

Flo Health UK Limited

Directors' Report and Financial Statements

Period Ended

31 December 2021

Company Number 12898410

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Flo Health UK Limited

Company Information

Directors	Dzmitry Gurski Bhakti Mahidharia
Registered number	12898410
Registered office	27 Old Gloucester Street London WC1N 3AX
Independent auditors	Ecovis Wingrave Yeats LLP Waverley House 7-12 Noel Street London W1F 8GQ

Flo Health UK Limited

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Flo Health UK Limited

Directors' Report For the Period Ended 31 December 2021

The directors present their report and the financial statements for the period ended 31 December 2021.

The company was incorporated on 23 September 2020.

Directors

The directors who served during the period were:

Dzmitry Gurski (appointed 23 September 2020, resigned 19 October 2020, re-appointed 1 February 2022)

Bhakti Mahidharia (appointed 8 July 2021)

Tatsiana Bulat (appointed 19 October 2020, resigned 31 December 2021)

Directors' responsibilities statement

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 International Financial and Reporting Standards (IFRSs) as adopted by the European Union 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 for that period.

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

- select suitable accounting policies for the company's financial statements 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 to 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.

Principal activity

The principal activity of the company in the period was the provision of research and development and software promotion services to the Flo Health Group. The company also provided corporate head office support to the group.

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 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.

Flo Health UK Limited

Directors' Report (continued) For the Period Ended 31 December 2021

Post balance sheet events

On the 1 May 2022, the Company's principal activity will change from the provision of research and development and software promotion services to the Flo Health Group to the provider of a women's health and wellbeing application.

Post year end the Company obtained a loan of \$30,000,000 and drew down \$10,000,000 in May 2022 and \$10,500,000 In July 2022. The loan is repayable in installments over a 24 month term and interest is charged at a floating rate of the prime rate plus 5.75%. The loan is secured by way of a fixed and floating charge over all property or undertaking of the Company.

On 9 August 2022, the Company purchased 100% of the 1,001 ordinary share capital of Flo Health Cyprus Ltd at 1 Euro per share. Consideration for the transaction was settled through allotting 16,011 shares at £10 each to Flo Health Inc. On 9 August 2022, the Company purchased 100% of the 11,352 ordinary share capital of Flo Health NL B.V. at 1 Euro per share. Consideration for the transaction was settled through allotting 10,390 shares at £10 each to Flo Health Inc.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

B Mahidharia

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Bhakti Mahidharia
Director

Date: 8 September 2022

Flo Health UK Limited

Independent Auditor's report to the members of Flo Health UK Limited

Opinion

We have audited the financial statements of Flo Health UK Limited (the 'Company') for the period ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its result for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 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 director 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 Auditors' Report thereon. The director is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Flo Health UK Limited

Independent Auditor's report to the members of Flo Health UK Limited (continued)

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 period 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 director was 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 Director's Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 1, 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 Auditors' 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:

Flo Health UK Limited

Independent Auditor's report to the members of Flo Health UK Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- We considered our general commercial and sector experience and held a discussion with the Directors and other management personnel to identify laws and regulations that could reasonably be expected to have a material effect on the financial statements.
- We determined that the laws and regulations which are directly relevant to the financial statements are those that relate to the reporting framework International Financial Reporting Framework and the relevant tax compliance regulations in the jurisdictions in which the Company operates. We evaluated the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with a number of individuals, including with individuals outside of the finance function, and conducted interviews to understand where they considered there was susceptibility to fraud. 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 areas of estimate and judgement in the financial statements.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and fraud risks identified in the paragraphs above. In addition to the audit procedures, we remained alert to any indications of non-compliance throughout the audit. The specific audit procedures performed included:
 - Review of Board minutes;
 - Review of large and unusual bank transactions;
 - Identifying and testing journal entries.

There are inherent limitations of an audit. There is a higher risk that irregularities, including fraud, will not be detected during the audit as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. The primary responsibility for the prevention and detection of non-compliance with all laws and regulations and fraud lies with both those charged with governance of the entity and management.

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 Auditors' 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 Auditors' 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.

Stuart Hinds

Stuart Hinds (Senior Statutory Auditor)
For and on behalf of
Ecovis Wingrave Yeats LLP,
Chartered Accountants & Statutory Auditor
Waverley House
7-12 Noel Street
London
W1F 8GQ
United Kingdom

Date: 8 September 2022

Flo Health UK Limited

Statement of Comprehensive Income For the Period Ended 31 December 2021

	Note	Period ended 31 December 2021 £
Revenue	4	5,469,468
Cost of sales		(2,684,950)
Gross profit		2,784,518
Administrative expenses		(2,455,480)
Operating profit	5	329,038
Finance expense	9	(86,238)
Profit before taxation		242,800
Tax on profit	10	(52,055)
Profit for the financial period		190,745

There was no other comprehensive income for 2021.

All amounts relate to continuing operations.

The notes on pages 10 to 27 form part of these financial statements.

Flo Health UK Limited
Registered number:12898410

Statement of Financial Position
As at 31 December 2021

	Note	2021 £
Non-current assets		
Property, plant and equipment	11	128,381
		<u>128,381</u>
Current assets		
Trade and other receivables	12	956,929
Cash and cash equivalents	13	166,422
		<u>1,251,732</u>
Net assets		
Equity		
Share capital	17	38,912
Share premium account	19	341,208
Capital contribution	19	417,391
Profit and loss account	19	190,745
		<u>988,256</u>
Current liabilities		
Trade and other payables	14	231,381
Deferred tax	16	32,095
		<u>263,476</u>
Total equity and liabilities		
		<u><u>1,251,732</u></u>

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

B Mahidharia

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Bhakti Mahidharia
Director

Date: 8 September 2022

The notes on pages 10 to 27 form part of these financial statements.

Flo Health UK Limited

Statement of Changes in Equity For the Period Ended 31 December 2021

	Share capital £	Share premium account £	Capital contribution £	Profit and loss account £	Total equity £
Comprehensive income for the period					
Profit for the period	-	-	-	190,745	190,745
Shares issued during the period	38,912	341,208	-	-	380,120
Capital contribution issued	-	-	417,391	-	417,391
At 31 December 2021	38,912	341,208	417,391	190,745	988,256

The notes on pages 10 to 27 form part of these financial statements.

Flo Health UK Limited

Statement of Cash Flows For the Period Ended 31 December 2021

	2021 £
Cash flows from operating activities	
Profit for the financial period	190,745
Adjustments for:	
Depreciation of tangible assets	24,363
Interest paid	86,238
Taxation charge	52,055
(Increase)/decrease in debtors	(151,288)
(Increase)/decrease in amounts owed by groups	(805,641)
Increase in creditors	211,421
Capital contribution - growth shares issued to employees by parent company	417,391
Net cash generated from operating activities	<u>25,284</u>
Cash flows from investing activities	
Purchase of tangible fixed assets	(152,744)
Net cash from investing activities	<u>(152,744)</u>
Cash flows from financing activities	
Issue of ordinary shares	380,120
Interest paid	(86,238)
Net cash used in financing activities	<u>293,882</u>
Net increase in cash and cash equivalents	<u>166,422</u>
Cash and cash equivalents at the end of period	<u>166,422</u>
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	166,422
	<u>166,422</u>

The notes on pages 10 to 27 form part of these financial statements.

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

1. General information

Flo Health UK Limited is a private company, limited by shares, domiciled and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 27 Old Gloucester Street, London, England, WC1N 3AX and the Company's registration number is 12898410. The nature of the Company's operations and its principal activities are set out in the directors' report on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below.

The financial statements are presented in GBP, which is also the company's functional currency.

These financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs)

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

New standards, interpretations and amendments effective from 1 January 2021

One new standard impacting the company that has been adopted in the annual financial statements for the year ended 31 December 2021:

- *COVID-19-Related Rent Concessions beyond 30 June 2021* (Amendments to IFRS 16).

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2021. The amendments provide relief in respect of certain loans whose contractual terms are affected by interest benchmark reform. See the applicable notes for further details on how the amendments affected the company.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

In the annual financial statements for the year ended 31 December 2021, the company has elected to utilise the practical expedient for all rent concessions that meet the criteria. Accounting for the rent concessions as lease modifications would have resulted in the company remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the company is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

On 31 March 2021, the IASB issued another amendment to IFRS 16: *Covid-19-Related Rent Concessions beyond 30 June 2021*, which extended the above practical expedient to reductions in lease payments that were originally due on or before 30 June 2022. This amendment is effective for annual periods beginning on or after 1 April 2021 with earlier application permitted. The amendment is to be applied mandatorily by those entities that have elected to apply the previous amendment *COVID-19-Related Rent Concessions*. Accordingly, the company has applied the amendment *Covid-19-Related Rent Concessions beyond 30 June 2021* in the current annual financial statements.

2.2 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

2. Accounting policies (continued)

2.3 Revenue

The company's revenue is wholly made up of revenue received from Flo Health Inc, the parent company. This revenue is made up of services fees relating to the provision of research and development, software promotion and corporate support services.

The revenue amounts are calculated using a cost plus/transactional net margin methodology, a markup is then identified annually at arm's length.

The company has a process in place whereby expenses are analysed on a monthly basis, and revenue invoices are generated from this analysis using the transfer pricing rules that are in place. At the year end, the annual data is then reconciled and trued-up.

2.4 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Property, plant and equipment are substantially carried at cost less depreciation and impairment. Depreciation and impairments are recognised in profit or loss.

Depreciation is provided on items of property, plant and equipment on a straight-line basis so as to write off their carrying value over their expected useful economic lives as follows:

Plant and Machinery - 3 years

2.5 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.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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 Share based payments

The Parent Company has issued growth shares to the certain of the Company's employees.

The share based payment charge is calculated using the Probability-Weighted Expected Return Method. Cost is deducted from the unrestricted market value when arriving at the charge to be recognised per share, where the unrestricted market value was calculated in line with advice obtained from a third party. An equal and opposite amount of the charge is recognised as a Capital Contribution.

All growth shares are subject to a time-based condition which varies from contract to contract and is governed by individual vesting schedules determined by the Board for each agreement.

The growth shares will only be entitled to pro-rata distribution of the value above the hurdle, after the senior and series seed preferred stockholders have received their preferred return.

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

2. Accounting policies (continued)

2.10 Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the company's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

2. Accounting policies (continued)

2.10 Financial assets (continued)

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:

- when it has either transferred or retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired

Fair Value Measurement Hierarchy

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole. Inputs used in determining fair value measurements, where applicable, are categorised into different levels based on how observable the inputs used in the valuation technique are (the 'fair value hierarchy'):

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

2. Accounting policies (continued)

2.11 Financial liabilities

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship, the company's accounting policy for each category is as follows:

Fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss where the liability is either held for trading or is designated as held at fair value through profit or loss on initial recognition. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

Interest bearing bank borrowings are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs, as well as any interest payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

3. Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The directors have reviewed the financial statements and have considered the following judgements:

Calculation of share based payment charge

As explained in note 2.9, the share based payment charge is based on an estimate of the unrestricted market value of the group calculated using the probability weighted expected return method. The valuation exercise was performed by an external expert in conjunction with management and consequently, management are satisfied that charge included in the financial statements is reasonable and accurate.

4. Revenue

An analysis of revenue by class of business is as follows:

	Period ended 31 December 2021 £
Product development	<u>5,469,468</u>

All revenue arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	Period ended 31 December 2021 £
Depreciation of property, plant and equipment	24,363
Exchange differences	(8,642)
Research and development	<u>1,985,711</u>

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

6. Auditors' remuneration

	Period ended 31 December 2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	15,000

7. Employees

	Period ended 31 December 2021 £
Wages and salaries	966,592
Social security costs	337,166
Cost of defined contribution scheme	135,129
	<u>1,438,887</u>

The average monthly number of employees, including the directors, during the period was as follows:

	Period ended 31 December 2021 No.
Software development services	15
Software promotion services	2
Corporate services	7
	<u>24</u>

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

8. Directors' remuneration

	Period ended 31 December 2021 £
Directors' Remuneration	160,833
Company contributions to defined contribution pension schemes	4,292
	<u>165,125</u>

During the year retirement benefits were accruing to one director in respect of defined contribution pension schemes.

Key Management Personnel are considered to be directors only.

9. Finance costs

	Period ended 31 December 2021 £
Bank interest payable	732
Other loan interest payable	71,171
Loans from group undertakings	14,335
	<u>86,238</u>

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

10. Taxation

	Period ended 31 December 2021 £
Corporation tax	
Current tax on profits for the year	19,960
	<u>19,960</u>
Total current tax	<u>19,960</u>
Deferred tax	
Fixed asset temporary differences	32,095
Total deferred tax	<u>32,095</u>
Taxation on profit on ordinary activities	<u>52,055</u>

Factors affecting tax charge for the period

There were no factors that affected the tax charge for the period which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19%.

	Period ended 31 December 2021 £
Profit on ordinary activities before tax	<u>242,800</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	46,132
Effects of:	
Fixed asset differences	(6,980)
Expenses not deductible for tax purposes	4,630
Other permanent differences	570
Remeasurement of deferred tax for changes in tax rates	7,703
Total tax charge for the period	<u>52,055</u>

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

10. Taxation (continued)

Factors that may affect future tax charges

There are no changes to tax rates expected that will affect the future tax charge, as the March 2021 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2021.

Estimates and assumptions

The company is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the company records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law.

No material uncertain tax positions exist as at 31 December 2021. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

11. Property, plant and equipment

	Plant and machinery £
Cost	
At 23 September 2020	-
Additions	152,744
At 31 December 2021	<u>152,744</u>
Depreciation	
At 23 September 2020	-
Charge for the period	24,363
At 31 December 2021	<u>24,363</u>
Net book value	
At 31 December 2021	<u><u>128,381</u></u>

12. Trade and other receivables

	2021 £
Amounts owed by group undertakings	805,641
Other receivables	88,582
Prepayments and accrued income	62,706
	<u>956,929</u>

Amounts owed by group undertakings are unsecured and repayable on demand. Interest is charged at 5% per annum.

13. Cash and cash equivalents

	2021 £
Cash and cash equivalents	<u><u>166,422</u></u>

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

14. Trade and other payables

	2021 £
Trade payables	66,712
Corporation tax	19,960
Other taxation and social security	38,922
Other payables	10
Accruals and deferred income	105,777
	<u>231,381</u>

15. Financial instruments - risk management

The company is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Other market price risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them.

Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

Financial instruments by category:

	Amortised cost 2021 £
Financial assets	
Cash and cash equivalents	166,422
Trade and other receivables	88,583
	<u>255,005</u>

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

15. Financial instruments - risk management (continued)

	Amortised cost 2021 £
Financial liabilities	
Trade and other payables	<u>57,712</u>

No financial instruments are carried at fair value. Due to their short-term nature, the carrying value of bank and cash balances, trade and other receivables and trade and other payables approximates their fair value.

There were no transfers between levels during the period.

There were no changes to the valuation techniques during the period.

General objectives, policies and processes

The Board has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is mainly exposed to credit risk from credit sales. It is a company policy to assess the credit risk of new customers before entering contracts.

Concentrations of credit risk are determined by monitoring the creditworthiness rating of existing customers and through a regular review of the trade receivables' ageing analysis.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Further disclosures regarding trade and other receivables, which are neither past due or impaired, are provided in note 12.

Market risk

Market risk is the risk of loss in value of investments, as well as certain other financial assets and financial liabilities, due to changes in market conditions. Risks are monitored and controlled through strong firmwide oversight and independent control and support functions across the company's business.

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

15. Financial instruments - risk management (continued)

Liquidity risk

Liquidity risk arises from the company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The liquidity risk of each company entity is managed centrally by the company finance function.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to one year £
At 31 December 2021	
Trade and other payables	57,702
	<u>57,702</u>

16. Deferred taxation

	2021 £
Charged to profit or loss	(32,095)
At end of year	<u>(32,095)</u>

The deferred taxation balance is made up as follows:

	2021 £
Fixed asset temporary differences	(32,095)
	<u>(32,095)</u>

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

17. Share capital

	2021 £
Amortised cost 2021	
38,912 Ordinary shares of £1.00 each	<u><u>38,912</u></u>

Ordinary Shares have full rights in the Company with respect to voting, dividends and distributions.

On incorporation the company issued 1,000 Ordinary shares for a total consideration of £1,000.

On 27 October 2021, the company issued 37,912 Ordinary shares for a total consideration of £379,120.

18. Share based payments

During the period, the immediate parent Company Flo Health Inc., issued 174,047 C-1 class shares to employees of Flo Health UK Limited. Class C-1 common stock are non-voting and non-dividend paying shares which entitle the holder to participate in the value of the Group above a hurdle specified for the applicable Series of Class C Common Stock. The shares vesting have a period of 4 years and the exercise price per shares is \$0.0001. A discounted probability-weighted expected return method (PWERM) calculation was performed to value the C-1 class shares, resulting in an expense of £417,391 to the profit and loss account and a capital contribution of £417,391 at the period ended 31 December 2021.

19. Reserves

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

20. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £135,129. The amount payable to the fund at the balance sheet date was £Nil.

Flo Health UK Limited

Notes to the Financial Statements For the Period Ended 31 December 2021

21. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £
Not later than 1 year	103,500
Greater than 1 year	-
	<u>103,500</u>

22. Related party transactions

During the period ended 31 December 2021, the Company received £5,469,468 from the parent Company for services provided, of which £796,631 is still outstanding.

23. Post balance sheet events

On the 1 May 2022, the Company's principal activity will change from the provision for research and development and software promotion services to the Flo Health Group to the provider of a women's health and wellbeing application.

Post year end the Company obtained a loan of \$30,000,000 and drew down \$10,000,000 in May 2022 and \$10,500,000 in July 2022. The loan is repayable in installments over a 24 month term and interest is charged at a floating rate of the prime rate plus 5.75%. The loan is secured by way of a fixed and floating charge over all property or undertaking of the Company.

On 9 August 2022, the Company purchased 100% of the 1,001 ordinary share capital of Flo Health Cyprus Ltd at 1 Euro per share. Consideration for the transaction was settled through allotting 16,011 shares at £10 each to Flo Health Inc. On 9 August 2022, the Company purchased 100% of the 11,352 ordinary share capital of Flo Health NL B.V. at 1 Euro per share. Consideration for the transaction was settled through allotting 10,390 shares at £10 each to Flo Health Inc.

24. Controlling party

The immediate and ultimate controlling parent company is Flo Health Inc., a company incorporated in USA.

Flo Health Inc, a company incorporated in USA, is the largest and smallest company in the group of which the company is a member which prepares consolidated accounts. The address of the registered office is 1013 Centre Rd Ste 403B Wilmington, DE, 19805-1270 USA.