMORTISATION	
At 1 November 2020	43,063
Charge for year	<u>185,656</u>
At 31 October 2021	<u>228,719</u>
NET BOOK VALUE	
At 31 October 2021	<u>764,140</u>
At 31 October 2020	<u>169,049</u>

8. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 November 2020	6,181
Additions	71,210
Disposals	<u>(1,762)</u>
At 31 October 2021	<u>75,629</u>
DEPRECIATION	
At 1 November 2020	1,976
Charge for year	9,081
Eliminated on disposal	<u>(93)</u>
At 31 October 2021	<u>10,964</u>
NET BOOK VALUE	
At 31 October 2021	<u>64,665</u>
At 31 October 2020	<u>4,205</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	842,230	141,529
Other debtors	<u>248,033</u>	<u>14,148</u>
	<u>1,090,263</u>	<u>155,677</u>

Peppy Health Limited (Registered number: 11534232)

Notes to the Financial Statements - continued
for the Year Ended 31 October 2021

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	137,111	36,699
Taxation and social security	214,501	-
Deferred income	1,160,697	129,419
Other creditors	52,411	15,459
	<u>1,564,720</u>	<u>181,577</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Deferred income	<u>176,633</u>	-
	<u>176,633</u>	-

12. SHARE-BASED PAYMENT TRANSACTIONS

The company operates an equity settled Enterprise Management Incentive (EMI) Share Option Scheme. The options are granted with a fixed exercise price determined at the grant of the option. The options vest over a period of up to 4 years following the date of the grant. The options are exercisable until up to the 10th anniversary from the date of grant. Employees are not entitled to dividends until the shares are exercised. Vesting of options is subject to continued employment with the company.

The company also operates an Unapproved Share Option Scheme. The options are granted with a fixed exercise price determined at the grant of the option. The options vest over a period of up to 4 years following the date of the grant. The options are exercisable until up to the 10th anniversary from the date of grant.

The company has the following number of ordinary shares issuable under share options.

Scheme	Date of Grant	Number of Shares Under Options	Exercise Price
Enterprise Management Scheme	24/03/2021	111,094	£0.27
Unapproved Share Option Scheme	24/03/2021	47,276	£0.27
Enterprise Management Scheme	23/11/2021	436,858	£0.27
Unapproved Share Option Scheme	23/11/2021	8,850	£0.27
Total		604,078	

Name of shares	EMI Scheme	Unapproved Share Options
Brought forward	nil	nil
Granted in the year	547,952	60,853
Exercised in the year	nil	nil
Lapsed in the year	nil	4,727
Carried forward	547,952	56,126
Exercisable in the year	nil	nil

The fair value of the options granted have been calculated using the Black Scholes model. The total charge for the period was £1,673,581. Share options granted on 23 November 2021 have been approved for issue in the year ended 30 October 2021 and thus respective charges have been included in the year ended 30 October 2021.

**Notes to the Financial Statements - continued
for the Year Ended 31 October 2021**

13. EVENTS AFTER THE REPORTING PERIOD

On 1 April 2022 the Company issued £7,788,999 of unsecured, non-transferrable convertible loan notes, with a maturity date of 1 April 2025. The proceeds of the issue are for working capital and capital expenditure requirements.

The company incorporated Peppy Health Corporation, a 100% owned subsidiary, on 15 December 2021.