

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM F-4

**REGISTRATION STATEMENT
UNDER**

**THE SECURITIES ACT OF 1933
BABYLON HOLDINGS LIMITED**

(Exact Name of Registrant as Specified in its Charter)

Bailiwick of Jersey, Channel Islands
(State or other jurisdiction of
incorporation or organization)

8000
(Primary Standard Industrial
Classification Code Number)

Not applicable
(I.R.S. Employer
Identification Number)

**1 Knightsbridge Green
London, SW1X 7QA
United Kingdom
+ 44 (0) 20 7100 0762**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**CT Corporation System
28 Liberty Street
New York, New York 10005
(212) 894-8940**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement is declared effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ☐

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ☐

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging Growth Company ☒

If an emerging growth company that prepare its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.

The information in this document may change. The registrant may not complete the offer and issue these securities until the registration statement filed with the United States Securities and Exchange Commission is effective. This document is not an offer to sell these securities and it is not soliciting an offer to buy these securities, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY — SUBJECT TO COMPLETION, DATED MAY 20, 2022

PROSPECTUS/OFFER TO EXCHANGE



BABYLON HOLDINGS LIMITED
Offer to Exchange Warrants to Acquire Class A Ordinary Shares
of
Babylon Holdings Limited
for
Class A Ordinary Shares
of
Babylon Holdings Limited
and
Consent Solicitation

THE OFFER PERIOD (AS DEFINED BELOW) AND WITHDRAWAL RIGHTS WILL EXPIRE AT MIDNIGHT (END OF DAY), EASTERN STANDARD TIME, ON JUNE 17, 2022, OR SUCH LATER TIME AND DATE TO WHICH WE MAY EXTEND.

Terms of the Offer and Consent Solicitation

Until the Expiration Date (as defined below), we are offering to the holders of certain of our outstanding warrants, including the public warrants (as defined below) and the private placement warrants (as defined below) (collectively, the “warrants”), each to purchase the Class A ordinary shares, par value \$0.0000422573245084686 per share (the “Class A ordinary shares”), of Babylon Holdings Limited (the “Company”), the opportunity to receive 0.295 Class A ordinary shares in exchange for each of our outstanding warrants tendered by the holder and exchanged pursuant to the offer (the “Offer”).

The Offer is being made to all holders of our public warrants and all holders of our private placement warrants. The warrants are governed by the warrant agreement, dated as of February 4, 2021 (the “Warrant Agreement”), by and between Alkuri Global Acquisition Corp. (“Alkuri”) and Continental Stock Transfer & Trust Company, as warrant agent (“Continental”), as amended by the Warrant Assumption and Amendment Agreement, dated as of October 21, 2021, among the Company, Alkuri and Computershare Trust Company, N.A., as warrant agent (the “Warrant Agent”). Our Class A ordinary shares and public warrants are listed on the New York Stock Exchange (“NYSE”) under the symbols “BBLN” and “BBLN.W,” respectively. As of May 17, 2022, a total of 14,558,313 warrants were outstanding, consisting of 8,624,980 public warrants and 5,933,333 private placement warrants. Pursuant to the Offer, we are offering up to an aggregate of 4,294,703 shares of our Class A ordinary shares in exchange for the warrants.

Each warrant holder whose warrants are exchanged pursuant to the Offer will receive 0.295 Class A ordinary shares for each warrant tendered by such holder and exchanged. No fractional Class A ordinary shares will be issued pursuant to the Offer. In lieu of issuing fractional shares, any holder of warrants who would otherwise have been entitled to receive fractional shares pursuant to the Offer will, after aggregating all such fractional shares of such holder, receive one additional whole Class A ordinary share in lieu of such fractional shares. Our obligation to complete the Offer is not conditioned on the receipt of a minimum number of tendered warrants.

Concurrently with the Offer, we are also soliciting consents (the “Consent Solicitation”) from holders of the warrants (the “consent warrants”) to amend the Warrant Agreement, which governs the warrants, to permit the Company to require that each warrant that is outstanding upon the closing of the Offer be converted into 0.2655 Class A ordinary shares, which is a ratio 10% less than the exchange ratio applicable to the Offer (the “Warrant Amendment”). Pursuant to the terms of the Warrant Agreement, all except certain specified modifications or amendments require the vote or written consent of holders of at least 50% of the number of the then outstanding public warrants and, solely with respect to any amendment to the terms of the private placement warrants or any provision of the Warrant Agreement with respect to the private placement warrants, the vote or written consent of at least 50% of the number of the then outstanding private placement warrants.

Parties representing approximately 38.7% of the outstanding public warrants have agreed to tender their warrants in the Offer and to consent to the Warrant Amendment in the Consent Solicitation pursuant to a tender and support agreement (the “Tender and Support Agreement”). Accordingly, if holders of an additional approximately 11.3% of the outstanding public warrants consent to the Warrant Amendment in the Consent Solicitation, and the other conditions described herein are satisfied or waived, then the Warrant Amendment will be adopted with respect to the public warrants. For additional detail regarding the Tender and Support Agreement, see “Market Information, Dividends and Related Stockholder Matters — Transactions and Agreements Concerning Our Securities — Tender and Support Agreement.”

You may not consent to the Warrant Amendment without tendering your consent warrants in the Offer and you may not tender such warrants without consenting to the Warrant Amendment. The consent to the Warrant Amendment is a part of the letter of transmittal and consent relating to the warrants, and therefore by tendering your consent warrants for exchange you will be delivering to us your consent. You may revoke your consent at any time prior to the Expiration Date (as defined below) by withdrawing the consent warrants you have tendered in the Offer.

The Offer and Consent Solicitation is made solely upon the terms and conditions in this Prospectus/Offer to Exchange and in the related letter of transmittal and consent (as it may be supplemented and amended from time to time, the “Letter of Transmittal and Consent”). The Offer and Consent Solicitation will be open until Midnight (end of day), Eastern Standard Time, on June 17, 2022, or such later time and date to which we may extend (the period during which the Offer and Consent Solicitation is open, giving effect to any withdrawal or extension, is referred to as the “Offer Period,” and the date and time at which the Offer Period ends is referred to as the “Expiration Date”). The Offer and Consent Solicitation is not made to those holders who reside in states or other jurisdictions where an offer, solicitation or sale would be unlawful.

We may withdraw the Offer and Consent Solicitation only if the conditions to the Offer and Consent Solicitation are not satisfied or waived prior to the Expiration Date. Promptly upon any such withdrawal, we will return the tendered warrants to the holders (and the consent to the Warrant Amendment will be revoked).

You may tender some or all of your warrants into the Offer. If you elect to tender warrants in response to the Offer and Consent Solicitation, please follow the instructions in this Prospectus/Offer to Exchange and the related documents, including the Letter of Transmittal and Consent. If you tender warrants, you may withdraw your tendered warrants at any time before the Expiration Date and retain them on their current terms or amended terms if the Warrant Amendment is approved, by following the instructions in this Prospectus/Offer to Exchange. In addition, tendered warrants that are not accepted by us for exchange by July 19, 2022, may thereafter be withdrawn by you until such time as the warrants are accepted by us for exchange. If you withdraw the tender of your warrants, your consent to the Warrant Amendment will be withdrawn as a result.

Warrants not exchanged for shares of our Class A ordinary shares pursuant to the Offer will remain outstanding subject to their current terms or amended terms if the Warrant Amendment is approved. We reserve the right to redeem any of the warrants, as applicable, pursuant to their current terms at any time, including prior to the completion of the Offer and Consent Solicitation, and if the Warrant Amendment is approved, we intend to require the conversion of all outstanding warrants to Class A ordinary shares as provided in the Warrant Amendment. Our public warrants are currently listed on NYSE under the symbol “BBLN.W”; however, our public warrants may be delisted if, following the completion of the Offer and Consent Solicitation, the extent of public distribution or the aggregate market value of outstanding warrants has become so reduced as to make further listing inadvisable or unavailable.

The Offer and Consent Solicitation is conditioned upon the effectiveness of a registration statement on Form F-4 that we filed with the U.S. Securities and Exchange Commission (the “SEC”) regarding the Class A ordinary shares issuable upon exchange of the warrants pursuant to the Offer. This Prospectus/Offer to Exchange forms a part of the registration statement.

Our board of directors has approved the Offer and Consent Solicitation. However, neither we nor any of our management, our board of directors, or the information agent, the exchange agent or the dealer manager for the Offer and Consent Solicitation is making any recommendation as to whether holders of warrants should tender warrants for exchange in the Offer and, as applicable, consent to the Warrant Amendment in the Consent Solicitation. Each holder of a warrant must make its own decision as to whether to exchange some or all of its warrants and, as applicable, consent to the Warrant Amendment.

All questions concerning the terms of the Offer and Consent Solicitation should be directed to the dealer manager:

BofA Securities, Inc.
One Bryant Park
New York, New York 10036

All questions concerning exchange procedures and requests for additional copies of this Prospectus/Offer to Exchange, the Letter of Transmittal and Consent or the Notice of Guaranteed Delivery should be directed to the information agent:

D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, NY 10005
Attention: Michael Horthman
Bank and Brokers Call Collect: (212) 269-5550
All Others, Please Call Toll-Free: (800) 817-5468
Email: Babylon@dfking.com

We will amend our offering materials, including this Prospectus/Offer to Exchange, to the extent required by applicable securities laws to disclose any material changes to information previously published, sent or given to warrant holders.

The securities offered by this Prospectus/Offer to Exchange involve risks. Before participating in the Offer and consenting to the Warrant Amendment, you are urged to read carefully the section entitled “Risk Factors” beginning on page 15 of this Prospectus/Offer to Exchange.

Neither the SEC, the Jersey Financial Services Commission nor any state securities commission or any other regulatory body has approved or disapproved of these securities or determined if this Prospectus/Offer to Exchange is truthful or complete. Any representation to the contrary is a criminal offense.

Through the Offer, we are soliciting your consent to the Warrant Amendment. By tendering your warrants, you will be delivering your consent to the proposed Warrant Amendment, which consent will be effective upon our acceptance of such warrants for exchange.

The dealer manager for the Offer and Consent Solicitation is:

BofA Securities

This Prospectus/Offer to Exchange is dated May 20, 2022.

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ABOUT THIS PROSPECTUS/OFFER TO EXCHANGE

This Prospectus/Offer to Exchange is a part of the registration statement that we filed on Form F-4 with the SEC. You should read this Prospectus/Offer to Exchange, including the detailed information regarding the Company, Class A ordinary shares and warrants, and the financial statements and the notes included herein and any applicable prospectus supplement.

We have not authorized anyone to provide you with information different from that contained in this Prospectus/Offer to Exchange. If anyone makes any recommendation or representation to you, or gives you any information, you must not rely upon that recommendation, representation or information as having been authorized by us. We and the dealer manager take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should not assume that the information in this Prospectus/Offer to Exchange or any prospectus supplement is accurate as of any date other than the date on the front of those documents. You should not consider this Prospectus/Offer to Exchange to be an offer or solicitation relating to the securities in any jurisdiction in which such an offer or solicitation relating to the securities is not authorized. Furthermore, you should not consider this Prospectus/Offer to Exchange to be an offer or solicitation relating to the securities if the person making the offer or solicitation is not qualified to do so, or if it is unlawful for you to receive such an offer or solicitation.

Unless the context requires otherwise, in this Prospectus/Offer to Exchange, we use the terms “the Company,” “our company,” “we,” “us,” “our,” and similar references to refer to Babylon Holdings Limited and its subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus/Offer to Exchange contains forward-looking statements that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Prospectus/Offer to Exchange, including statements regarding our future financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements.

In some cases, you can identify forward-looking statements by terminology such as “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” “predict,” “potential” or the negative of these terms or other similar expressions. Forward-looking statements include, without limitation, our expectations concerning the outlook for our business, productivity, plans and goals for future operational improvements and capital investments, operational performance, future market conditions or economic performance and developments in the capital and credit markets and expected future financial performance, as well as any information concerning our possible or assumed future results of operations.

Forward-looking statements involve a number of risks, uncertainties and assumptions, and actual results or events may differ materially from those projected or implied in those statements. Important factors that could cause such differences include, but are not limited to: our inability to generate profit in the future or obtain additional financing on favorable terms; uncertainties related to our ability to continue as a going concern; our inability to manage growth and execute business plans, address competitive challenges, maintain corporate culture or grow at our historical rates; competition; our inability to renew contracts with existing customers, contract renewals at lower fee levels, or significant reductions in members, pricing or premiums under our contracts due to factors outside our control; our dependence on our relationships with physician-owned entities; our inability to maintain and expand a network of qualified providers; our inability to increase engagement of individual members or realize the member healthcare cost savings that we expect; the concentration of our revenue on a limited number of customers; the uncertainty and potential inadequacy of our claims liability estimates for medical costs and expenses; risks associated with estimating the amount and timing of revenue recognized under our licensing agreements and value-based care agreements with health plans; risks associated with our physician partners’ failure to accurately, timely and sufficiently document their services; risks associated with inaccurate or unsupportable information regarding risk adjustment scores of members in records and submissions to health plans; risks associated with reduction of reimbursement rates paid by third-party payers or federal or state healthcare programs; risks associated with regulatory proposals directed at containing or lowering the cost of healthcare, including the ACO REACH model; immaturity and volatility of the market for telemedicine and our unproven digital-first approach; our inability to develop and release new solutions and services; our relatively limited operating history; difficulty in hiring and retaining talent to operate our business; dependence on relationships with third parties for growth; our fluctuating quarterly results; risks associated with our international operations, economic uncertainty or downturns; risks associated with expanding our direct sales force and acquiring other businesses; risks associated with our use of open source software; risks associated with catastrophic events and pandemics, including the COVID-19 pandemic; risks associated with our long and unpredictable sales and implementation cycle; our inability to obtain or maintain insurance licenses or authorizations allowing our participation in risk-sharing arrangements with payers; risks associated with foreign currency exchange rate fluctuations and restrictions; risks associated with evolving laws and government regulations, including tax laws; risks that certain of our software products could become subject to oversight by the United States Food and Drug Administration (“FDA”); risks associated with medical device regulations applicable to certain of our products and operations; risks associated with our intellectual property and potential claims and legal proceedings; risks associated with information technology, cybersecurity and data privacy; risks associated with ownership of our Class A ordinary shares, and operating as a public company; risks associated with our incorporation in Jersey; and other risks and uncertainties described the section entitled “Risk Factors” in this Prospectus/Offer to Exchange.

We caution you against placing undue reliance on forward-looking statements, which reflect current beliefs and are based on information currently available as of the date a forward-looking statement is made. In evaluating our forward-looking statements, you should specifically consider the risks and uncertainties described in the section entitled “Risk Factors” in this Prospectus/Offer to Exchange.

CERTAIN DEFINED TERMS

Unless the context otherwise requires, references in this Prospectus/Offer to Exchange to:

“*AlbaCore Warrant Instrument*” are to the warrant instrument dated as of November 4, 2021, as amended and restated as of March 31, 2022, by and between us and affiliates of, or funds managed or controlled by, AlbaCore Capital LLP;

“*AlbaCore Warrants*” are to the 2,636,249 private warrants governed by the AlbaCore Warrant Instrument;

“*Babylon*,” “*the Company*,” “*we*,” “*our*” or “*us*” are to Babylon Holdings Limited, and its subsidiaries, unless the context otherwise requires;

“*Business Combination*” are to the Company’s business combination with Alkuri Global Acquisition Corp., a special purpose acquisition company, which was consummated on October 21, 2021;

“*Babylon Articles*” are to our Amended and Restated Memorandum and Articles of Association, a copy of which is filed with the SEC as an exhibit to the registration statement of which this Prospectus/Offer to Exchange forms a part;

“*Class A ordinary shares*” are to our Class A ordinary shares, par value \$0.0000422573245084686 per share;

“*Code*” are to the Internal Revenue Code of 1986, as amended;

“*Consent Solicitation*” are to the solicitation of consent from the holders of the consent warrants to approve the Warrant Amendment;

“*Exchange Act*” are to the Securities Exchange Act of 1934, as amended;

“*Expiration Date*” are to Midnight (end of day), Eastern Standard Time, on June 17, 2022;

“*IFRS*” are to International Financial Reporting Standards;

“*IPO*” are to the initial public offering of units of Ark Global Acquisition Corp., which closed on February 9, 2021;

“*Letter of Transmittal and Consent*” are to the letter of transmittal and consent (as it may be supplemented and amended from time to time) related to the Offer and Consent Solicitation;

“*Offer*” are to the opportunity to receive 0.295 Class A ordinary shares in exchange for each of our outstanding public warrants and private placement warrants;

“*Offer Period*” are to the period during which the Offer and Consent Solicitation is open, giving effect to any extension;

“*private placement warrants*” are to the warrants issued to certain parties in a private placement in connection with the closing of the IPO that have not become public warrants under the Warrant Agreement as a result of being transferred to any person other than permitted transferees;

“*public warrants*” are to the warrants (i) sold as part of the units in the IPO (whether they were purchased in the IPO or thereafter in the open market) or (ii) initially issued to certain parties in connection with the IPO that have been transferred to any person other than permitted transferees;

“*warrants*” are to the 8,624,980 public warrants and 5,933,333 private placement warrants governed by the Warrant Agreement, excluding for the avoidance of doubt, the AlbaCore Warrants;

“*Warrant Agreement*” are to the warrant agreement, dated as of February 4, 2021 by and between Alkuri and Continental, as amended by the Warrant Assumption and Amendment Agreement, dated as of October 21, 2021, among the Company, Alkuri and the Warrant Agent.

“*Warrant Amendment*” are to the amendment to the Warrant Agreement permitting the Company to require that each outstanding warrant be converted into 0.2655 Class A ordinary shares, which is a ratio 10% less than the exchange ratio applicable to the Offer.

SUMMARY

The Offer and Consent Solicitation

This summary provides a brief overview of the key aspects of the Offer and Consent Solicitation. Because it is only a summary, it does not contain all of the detailed information contained elsewhere in this Prospectus/Offer to Exchange or in the documents included as exhibits to the registration statement that contains this Prospectus/Offer to Exchange. Accordingly, you are urged to carefully review this Prospectus/Offer to Exchange in its entirety (including all documents filed as exhibits to the registration statement that contains this Prospectus/Offer to Exchange, which exhibits may be obtained by following the procedures set forth herein in the section entitled “Where You Can Find Additional Information”).

Summary of the Offer and Consent Solicitation

The Company

We are a leading digital-first, value-based care company. Founded in 2013, our mission is to make high-quality healthcare accessible and affordable for everyone on Earth. We believe we are poised to reengineer the global healthcare market to better align system-wide incentives and to shift the focus from reactive sick care to preventative healthcare, resulting in better member health, improved member experience and reduced costs. To achieve this goal, we are leveraging our highly scalable, digital-first platform combined with high quality clinical operations and affiliated provider networks to provide an integrated, end-to-end healthcare solution. We combine artificial intelligence and broader technologies with human expertise to deliver modern healthcare. Through the devices people already own, we offer millions of people globally ongoing, always-on care.

Corporate Contact Information

Babylon was incorporated under the laws of Jersey, Channel Islands, on April 11, 2014 with registered number 115471. The mailing address of Babylon’s headquarters and principal executive offices is 1 Knightsbridge Green, London, SW1X 7QA, United Kingdom and Babylon’s telephone number is +44 (0) 20 7100 0762.

Our website is www.babylonhealth.com. The information on, or that can be accessed through, our website is not part of this Prospectus/Offer to Exchange or the registration statement of which it forms a part, and you should not consider information contained on our website in deciding whether to tender warrants in exchange for our Class A ordinary shares.

Warrants that qualify for the Offer	<p>As of May 17, 2022, we had outstanding an aggregate of 14,558,313 warrants, including 8,624,980 public warrants and 5,933,333 private placement warrants. The warrants are governed by the Warrant Agreement, and are each exercisable for one Class A ordinary share at a price of \$11.50 per share, subject to adjustments pursuant to the Warrant Agreement. An additional 2,636,249 private warrants governed by the AlbaCore Warrant Instrument and issued by us (the “AlbaCore Warrants”) are not subject to the Offer. Pursuant to the Offer, we are offering up to an aggregate of 0.295 Class A ordinary shares in exchange for all of the outstanding warrants.</p> <p>Under the Warrant Agreement, we may call the public warrants for redemption at our option:</p> <ul style="list-style-type: none">• in whole and not in part;• at a price of \$0.01 per warrant when the price per Class A ordinary share equals or exceeds \$18.00;• at a price of \$0.10 per warrant when the price per Class A ordinary share equals or exceeds \$10.00;• upon not less than 30 days’ prior written notice of redemption (the “30-day redemption period”) to each warrant holder;• if, and only if, the reported last sale price of our ordinary shares equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period ending three business days before we send the notice of redemption to the warrant holders; and• if, and only if, the closing price of our ordinary shares equals or exceeds \$10.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant and the like) for any 20 trading days within the 30-day period ending three trading days before we send notice of the redemption to the warrant holders. <p>The private placement warrants will not be redeemable by us so long as they are held by Ark Sponsors LLC (the “Sponsor”) or its permitted transferees. The Sponsor, or its permitted transferees, has the option to exercise the private placement warrants on a cashless basis. Except as described below, the private placement warrants have terms and provisions that are identical to those of the public warrants, including as to exercise price, exercisability and exercise period. If the private warrants are held by someone other than the Sponsor or its permitted transferees, the private warrants will be redeemable by us and exercisable by such holders on the same basis as the public warrants. If holders of the private warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering their warrants for that number of ordinary shares equal to the quotient obtained by dividing (x) the product of the number of shares of ordinary shares underlying the warrants, multiplied by the excess of the “fair market value” (defined below) over the exercise price of the warrants by (y) the fair market value.</p> <p>The “fair market value” means the average reported last sale price of the ordinary shares for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.</p> <p>The warrants expire in 2026, subject to certain terms and conditions.</p>
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Market Price of Our Shares	Our Class A ordinary shares and public warrants are listed on NYSE under the symbols “BBLN” and “BBLN.W” respectively. See “Market Information, Dividends and Related Stockholder Matters.”
The Offer	<p>Each warrant holder who tenders warrants for exchange pursuant to the Offer will receive 0.295 Class A ordinary shares for each warrant so exchanged. No fractional Class A ordinary shares will be issued pursuant to the Offer. In lieu of issuing fractional shares, any holder of warrants who would otherwise have been entitled to receive fractional shares pursuant to the Offer will, after aggregating all such fractional shares of such holder, receive one additional whole Class A ordinary share in lieu of such fractional shares. Our obligation to complete the Offer is not conditioned on the receipt of a minimum number of tendered warrants.</p> <p>Holders of the warrants tendered for exchange will not have to pay any of the exercise price for the tendered warrants in order to receive Class A ordinary shares in the exchange.</p> <p>The Class A ordinary shares issued in exchange for the tendered warrants will be unrestricted and freely transferable, as long as the holder is not an affiliate of ours and was not an affiliate of ours within the three months prior to the proposed transfer of such shares.</p> <p>The Offer is being made to all warrant holders except those holders who reside in states or other jurisdictions where an offer, solicitation or sale would be unlawful (or would require further action in order to comply with applicable securities laws).</p>
The Consent Solicitation	In order to tender warrants in the Offer and Consent Solicitation, holders are required to consent (by executing the Letters of Transmittal and Consent or requesting that their broker or nominee consent on their behalf) to an amendment to the Warrant Agreement governing the warrants as set forth in the Warrant Amendment attached as Annex A. If approved, the Warrant Amendment would permit the Company to require that all warrants that are outstanding upon the closing of the Offer be converted into Class A ordinary shares at a ratio of 0.2655 Class A ordinary shares per public warrant (a ratio which is 10% less than the exchange ratio applicable to the Offer). Upon such conversion, no warrants will remain outstanding.
Purpose of the Offer and Consent Solicitation	The purpose of the Offer and Consent Solicitation is to attempt to simplify our capital structure and reduce the potentially dilutive impact of the warrants, thereby providing us with more flexibility for financing our operations in the future. See “The Offer and Consent Solicitation — Background and Purpose of the Offer and Consent Solicitation.”

Offer Period	<p>The Offer and Consent Solicitation will expire on the Expiration Date, which is Midnight (end of day), Eastern Standard Time, on June 17, 2022, or such later time and date to which we may extend. All warrants tendered for exchange pursuant to the Offer and Consent Solicitation, and all required related paperwork, must be received by the exchange agent by the Expiration Date, as described in this Prospectus/Offer to Exchange.</p> <p>If the Offer Period is extended, we will make a public announcement of such extension by no later than 9:00 a.m., Eastern Standard Time, on the next business day following the Expiration Date as in effect immediately prior to such extension.</p> <p>We may withdraw the Offer and Consent Solicitation only if the conditions of the Offer and Consent Solicitation are not satisfied or waived prior to the Expiration Date. Promptly upon any such withdrawal, we will return the tendered warrants (and, with respect to the consent warrants, the related consent to the Warrant Amendment will be revoked). We will announce our decision to withdraw the Offer and Consent Solicitation by disseminating notice by public announcement or otherwise as permitted by applicable law. See “The Offer and Consent Solicitation — General Terms — Offer Period.”</p>
Amendments to the Offer and Consent Solicitation	<p>We reserve the right at any time or from time to time to amend the Offer and Consent Solicitation, including by increasing or (if the conditions to the Offer are not satisfied) decreasing the exchange ratio of Class A ordinary shares issued for every warrant exchanged or by changing the terms of the Warrant Amendment. If we make a material change in the terms of the Offer and Consent Solicitation or the information concerning the Offer and Consent Solicitation, or if we waive a material condition of the Offer and Consent Solicitation, we will extend the Offer and Consent Solicitation to the extent required by Rules 13e-4(d)(2) and 13e-4(e) (3) under the Exchange Act. See “The Offer and Consent Solicitation — General Terms — Amendments to the Offer and Consent Solicitation.”</p>
Conditions to the Offer and Consent Solicitation	<p>The Offer is subject to customary conditions, including the effectiveness of the registration statement of which this Prospectus/Offer to Exchange forms a part and the absence of any action or proceeding, statute, rule, regulation or order that would challenge or restrict the making or completion of the Offer. The Offer is not conditioned upon the receipt of a minimum number of tendered warrants. However, the Consent Solicitation is conditioned upon receiving the consent of holders of at least 50% of the number of the then outstanding public warrants (which is the minimum number required to amend the Warrant Agreement with respect to the public warrants), and the consent of at least 50% of the number of the then outstanding private placement warrants (which is the minimum number required to amend the Warrant Agreement with respect to the private placement warrants). We may waive some of the conditions to the Offer. See “The Offer and Consent Solicitation — General Terms — Conditions to the Offer and Consent Solicitation.”</p> <p>We will not complete the Offer and Consent Solicitation unless and until the registration statement described above is effective. If the registration statement is not effective at the Expiration Date, we may, in our discretion, extend, suspend or cancel the Offer and Consent Solicitation, and will inform warrant holders of such event.</p>

Withdrawal Rights	<p>If you tender your warrants for exchange and change your mind, you may withdraw your tendered warrants (and, with respect to the consent warrants, thereby automatically revoke the related consent to the Warrant Amendment) at any time prior to the Expiration Date, as described in greater detail in the section entitled “The Offer and Consent Solicitation — Withdrawal Rights.” If the Offer Period is extended, you may withdraw your tendered warrants (and, with respect to the consent warrants, thereby automatically revoke the related consent to the Warrant Amendment) at any time until the extended Expiration Date. In addition, tendered warrants that are not accepted by us for exchange by July 19, 2022 may thereafter be withdrawn by you until such time as the warrants are accepted by us for exchange.</p>
Federal and State Regulatory Approvals	<p>Other than compliance with the applicable federal and state securities laws, no federal or state regulatory requirements must be complied with and no federal or state regulatory approvals must be obtained in connection with the Offer and Consent Solicitation.</p>
Absence of Appraisal or Dissenters’ Rights	<p>Holders of warrants do not have any appraisal or dissenters’ rights under applicable law in connection with the Offer and Consent Solicitation.</p>
U.S. Federal Income Tax Consequences of the Offer to U.S. Holders	<p>For a U.S. Holder (as defined below in “Material U.S. Federal Income Tax Considerations”) of warrants who participates in the Offer, we intend to treat such U.S. Holder’s exchange of warrants for our Class A ordinary shares in the Offer as a “recapitalization” within the meaning of Section 368(a)(1)(E) of the Code pursuant to which (i) such U.S. Holder should not recognize any gain or loss on the exchange of warrants for Class A ordinary shares, (ii) such U.S. Holder’s aggregate tax basis in our Class A ordinary shares received in the exchange should equal the U.S. Holder’s aggregate tax basis in such U.S. Holder’s warrants surrendered in the exchange and (iii) such U.S. Holder’s holding period for our Class A ordinary shares received in the exchange should include the U.S. Holder’s holding period for the surrendered warrants. However, because there is a lack of direct legal authority regarding the U.S. federal income tax consequences of the exchange of warrants for our Class A ordinary shares, there can be no assurance in this regard and alternative characterizations are possible by the IRS or a court, including ones that would require U.S. Holders to recognize taxable income.</p> <p>Although not free from doubt, if the Warrant Amendment is approved, we intend to treat all warrants not exchanged for Class A ordinary shares in the Offer as having been exchanged for “new” warrants pursuant to the Warrant Amendment and to treat such deemed exchange as a “recapitalization” within the meaning of Section 368(a)(1)(E) of the Code, pursuant to which (i) a U.S. Holder of such warrants should not recognize any gain or loss on the deemed exchange of warrants for “new” warrants, (ii) such U.S. Holder’s aggregate tax basis in the “new” warrants deemed to be received in the exchange should equal the U.S. Holder’s aggregate tax basis in such U.S. Holder’s existing warrants surrendered in the exchange, and (iii) such U.S. Holder’s holding period for the “new” warrants deemed to be received in the exchange should include the U.S. Holder’s holding period for the surrendered warrants. Because there is a lack of direct legal authority regarding the U.S. federal income tax consequences of the deemed exchange of warrants for “new” warrants pursuant to the Warrant Amendment, there can be no assurance in this regard and alternative characterizations by the IRS or a court are possible, including ones that would require U.S. Holders to recognize taxable income. See “Material U.S. Federal Income Tax Consequences.”</p>

No Recommendation	None of our board of directors, our management, our affiliates the dealer manager, the exchange agent, the information agent or any other person makes any recommendation on whether you should tender or refrain from tendering all or any portion of your warrants or consent to the Warrant Amendment, and no one has been authorized by any of them to make such a recommendation.
Risk Factors	For risks related to the Offer and Consent Solicitation, please read the section entitled “Risk Factors” beginning on page 14 of this Prospectus/Offer to Exchange.
Exchange Agent	<p>The depositary and exchange agent for the Offer and Consent Solicitation is:</p> <p>Computershare Trust Company, N.A. 150 Royall Street Canton, Massachusetts 02021</p>
Dealer Manager	<p>The dealer manager for the Offer and Consent Solicitation is:</p> <p>BofA Securities, Inc. One Bryant Park New York, New York 10036</p> <p>We have other business relationships with the dealer manager, as described in “The Offer and Consent Solicitation — Dealer Manager.”</p>
Additional Information	<p>We recommend that our warrant holders review the registration statement on Form F-4, of which this Prospectus/Offer to Exchange forms a part, including the exhibits that we have filed with the SEC in connection with the Offer and Consent Solicitation and our other materials that we have filed with the SEC before making a decision on whether to tender for exchange in the Offer and consent to the Warrant Amendment. All reports and other documents we have filed with the SEC can be accessed electronically on the SEC’s website at www.sec.gov.</p> <p>You should direct (1) questions about the terms of the Offer and Consent Solicitation to the dealer manager at its addresses and telephone number listed above and (2) questions about the exchange procedures and requests for additional copies of this Prospectus/Offer to Exchange, the Letter of Transmittal and Consent or Notice of Guaranteed Delivery to the information agent at the below address and phone number:</p> <p>D.F. King & Co., Inc. 48 Wall Street, 22nd Floor New York, NY 10005 Attention: Michael Horthman Bank and Brokers Call Collect: (212) 269-5550 All Others, Please Call Toll-Free: (800) 817-5468 Email: babylon@dfking.com</p>
Risks Associated with Our Business	<p>The following is a summary list of the principal risk factors that could materially adversely affect our business, financial condition, liquidity and results of operations. These are not the only risks and uncertainties we face, and you should carefully review</p>

and consider the full discussion of our risk factors in the section entitled “Risk Factors”, together with the other information in this Prospectus/Offer to Exchange.

- We have a history of incurring losses, may not be able to achieve or maintain profitability, anticipate increasing expenses in the future and may require additional capital to support business growth. Additional financing may not be available on favorable terms or at all;
- Our historical operating results and dependency on further capital raising indicate substantial doubt exists related to our ability to continue as a going concern;
- If we fail to effectively manage our growth, we may be unable to execute our business plan, adequately address competitive challenges, maintain our corporate culture or grow at the rates we historically have achieved or at all;
- We may face intense competition, which could limit our ability to maintain or expand market share within our industry;
- Our existing customers may not continue or renew their contracts with us, or may renew at lower fee levels or decline to license additional applications and services from us, and significant reductions in members, per member per month (PMPM) fees, pricing or premiums under these contracts could occur due to factors outside our control;
- We are dependent on our relationships with physician-owned entities and our business could be harmed if those relationships or our arrangements with our providers or our customers were disrupted;
- Failure to maintain and expand a network of qualified providers could adversely affect our future growth and profitability;
- We may be unable to increase engagement of the individual members that interact with our platform, and even if we are successful in increasing member engagement, if are unable to realize the member healthcare cost savings that we expect, our future profitability could be adversely affected;
- A significant portion of our revenue comes from a limited number of customers, and the loss of a material contract could adversely affect our business;
- The recognition of a portion of our revenue is subject to realizing healthcare cost savings and achieving quality performance metrics, and may not be representative of revenue for future periods;
- Our claims liability estimates for medical costs and expenses are uncertain and may not be adequate, and adjustments to our estimates may unfavorably impact our financial condition. If our estimates of the amount and timing of revenue recognized under our licensing agreements and value-based care agreements with health plans are materially inaccurate, our revenue recognition could be impacted;
- Our physician partners’ failure to accurately, timely and sufficiently document their services could result in nonpayment for services rendered or allegations of fraud. Our records and submissions to a health plan may contain inaccurate or unsupportable information regarding risk adjustment scores of members;
- Reimbursement rates paid by third-party payers or federal, state or foreign healthcare programs may be reduced, and third-party payers or government payers may restrain our ability to obtain or provide services to our members;
- Regulatory proposals directed at containing or lowering the cost of healthcare, including the ACO REACH model, and our participation in such proposed models, could impact our business and results of operations;
- The market for telemedicine is immature and volatile and our digital-first approach is relatively new and unproven;

- We may not be able to develop and release new solutions and services, or successful enhancements, new features and modifications to our existing solutions and services. Our proprietary solutions may not properly operate or interoperate with our customers' existing and future infrastructures;
- Our relatively limited operating history makes it difficult to evaluate our current business and future prospects;
- If we are unable to hire and retain talent to operate our business, we may not be able to grow effectively;
- Our growth depends in part on the success of our relationships with third parties;
- Our quarterly results may fluctuate significantly, adversely impacting the value of our Class A Ordinary Shares;
- Risks associated with our international operations, economic uncertainty, or downturns;
- Failure to adequately expand our direct sales force will impede our growth;
- We may invest in or acquire other business and we may have difficulty integrating any such acquisitions successfully. We may also enter into collaborations and strategic alliances with third parties that may not result in the development of commercially viable solutions or the generation of significant future revenues;
- Our use of open-source software could adversely affect our ability to offer our solutions and subject us to possible litigation;
- Catastrophic events and man-made problems, and a pandemic, epidemic, or outbreak of an infectious disease, including the COVID-19 pandemic, could adversely affect our business;
- Our sales and implementation cycle can be long and unpredictable and requires considerable time, expense and ongoing support, the failure of which may adversely affect our customer relationships;
- Failure to obtain or maintain insurance licenses or authorizations allowing our participation in risk-sharing arrangements with payers could subject us to significant penalties and adversely impact our operations;
- Foreign currency exchange rate fluctuations and restrictions could adversely affect our business;
- We operate in a heavily regulated industry, and we are subject to evolving laws and government regulations;
- The changes in tax laws in different geographic jurisdictions could materially impact our business. We may be treated as a dual resident company for United Kingdom tax purposes. The applicability of tax laws on our business is uncertain and adverse tax laws could be applied to us or our customers;
- We may be unable to sufficiently protect our intellectual property, and our ability to successfully commercialize our technology may be adversely affected. We may be subject to intellectual property infringement claims, medical liability claims or other litigation or regulatory investigations;
- Certain of our software products could become subject to U.S. Food and Drug Administration ("FDA") oversight, and certain of our products and operations are subject to medical device regulations;
- Cyberattacks, security breaches and other incidents, and other disruptions have compromised and could in the future compromise sensitive information and adversely affect our business and reputation. Our failure to comply with data privacy laws or to adequately secure the information we hold could result in significant liability or reputational harm. Any disruption of service at our third-party data and call centers or Amazon Web Services, or of third party infrastructure provider services, could interrupt our ability to serve customers, expose us to litigation and negatively impact our relationships with customers and members;

- The trading price of our Class A Ordinary Shares is volatile, and the value of our Class A Ordinary Shares may decline. An active trading market for our securities may not develop or be sustained. The dual class structure of our ordinary shares limits your ability to influence important transactions and has an unpredictable impact on the trading market for our Class A Ordinary Shares;
- Our status as an “emerging growth company” and a “foreign private issuer” may make our ordinary shares less attractive and affords less protection to our shareholders. We expect to lose our foreign private issuer status for 2022. As a “controlled company,” we qualify for exemptions from certain corporate governance requirements;
- Our issuance of additional Class A Ordinary Shares will dilute all other shareholders. A significant portion of our total outstanding Class A ordinary shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our Class A ordinary shares to drop significantly, even if our business is doing well;
- We do not currently intend to pay dividends on our Class A Ordinary Shares. Some of our management team has limited experience managing a public company, and our management is required to devote substantial time to public company compliance;
- If our remediation of our identified material weaknesses is not effective, or if we fail to develop an effective internal control system, our ability to produce timely and accurate financial statements or comply with applicable laws could be impaired;
- U.S. holders that own 10% or more of our equity interests may be subject to adverse U.S. federal income tax consequences. Our U.S. holders may suffer adverse tax consequences if we are classified as a “passive foreign investment company.” The Internal Revenue Service may not agree that we are a non-U.S. corporation for U.S. federal income tax purposes;
- Your shareholder rights and responsibilities are governed by Jersey law, which differs materially from U.S. companies’ shareholders rights and responsibilities. It may be difficult to enforce a U.S. judgment or to assert U.S. securities law claims outside of the United States; and
- The other matters described in the remainder of the “Risk Factors” section of this Prospectus/Offer to Exchange.

Implications of Being an Emerging Growth Company and a Foreign Private Issuer

Emerging Growth Company

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012. We are an emerging growth company until the earliest to occur of (i) the last day of the fiscal year (A) following the fifth anniversary of the first sale of the units of Alkuri pursuant to an effective registration statement on Form S-1 under the Securities Act, (B) in which we have total annual gross revenue of at least \$1.07 billion, or (C) in which we are deemed to be a large accelerated filer, which means the market value of our outstanding ordinary shares that are held by non-affiliates exceeds \$700 million as of the prior June 30, and (ii) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three year period.

As an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other publicly traded entities that are not emerging growth companies. These exemptions include: (i) the option to present only two years of audited financial statements and related discussion in the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in this Prospectus/Offer to Exchange; (ii) not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002; (iii) not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board, or PCAOB, regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis); (iv) not being required to submit certain executive compensation matters to shareholder advisory votes, such as “say-on-pay,” “say-on-frequency,” and “say-on-golden parachutes”; and (v) not being required to disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer’s compensation to median employee compensation.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of these accounting standards until they would otherwise apply to private companies.

We have elected not to opt out of, and instead to take advantage of, such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with certain other public companies difficult or impossible because of the potential differences in accounting standards used.

Foreign Private Issuer

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Even after we no longer qualify as an emerging growth company, as long as we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including: (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specific information, and current reports on Form 8-K upon the occurrence of specified significant events.

Foreign private issuers are also exempt from certain more stringent executive compensation disclosure rules. Thus, even if we no longer qualify as an emerging growth company, but remain a foreign private issuer, we continue to be exempt from the more stringent compensation and other disclosures required of companies that are neither an emerging growth company nor a foreign private issuer.

SUMMARY CONSOLIDATED FINANCIAL DATA

The tables below set forth the following summary consolidated financial data:

- a condensed combined statement of profit and loss of Babylon for the three months ended March 31, 2022 and 2021 and for the years ended December 31, 2021, 2020 and 2019; and
- a condensed combined statement of financial position amounts of Babylon as of March 31, 2022, December 31, 2021 and December 31, 2020.

We derived the summary of our results for the years ended December 31, 2021, 2020 from our audited consolidated financial statements included elsewhere in this Prospectus/Offer to Exchange. We derived the financial information for the three months ended March 31, 2022 and 2021 from our unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2022 and 2021, included elsewhere in this Prospectus/Offer to Exchange.

Our consolidated financial statements have been prepared in accordance with IFRS, as issued by the IASB. Historical results for any prior period do not necessarily indicate our results to be expected for any future period. This information should be read together with the audited historical financial statements of Babylon, including the notes thereto, as well as the disclosures contained in the sections titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other financial information included elsewhere in this Prospectus/Offer to Exchange.

Condensed Combined Statement of Profit and Loss

	For the Three Months Ended March 31,		For the Years Ended December 31,		
	2022	2021	2021	2020	2019
			\$'000		
Revenue	\$ 266,446	\$ 71,293	\$ 322,921	\$ 79,272	\$ 16,034
Clinical care delivery expense	(23,927)	(11,823)	(70,047)	(42,134)	(19,810)
Claims expense	(247,552)	(23,917)	(219,625)	(25,120)	—
Platform & application expenses	(16,703)	(6,434)	(42,829)	(38,137)	(23,569)
Research & development expenses	(10,057)	(10,390)	(47,534)	(54,711)	(51,205)
Sales, general & administrative expenses	(58,310)	(31,479)	(196,673)	(94,681)	(84,270)
Recapitalization transaction expense	—	—	(148,722)	—	—
Operating loss	(90,103)	(12,750)	(402,509)	(175,511)	(162,820)
Finance costs	(6,628)	(992)	(14,291)	(4,530)	(1,116)
Finance income	255	14	326	610	1,015
Change in fair value of warrant liabilities	5,575	—	27,811	—	—
Exchange gain / (loss)	(447)	(573)	868	(2,836)	17,075
Net finance income (expense)	(1,245)	(1,551)	14,714	(6,756)	16,974
Gain on sale of subsidiary	—	3,917	3,917	—	—
Gain on remeasurement of equity interest	—	—	10,495	—	—
Share of loss of equity-accounted investees	—	(455)	(2,602)	(1,124)	—
Loss before taxation	\$ (91,348)	\$ (10,839)	\$ (375,985)	\$ (183,391)	\$ (145,846)
Tax benefit / (provision)	(9)	(8)	1,474	(4,639)	5,559
Loss for the financial period	(91,357)	(10,847)	(374,511)	(188,030)	(140,287)
Loss per share					
Net loss per share, Basic and Diluted	(0.24)	(0.04)	(1.36)	(0.77)	(0.58)
Weighted average shares outstanding, Basic and Diluted	384,531,450	245,229,566	271,321,235	242,935,770	241,903,166
Selected Other Data (Unaudited):					
Adjusted EBITDA⁽¹⁾	\$ (72,243)	\$ (4,555)	\$ (174,137)	\$ (146,155)	\$ (152,358)

(1) In addition to analyzing our operating results on an IFRS basis, management also reviews our results on an “Adjusted EBITDA” basis. We define Adjusted EBITDA, a non-IFRS financial measure, as profit (loss), adjusted for depreciation, amortization, net finance income (costs), income taxes, share-based compensation, impairment expenses, foreign exchange gains or losses, gains or losses on sale of subsidiaries, recapitalization transaction expense, change in fair value of warrant liabilities and gains on the remeasurement of equity interests. Loss for the period is the most directly comparable IFRS measure to Adjusted EBITDA. We believe that Adjusted EBITDA is a useful metric for investors to understand and evaluate our operating results and ongoing profitability because it permits investors to evaluate our recurring profitability from our ongoing operating activities. Adjusted EBITDA has certain limitations, and you should not consider it in isolation or as a substitute for analysis of our results of operations as reported under IFRS. We caution investors that amounts presented in accordance with our definition of Adjusted EBITDA may not be comparable to similar measures disclosed by other issuers, because some issuers calculate Adjusted EBITDA differently or not at all, limiting its usefulness as a direct comparative measure.

A reconciliation of Adjusted EBITDA to IFRS loss, the closest comparable IFRS financial measure, for each of the three months ended March 31, 2022 and 2021 and for each of the years ended December 31, 2021, 2020 and 2019 is presented in the table below.

	For the Three Months Ended March 31,		For the Years Ended December 31,		
	2022	2021	2021	2020	2019
			\$'000		
Loss for the financial period	\$ (91,357)	\$ (10,847)	\$ (374,511)	\$ (188,030)	\$ (140,287)
<i>Adjustments to calculate EBITDA:</i>					
Depreciation and amortization expenses	9,458	5,848	35,004	14,487	2,496
Finance costs and income	6,378	978	13,965	3,920	101
Tax benefit / (provision)	9	8	(1,474)	4,639	(5,559)
EBITDA	\$ (75,517)	\$ (4,013)	\$ (327,016)	\$ (164,984)	\$ (143,249)
<i>Adjustments to calculate Adjusted EBITDA:</i>					
Recapitalization transaction expense	—	—	148,722	—	—
Share-based compensation	8,402	2,802	46,307	9,557	7,966
Change in fair value of warrant liabilities	(5,575)	—	(27,811)	—	—
Gain on remeasurement of equity interest	—	—	(10,495)	—	—
Gain on sale of subsidiary	—	(3,917)	(3,917)	—	—
Impairment expense	—	—	941	6,436	—
Exchange gain / (loss)	447	573	(868)	2,836	(17,075)
Adjusted EBITDA	\$ (72,243)	\$ (4,555)	\$ (174,137)	\$ (146,155)	\$ (152,358)

Condensed Combined Statement of Financial Position Amounts

	March 31, 2022	December 31, 2021	2020
ASSETS			
Non-current assets			
Right-of-use assets	\$ 20,014	\$ 7,844	\$ 2,572
Property, plant and equipment	25,694	24,990	1,334
Investments in associates	—	—	8,876
Goodwill	93,655	93,678	17,832
Other intangible assets	112,830	111,421	78,853
Total non-current assets	252,193	237,933	109,467
Current assets			
Right-of-use assets	5,454	3,999	1,942
Trade and other receivables	27,981	24,119	13,525
Prepayments and contract assets	21,971	26,000	8,841
Cash and cash equivalents	274,978	262,581	101,757
Assets held for sale	—	—	3,282
Total current assets	330,384	316,699	129,347
Total assets	\$ 582,577	\$ 554,632	\$ 238,814
EQUITY AND LIABILITIES EQUITY			
Ordinary share capital	16	16	10
Preference share capital	—	—	3
Share premium	923,093	922,897	485,221
Share-based payment reserve	89,545	80,371	32,185
Retained earnings	(929,343)	(837,986)	(469,504)
Foreign currency translation reserve	(3,780)	(27)	1,675
Total capital and reserves	79,531	165,271	49,590
Non-controlling interests	—	—	(1,231)
Total equity	\$ 79,531	\$ 165,271	\$ 48,359
LIABILITIES			
Non-current liabilities			
Contract liabilities	63,736	70,396	57,274
Deferred grant income	6,134	7,236	7,488
Lease liabilities	20,143	8,442	2,011
Loans and borrowings	262,142	168,601	—
Deferred tax liability	1,016	1,019	—
Total non-current liabilities	\$ 353,198	\$ 255,694	\$ 66,773
Current liabilities			
Trade and other payables	25,198	22,686	7,745
Accruals and provisions	39,165	36,856	18,636
Claims payable	37,886	24,628	3,890
Contract liabilities	22,663	23,786	18,744
Deferred grant income	1,664	1,208	—
Lease liabilities	5,301	4,190	2,488
Loans and borrowings	—	185	70,357
Warrant liability	17,971	20,128	—
Liabilities directly associated with the assets held for sale	—	—	1,822
Total current liabilities	149,848	133,667	123,682
Total liabilities	503,046	389,361	190,455
Total liabilities and equity	\$ 582,577	\$ 554,632	\$ 238,814

RISK FACTORS

We operate in a market environment that is difficult to predict and that involves significant risks, many of which are beyond our control. You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this Prospectus/Offer to Exchange, including our consolidated financial statements and related notes included elsewhere in this Prospectus/Offer to Exchange, before exchanging your warrants for our Class A ordinary shares. If any of the events, contingencies, circumstances or conditions described in the following risks actually occur, our business, financial condition or results of operations could be seriously harmed. Additional risks and uncertainties not presently known to us or that we do not currently believe are important to an investor, if they materialize, also may adversely affect us.

Risks Related to Our Business and Operations

We have a history of incurring losses and we may not be able to achieve or maintain profitability. We anticipate increasing expenses in the future and may require additional capital to support business growth. Additional financing may not be available on favorable terms or at all, or could be dilutive to our shareholders or impose restrictive debt covenants on our activities.

We have incurred losses for the period since our inception. We incurred losses for the period of \$374.5 million, \$188.0 million, and \$140.3 million for the years ended December 31, 2021, 2020, and 2019, respectively. We incurred losses for the period of \$91.4 million and \$10.8 million for the three months ended March 31, 2022 and 2021, respectively. We had an accumulated deficit of \$838.0 million, \$469.5 million, and \$282.7 million as of December 31, 2021, 2020, and 2019, respectively and an accumulated deficit of \$929.3 million for the three months ended March 31, 2022. To date, we have financed our operations principally from the sale of our equity and revenue from our operations, as well as from recent debt financings. We had \$300 million of indebtedness as of March 31, 2022, consisting of \$200 million of unsecured Notes due 2026 (“Unsecured Notes”) issued to certain affiliates of, or funds managed or controlled by, AlbaCore Capital LLP (“AlbaCore Note Subscribers”) on November 4, 2021 and \$100 million of additional Unsecured Notes that we issued to an additional AlbaCore Note Subscriber on March 31, 2022. Our cash flow from operations was negative for the years ended December 31, 2021, 2020, and 2019 and for the three months ended March 31, 2022. Our cash flow from operations was \$21.5 million for the three months ended March 31, 2021. We may not generate positive cash flow from operations or profitability on the timetable that we expect, and our relatively limited operating history may make it difficult for you to evaluate our current business and our future prospects, as further discussed in the risk factor “*Our relatively limited operating history makes it difficult to evaluate our current business and future prospects and increases the risk of your investment*” below.

We have encountered and continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including increasing expenses. We expect that our costs will increase substantially in the foreseeable future and our losses will continue, as we intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new products, services or enhance our existing products or services, enhance our operations and infrastructure and pursue potential opportunities for growth through acquisitions of complementary businesses and technologies. Additionally, we expect our operating expenses to increase significantly over the next several years as we continue to invest in increasing our customer base, hire additional personnel, expand our marketing channels and expand in the United States and other new geographies. In addition to the expected costs to grow our business, we expect to incur additional legal, accounting, and other expenses as a newly public company.

These efforts and investments may prove to be more costly than we anticipate, and if we do not achieve the benefits anticipated from these investments, or if the realization of these benefits is delayed, they may not result in increased revenue or growth in our business to a level to sufficiently offset these higher expenses. If our growth rate were to decline significantly or become negative, it could adversely affect our financial condition and results of operations.

In addition, in order to achieve these objectives, we may make future commitments of capital resources. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing shareholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A ordinary shares. Any debt financing or refinancing secured by us in the future could involve additional restrictive covenants, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

If we are unable to successfully address these risks and challenges as we encounter them, our business, financial condition and results of operations would be adversely affected. Our failure to achieve or maintain profitability could negatively impact the value of our Class A ordinary shares.

Our historical operating results and dependency on further capital raising indicate substantial doubt exists related to our ability to continue as a going concern.

Our financial statements have been prepared assuming that we will continue as a going concern. We have incurred losses and used significant cash in operating activities since inception. For the year ended December 31, 2021, we incurred a loss for the year of \$374.5 million (2020: loss of \$188.0 million, 2019: loss of \$140.3 million), and operating cash outflows of \$145.9 million (2020: \$143.4 million, 2019: \$143.6 million). As of December 31, 2021, we had a net asset position of \$165.3 million (2020: \$48.4 million) and cash and cash equivalents of \$262.6 million (2020: \$101.8 million). For the three months ended March 31, 2022, we incurred a loss for the period of \$91.4 million (2021: \$10.8 million) and operating cash outflows of \$11.7 million (2021: \$7.3 million). As of March 31, 2022, we had a net asset position of \$79.5 million and cash and cash equivalents of \$275.0 million (2021: \$113.9 million). We require significant cash resources to, among other things, fund working capital requirements, increase headcount, make capital expenditures, including those related to product development, and expand our business through acquisitions.

We have financed our operations principally through issuances of debt and equity securities and has a strong record of fundraising. However, our dependency on our ability to raise further capital in the short term and material uncertainties related to events or conditions may cast significant doubt on our ability to continue as a going concern and therefore, to continue realizing our assets and discharging our liabilities in the normal course of business. Any failure to generate additional liquidity could negatively impact our ability to operate our business.

If we fail to effectively manage our growth, we may be unable to execute our business plan, adequately address competitive challenges or maintain our corporate culture, and our business, financial condition and results of operations would be harmed.

Since launching our first product in 2015, we have experienced rapid growth and we continue to rapidly and significantly expand our operations. For example, our headcount has grown from 789 as of December 31, 2018 to 2,886 as of December 31, 2021. This expansion increases the complexity of our business and places significant strain on our management, personnel, operations, systems, technical performance, financial resources, and internal financial control and reporting functions. We may not be able to manage growth effectively, which could damage our reputation, limit our growth and negatively affect our operating results.

The growth and expansion of our business creates significant challenges for our management, operational and financial infrastructure. In the event of continued growth of our operations or in the number of our third-party relationships, our information technology systems and our internal controls and procedures may not be adequate to support our operations. To effectively manage our growth, we must continue to improve our operational, financial and management processes and systems and to effectively expand, train and manage our employee base. As our organization continues to grow and we are required to implement more complex organizational management structures, we may find it increasingly difficult to maintain the benefits of our corporate culture, including our ability to quickly develop and launch new and innovative solutions. This could negatively affect our business performance.

We continue to experience growth in our headcount and operations, which will continue to place significant demands on our management and our operational and financial infrastructure. As we continue to grow, we must effectively integrate, develop and motivate a large number of new employees, and we must maintain the beneficial aspects of our corporate culture. To attract top talent, we have had to offer, and believe we will need to continue to offer, highly competitive compensation packages before we can validate the productivity of those employees. In addition, fluctuations in the price of our Class A ordinary shares may make it more difficult or costly to use equity compensation to motivate, incentivize and retain our employees. We face significant competition for talent from other healthcare, technology and high-growth companies, which include both large enterprises and privately-held companies. We may not be able to hire new employees quickly enough to meet our needs. If we fail to effectively manage our hiring needs and successfully integrate our new hires, our efficiency and ability to meet our forecasts and our employee morale, productivity and retention could suffer, and our business, financial condition and results of operations could be adversely affected.

Additionally, if we do not effectively manage the growth of our business and operations, the quality of our solutions could suffer, which could negatively affect our results of operations and overall business. Further, we have made changes in the past, and will likely make changes in the future, to our solutions that our customers or members may not like, find useful or agree with. We may also

decide to discontinue certain features, solutions or services or increase fees for any of our features or services. If customers or members are unhappy with these changes, they may decrease their usage of our solutions.

We may not grow at the rates we historically have achieved or at all, even if our key metrics may indicate growth, which could have a material adverse effect on the market price of our Class A ordinary shares.

We have experienced significant revenue growth in recent years. For example, our revenue for the year ended December 31, 2021 represented a 307.4% increase compared to our 2020 revenue and our revenue for the three months ended March 31, 2022 represented a 273.7% increase compared to our March 31, 2021 revenue. However, our future revenues may not grow at the same rates or may decline. Our future revenue growth will depend, in part, on our ability to grow our revenue from existing customers, complete sales to potential future customers, expand our member bases and increase engagement with our members, develop new products and services and expand internationally.

We can provide no assurance that we will be successful in executing our growth strategies or that, even if our key metrics would indicate future growth, we will continue to grow our revenue or when we will generate net income. Our value-based care business is a priority focus area for our growth, and presents numerous risks. For example, see the discussion of value-based care and value-based care agreements in the risk factors, “*If our existing customers do not continue or renew their contracts with us, renew at lower fee levels or decline to license additional applications and services from us, or if significant reductions in members, PMPM fees, pricing or premiums under these contracts occur due to factors outside our control,*” “*If we are unable to increase engagement of the individual members that interact with our platform, or, even if we are successful in increasing member engagement, are unable to realize the member healthcare cost savings that we expect, our future profitability could be adversely affected,*” “*The recognition of a portion of our revenue is subject to realizing healthcare cost savings and achieving quality performance metrics, and may not be representative of revenue for future periods,*” “*Our claims liability estimates for medical costs and expenses are subject to uncertainty and may not be adequate, and any adjustments to our estimates may unfavorably impact, potentially in a material way, our reported results of operations and financial condition,*” and “*There are significant risks associated with estimating the amount and timing of revenue that we recognize under our licensing agreements and value-based care agreements with health plans, and if our estimates of revenue are materially inaccurate, it could impact the timing and the amount of our revenue recognition or have a material adverse effect on our business, financial condition, results of operations and cash flows*” below.

Our ability to execute on our existing sales pipeline, create additional sales pipelines, and expand our customer base depends on, among other things, the attractiveness of our solution relative to our competitors’ offerings, our ability to demonstrate the value of our existing and future solutions, and our ability to attract and retain a sufficient number of qualified sales and marketing leaders and support personnel. In addition, our existing customers and members may be slower to adopt our services than we currently anticipate, which could adversely affect our results of operations and growth prospects.

We may face intense competition, which could limit our ability to maintain or expand market share within our industry. If we do not maintain or expand our market share, our business and operating results will be harmed.

The healthcare industry and, to a lesser extent, the telemedicine and digital self-care industries in which we operate are highly competitive. We currently face competition from a range of companies, and view as competitors those companies whose primary business is developing and marketing telemedicine platforms and services. Competition focuses on, among other factors, technology, breadth and depth of functionality, range of associated services, pricing and other terms and conditions, operational experience, customer support, extent of customer base, reputation, relationships with public and private health insurance providers, size and financial strength ratings. The market for our offerings is underpenetrated, competitive, and characterized by rapidly evolving technology standards, customer and member needs, and the frequent introduction of new products and services. While our market is in an early stage of development, it is evolving rapidly and becoming increasingly competitive, and we expect it to attract increased competition.

Our competitors include companies whose primary business is developing and marketing remote healthcare platforms and services and also those engaged in value-based care, such as agilon health, Amwell, Oak Street Health, One Medical and Teladoc. We also compete with health insurers and large corporations that are making inroads into the digital healthcare industry and that are increasingly focused on the development of digital health technology, often through initiatives and partnerships. These technology companies, which may offer their solutions at lower prices, are continuing to develop additional products and are becoming more sophisticated and effective. Competition may also increase from large technology companies, such as Apple, Amazon, Facebook,

Verizon, or Microsoft, who may wish to develop their own telehealth solutions or partner with our other competitors, as well as from large retailers like Kroger, CVS Health Corporation, Walgreens or Walmart. With the emergence of COVID-19, we have also seen increased competition from consumer-grade video solutions, such as Zoom Video and Twilio.

In addition, large, well-financed healthcare providers and insurance carriers have, in some cases, developed their own platform or tools and may provide these solutions to their customers at discounted prices. Moreover, as we expand into new lines of business and offer additional products beyond clinical care and self-care, we could face intense competition from traditional healthcare systems and health insurance companies that are already established, some of whom also utilize AI, telehealth, ePharma, virtual care delivery and next generation payer and provider models.

Our ability to compete effectively depends on our ability to distinguish our company and our solution from our competitors and their products, and includes factors such as:

- long-term outcomes;
- ease of use and convenience;
- price;
- greater name and brand recognition;
- longer operating histories;
- greater market penetration;
- larger and more established customer and channel partner relationships;
- larger sales forces and more established products and networks;
- larger marketing budgets;
- access to significantly greater financial, human, technical and other resources;
- breadth, depth, and efficacy of offerings;
- quality and reliability of solutions; and
- employer, healthcare provider, government agency and insurance carrier acceptance.

Some of our competitors may have greater name and brand recognition, longer operating histories, and significantly greater resources than we do and may be able to offer solutions similar to ours at more attractive prices than we can. Further, our current or potential competitors may be acquired by third parties with greater available resources. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements and may have the ability to initiate or withstand substantial price competition. In addition, our competitors have established, and may in the future establish, cooperative relationships with vendors of complementary products, technologies or services to increase the availability of their solutions in the marketplace.

Our partners include healthcare payers, healthcare providers, governments and health systems, pharmaceutical companies and retailers, and technology and content providers, and our business customers include healthcare providers, insurers, governments, and employers that sponsor employee memberships as part of their benefits packages. Our partners and customers could become our competitors by offering similar services. Some of our partners may begin to offer services in the same or similar manner as we do. Although there are many potential opportunities for, and applications of, these services, our partners may seek opportunities or target new customers in areas that may overlap with those that we have chosen to pursue. In such cases, we may potentially compete against

our partners. Competition from our partners may adversely affect our relationships with our partners and our business. In addition, some of the terms of our partner relationships include exclusivity or other restrictive clauses that limit our ability to partner with or provide services to potential other customers or third parties, which could harm our business. We may in the future enter into agreements with customers that restrict our ability to accept assignments from, or render similar services to, those customers' customers, require us to obtain our customers' prior written consent to provide services to their customers or restrict our ability to compete with our customers, or bid for or accept any assignment for which those customers are bidding or negotiating. These restrictions may hamper our ability to compete for and provide services to other customers in a specific industry in which we have expertise and could materially adversely affect our business, financial condition and results of operations.

New competitors or alliances may emerge that have greater market share, a larger customer base, more widely adopted proprietary technologies, greater marketing expertise, greater financial resources and larger sales forces than we have, which could put us at a competitive disadvantage. Our competitors could also be better positioned to serve certain segments of our market, which could create additional price pressure. In light of these factors, current or potential customers may accept competitive solutions in lieu of purchasing our solution. If we are unable to successfully compete, our business, financial condition and results of operations could be adversely affected.

If our existing customers do not continue or renew their contracts with us, renew at lower fee levels or decline to license additional applications and services from us, or if significant reductions in members, PMPM fees, pricing or premiums under these contracts occur due to factors outside our control, it could have a material adverse effect on our business, financial condition and results of operations.

We expect to derive a significant portion of our revenue from renewal of existing customer contracts and sales of additional applications and services to existing customers.

Customer renewals may decline or fluctuate as a result of a number of factors, including the breadth of early deployment of our solution, changes in customers' business models and use cases, our customers' satisfaction or dissatisfaction with our solution, our pricing or pricing structure, the pricing or capabilities of products or services offered by our competitors, or the effects of economic conditions. If our customers do not renew their agreements with us, or renew on terms less favorable to us, our revenue may decline. If our customers are dissatisfied with our products, including, for example, because members do not engage with our solutions, our customers may terminate or decline renewal of their contracts. In particular, our customers are often motivated to partner with us because they believe that members' use of our solutions will decrease our customers' spending levels. If we are not successful in engaging members through our platform and services, we may not meet our customers' expectations. If we fail to satisfy our existing customers, they may not renew their contracts, which could adversely affect our business and operating results.

As part of our growth strategy we have recently focused on expanding our services amongst current customers. As a result, selling additional applications and services is critical to our future business, revenue growth and results of operations. Factors that may affect our ability to sell additional applications and services include, but are not limited to, the following:

- the price, performance and functionality of our solutions;
- the availability, price, performance and functionality of competing solutions;
- our ability to develop and sell complementary applications and services;
- the stability, performance and security of our hosting infrastructure and hosting services;
- changes in healthcare and telemedicine laws, regulations or trends; and
- the business environment of our customers and, in particular, headcount reductions by our customers.

We mainly enter into three types of contracts with our customers: value-based care, fee-for-service, and licensing.

Under our value-based care agreements with health plans, we manage the healthcare needs of our members in a centralized manner, where we negotiate a fixed per member per month (“PMPM”) allocation, also referred to as a capitation allocation, often based on a percentage of the payer’s premium or medical loss ratio (“MLR”) with the payer. We assume financial responsibility for member healthcare services, which means that, throughout the measurement period, the total actual medical costs are compared to the capitation allocation. At the end of the measurement period, we will either be responsible for all or part of excess costs above the capitation allocation, or will receive all or part of any savings, as compared to the capitation allocation. In some of our newer value-based care agreements, our financial responsibility for these surpluses or deficits relative to the capitation allocation is deferred until an initial agreed upon period has elapsed.

Under our fee-for-service agreements, we get paid by our customers based on the number of services members use through our platform and/or based on the number of members who can use our platform (i.e., eligible populations). Under our licensing agreements, we license our technology to third parties for them to make our technology available in certain territories and/or on their platforms. Our fee-for-service contracts generally have initial terms of one to two years and our licensing and risk-based contracts generally have initial terms of two to ten years. Most of our customers have no obligation to renew their contracts after the initial term expires. In addition, our customers may negotiate terms less advantageous to us upon renewal, which may reduce our revenue from these customers. Our future results of operations also depend, in part, on our ability to expand our service and product offering. If our customers fail to renew their contracts, renew their contracts upon less favorable terms or at lower fee levels, or fail to license new products and services from us, our revenue may decline, or our future revenue growth may be constrained.

In addition, after the initial contract term, some of our customer contracts allow customers to terminate such agreements for convenience at certain times, typically with one to three months advance notice. We typically incur the expenses associated with integrating a customer’s data into our healthcare database and related training and support prior to recognizing meaningful revenue from such a customer. Software licensing revenue is not recognized until our products are implemented for launch, which is generally a few months after contract signing. If a customer terminates its contract early and revenue and cash flows expected from a customer are not realized in the time period expected or not realized at all, our business, financial condition and results of operations could be adversely affected.

Under value-based care and fee-for-service agreements that compensate us on a per member basis, a significant reduction in members, PMPM fees, pricing or premiums could adversely affect our business, financial condition and results of operations. Many factors that could cause such reductions are outside of our control; for example, members may cease to be eligible for or disenroll from the health plan offered by a customer that is a healthcare provider, insurer, government, or employer that sponsors employee memberships as part of its benefits package due to relocation, death, loss of a network provider, or redeterminations under a government program. In addition, if member eligibility changes within a short period of time, we may be unable to increase engagement of the affected members, or manage their medical conditions and related healthcare costs more effectively.

In the United States and for elements of our business in the U.K., we are dependent on our relationships with physician-owned entities to hold contracts and provide healthcare services. We do not own such professional entities, and our business could be harmed if those relationships were disrupted or if our arrangements with our providers or our customers are found to violate state laws prohibiting the corporate practice of medicine or fee-splitting.

There is a risk that authorities in some jurisdictions may find that our contractual relationships with the physician-owned professional entities violate the corporate practice of medicine or fee-splitting laws or similar or equivalent rules in the relevant jurisdiction. These laws generally prohibit the practice of medicine by, or sharing of professional fees with, lay persons or entities and are intended to prevent unlicensed persons or entities from interfering with or inappropriately influencing a clinician’s professional judgment. The extent to which each state considers particular actions or contractual relationships to constitute improper influence of professional judgment or fee-splitting varies across the states and is subject to change and to evolving interpretations by state boards of medicine, state courts and state attorneys general, among others. As such, we must monitor our compliance with laws in every jurisdiction in which we operate on an ongoing basis and we cannot guarantee that subsequent interpretation of the corporate practice of medicine or fee-splitting laws will not circumscribe our business operations. The enforcement of state corporate practice of medicine doctrines or fee-splitting laws may result in the imposition of penalties, including but not limited to, penalties on the physicians themselves for aiding the corporate practice of medicine, which could discourage physicians from participating in our network of providers.

The corporate practice of medicine prohibition exists in some form, by statute, regulation, board of medicine or attorney general guidance, or case law, in 31 states in the U.S. The broad variation between state application and enforcement of the corporate practice of medicine doctrine makes an exact count of states that follow this doctrine difficult. We plan to conduct business in all of these states. Due to the prevalence of the corporate practice of medicine doctrine, including in the states where we predominantly conduct our business, we provide administrative and management services to certain physician-owned professional entities pursuant to agreements under which those entities reserve exclusive control and responsibility for all aspects of the practice of medicine and the delivery of medical services. We contract with the vast majority of such physician-owned entities through business support agreements and direct transfer agreements for the provision of health care services, the receipt of fees, and physician-owner succession planning purposes. For professional entities with which we contract but with respect to which we have not implemented a direct share transfer agreement, we implement other measures (e.g., option agreements) for similar succession planning purposes. For further discussion of this structure, see “Business—Sales and Marketing—Affiliated Physicians and Healthcare Professionals.” While we expect that these relationships will continue, we cannot guarantee that they will. A material change in our relationship with these physician-owned entities, whether resulting from a dispute among the entities, a change in government regulation, or the loss of these affiliations, could impair our ability to provide services to our customers and consumers and could have a material adverse effect on our business, financial condition and results of operations.

In addition, the arrangements in which we have entered to comply with state corporate practice of medicine doctrines could subject us to additional scrutiny by federal and state regulatory bodies, including with respect to federal and state fraud and abuse laws and by other regulatory authorities in the relevant jurisdictions. We believe that our operations comply with applicable state statutes and regulations regarding corporate practice of medicine, fee-splitting, and anti-kickback prohibitions. However, any scrutiny, investigation, or litigation with regard to our arrangement with physician-owned entities could have a material adverse effect on our business, financial condition and results of operations, particularly if we are unable to restructure our operations and arrangements to comply with applicable laws or we are required to restructure at a significant cost, or if we were subject to penalties or other adverse action.

Our telemedicine business and growth strategy depend on our ability to maintain and expand a network of qualified providers. If we are unable to do so, our future growth would be limited and our business, financial condition and results of operations would be harmed.

Our success is dependent upon our continued ability to maintain an adequate network of qualified telemedicine providers. Our inability to recruit and retain board-certified physicians and other healthcare professionals would have a material adverse effect on our business and ability to grow and would adversely affect our results of operations. In any particular market, providers could demand higher payments or take other actions that could result in higher medical costs, less attractive service for our customers or difficulty meeting applicable regulatory or accreditation requirements. Our ability to develop and maintain satisfactory relationships with providers also may be negatively impacted by other factors not associated with us, such as changes in Medicare and/or Medicaid reimbursement levels and consolidation activity among hospitals, physician groups and healthcare providers, the continued private equity investment in physician practice management platforms and other market and operating pressures on healthcare providers. In the United Kingdom, reports of pressures in primary medical services began to emerge during the COVID-19 pandemic. Following a period of cessation of some services in the National Health Service (the “NHS”), as services resume, there is likely to be additional demand for services caused by delayed appointments, presentations and investigations. The demand for appropriately qualified individuals to enable us to deliver services is also likely to increase, and similar trends in the demand for, and constrained supply of, appropriately qualified medical professionals may also be experienced in the United States.

The failure to maintain or to secure new cost-effective provider contracts in the United States and to recruit qualified individuals in the United Kingdom may result in a loss of or inability to grow our membership base, higher costs, healthcare provider network disruptions, less attractive service for our customers and/or difficulty in meeting applicable regulatory requirements, any of which could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to increase engagement of the individual members that interact with our platform, or, even if we are successful in increasing member engagement, are unable to realize the member healthcare cost savings that we expect, our future profitability could be adversely affected.

Our digital-first approach requires that our individual members interact with our platform at meaningful levels of engagement. Our ability to increase engagement of the individual members that interact with our platform will affect our future revenue growth;

however, the effect that member engagement has on profitability depends on the type of agreement pursuant to which members engage with our platform and the nature and cost of the healthcare services that a member requires. For example, under our fee-for-service agreements, we get paid by our customers based on the number of services members use through our platform and/or based on the number of members who can use our platform (i.e., eligible populations). Therefore, the profitability of our fee-for-service agreements depends in part on our ability to increase engagement with members so that they will use additional services.

Under our value-based care agreements with health plans, we manage the healthcare needs of our members in a centralized manner, where we negotiate a PMPM or capitation allocation and assume financial responsibility for member healthcare services. This means that, throughout the measurement period, the total actual medical costs are compared to the capitation allocation and at the end of the measurement period, we will either be responsible for all or part of excess costs above the capitation allocation, or will receive all or part of any savings, as compared to the capitation allocation. In some of our newer value-based care agreements, which we also refer to as VBC contracts, our financial responsibility for these surpluses or deficits relative to the capitation allocation is deferred until an initial agreed upon period has elapsed. The financial responsibility of caring for members that we assume under the terms of the contract applies whether those members use our services or not.

The amounts paid under VBC contracts per at-risk patient can be significantly higher than the fees for services provided under fee-for-services (“FFS”) arrangements. Consequently, when costs for providing service are effectively managed, the revenue and profit generation opportunities under VBC contracts are significantly more attractive than under FFS arrangements. We expect increased engagement of our value-based care members to enhance contract profitability by reducing total actual medical costs through, among other factors, lower cost Babylon healthcare services replacing higher cost non-Babylon healthcare services. However, increasing engagement with members under our VBC contracts requires a substantial investment of time, and we cannot assure that members will sign up to use our digital tools or services instead of those of other providers. Accordingly, we may not be successful in establishing ongoing care and high value interactions with our full range of digital care tools or through virtual or in-person consultations with licensed medical professionals.

Although we actively encourage member engagement, we cannot directly control whether and to what extent certain patient populations will use our technology or clinical services. Therefore, if members do not use our solutions and seek medical care from alternate sources, we may be unable to control all of the costs and we may be contractually obligated to pay at least a portion of these unknown expenses, which could adversely affect our business and operating results. Additionally, even if we are successful in engaging members and those members use our services, we may not be able to reduce the costs of healthcare in the ways that we are expecting and healthcare costs may be higher than we are anticipating. If healthcare costs are higher than we are anticipating, this could adversely affect our business and operating results.

A significant portion of our revenue comes from a limited number of customers, and the loss of a material contract could have a material adverse effect on our business, financial condition and results of operations.

Historically, we have relied on a limited number of customers for a substantial portion of our total revenue. For the years ended December 31, 2021, 2020, and 2019, three, four, and three customers, respectively, represented 10% or more of our total revenue. For the years ended December 31, 2021, 2020, and 2019, our top ten customers accounted for 92%, 90% and 99% of our revenue, respectively. See Note 9, “*Segment Information - Major Customers*” to our consolidated financial statements included in this Prospectus/Offer to Exchange for additional discussion of our major customers. For the three months ended March 31, 2022 and 2021, our top four customers accounted for 84% and 82% of our revenues, respectively.

We also rely on our reputation and recommendations from key customers in order to promote our solution to potential new customers. The loss of any of our key customers, or a failure of some of them to renew or expand their agreements, could have a significant impact on our revenue, our reputation and our ability to obtain new customers. In addition, mergers and acquisitions involving our customers could lead to cancellation or non-renewal of our contracts with those customers or by the acquiring or combining companies, thereby reducing the number of our existing and potential customers, and their member populations.

The recognition of a portion of our revenue is subject to realizing healthcare cost savings and achieving quality performance metrics, and may not be representative of revenue for future periods.

Under our value-based care agreements, we assume partial or full risk for the costs of members’ healthcare. This follows significant diligence and reviewing actuary and financial projections based on the information that health plans (and, in England, the

NHS) provide us that we ultimately do not have control over. While there are variations specific to each agreement, we generally negotiate a PMPM allocation, often based on a percentage of the payer's premium or MLR. The majority of the PMPM allocation is typically held by the customer in order to pay claims expenses. The PMPM allocation is periodically reconciled against claims to calculate either surpluses or deficits, and we take financial responsibility for all or some of those surpluses or deficits.

This means that there is a variable element to our revenues, dependent on factors such as the health of our members and our ability to realize savings in healthcare spend for those members. Under some agreements, some of our revenues are contingent on factors such as the achievement of certain quality performance metrics. Our revenue and financial results with respect to our value-based arrangements depend on whether we achieve applicable quality metrics and savings in healthcare spend. In addition, since our customers typically pay us a portion of the PMPM allocation in cash in advance on a periodic basis in order to fund our operating expenses, there is a risk that we may have to refund part or all of those payments if we do not achieve these quality and cost targets, which could have a negative impact on our cash flows.

Under these arrangements, if members require more care than is anticipated and/or the cost of care increases, then the PMPM allocations may be insufficient to cover the costs associated with treatment. If medical costs and expenses exceed the PMPM allocations, except in very limited circumstances, we could suffer losses with respect to such agreements.

Our claims liability estimates for medical costs and expenses are subject to uncertainty and may not be adequate, and any adjustments to our estimates may unfavorably impact, potentially in a material way, our reported results of operations and financial condition.

Inaccurate calculation of our anticipated ratio of medical expense to revenue can significantly impact our financial results. Accordingly, the failure to adequately predict and control medical costs and expenses and to make reasonable estimates and maintain adequate accruals for incurred but not reported claims, could have a material adverse effect on our business, results of operations, financial condition and cash flows. Additionally, some of the expenses of our members may be unanticipated and outside of our control in the event that members take certain actions that increase such expenses, such as unnecessary hospital visits. We rely on accurate information from third parties, such as other network providers, and health plans relating to historic and current data. Inaccuracies in such reporting could have a negative impact on our ability to adequately predict and control medical costs and, hence, our financial position.

Due to the time lag between when services are actually rendered by providers and when claims for those services are received, processed and paid, our medical expenses include a provision for claims incurred but not paid. We are continuously enhancing our process for estimating claims liability, which we monitor and refine on a periodic basis as claims receipts, payment information, and inpatient acuity information become available. As more complete information becomes available, we adjust the amount of the estimate, and include the changes in estimates in expenses in the period in which the changes are identified. Given the uncertainties inherent in such estimates, there can be no assurance that our claims liability estimates are adequate, and any adjustments to the estimates may unfavorably impact, potentially in a material way, our reported results of operations and financial condition. Further, our inability to estimate our claims liability with absolute certainty or to appropriately utilize the claims data to control the cost of future healthcare services may also affect our ability to take timely corrective actions, further exacerbating the extent of any adverse effect on our results.

Historically, our medical costs and expenses as a percentage of revenue have fluctuated. Factors that may cause medical expenses to exceed estimates include:

- the health status of members and higher levels of hospitalization;
- higher than expected utilization of new or existing healthcare services or technologies, including the level of engagement with our digital healthcare platform and tools;
- an increase in the cost of healthcare services and supplies, whether as a result of inflation or otherwise;
- changes to mandated benefits or other changes in healthcare laws, regulations and practices;
- increased costs attributable to specialist physicians, hospitals and ancillary providers;

- changes in the demographics of our members;
- changes in medical trends;
- contractual or claims disputes with providers, hospitals or other service providers within and outside a health plan's network;
- the occurrence of catastrophes, major epidemics or acts of terrorism;
- the reduction of health plan premiums;
- the effects of the COVID-19 pandemic;
- macroeconomic inflationary pressures; and
- supply chain disruptions.

Renegotiation, non-renewal or termination of value-based care agreements with health plans could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Under most of our value-based care agreements with health plans, the health plans are generally permitted to modify the respective benefits available to members from time to time during the respective terms of the agreements and health plans may make other changes, such as to their utilization review and coverage policies, that affect the cost of care to the members assigned to us under the contract. In addition, changes in government program funding, such as with respect to Medicaid managed care and Medicare Advantage programs, can affect the revenue we receive from health plans under our value-based care agreements. If there is an unanticipated change to a health plan's benefits or coverage policies or to the government program funding, we could suffer losses with respect to such contract. We include in many of our value-based care agreements mechanisms to protect against losses by allowing early termination or amendment of the value-based care terms, but these may not protect against all adverse changes that are outside of our control or they may not prevent us from suffering losses with respect to such contract.

There are significant risks associated with estimating the amount and timing of revenue that we recognize under our licensing agreements and value-based care agreements with health plans, and if our estimates of revenue are materially inaccurate, it could impact the timing and the amount of our revenue recognition or have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our revenue projections are based on management's expectation of executed contracts delivering revenue in line with contractual terms and estimates relating to amounts received under our value-based care agreements. There are significant risks associated with estimating the amount and timing of revenue that we recognize under our licensing agreements and value-based care agreements with health plans in a reporting period.

Certain of our value-based care agreements relate to medical care programs that employ risk adjustment programs that impact the revenue we recognize for the members assigned to us under the contract. As a result of the variability of certain factors that go into the development of the risk adjustment revenue we recognize, such as risk scores and other market-level factors where applicable, the actual amount of revenue could be materially less than our estimates. In the United States, the data provided to the Centers for Medicare & Medicaid Services ("CMS") to determine the risk score are subject to audit by CMS even several years after the annual settlements occur. If the risk adjustment data we submit are found to overstate the health status of our members, we may be required to refund payments previously received by us and/or be subject to penalties or sanctions, including potential liability under the federal False Claims Act ("FCA"), which can result in civil and criminal penalties such as fines, damages, overpayment, recoupment, imprisonment, loss of enrollment status and exclusion from the Medicare and Medicaid programs. In addition to paybacks and civil penalties reducing our revenue in the year that repayment or settlement is required, Medicare and Medicaid programs represent a large portion of our revenue in the United States and exclusion from future participation in these programs would significantly reduce our revenue for years to come. Further, if the data we provide to CMS understates the health risk of our members, we might be underpaid for the care that we must provide to our members. Consequently, our estimate of our health plans' risk scores for any period, and any resulting change in our accrual of revenues related thereto, could have a material adverse effect on our business, results of operations,

financial condition and cash flows. Some revenue risk is transferred via stop-loss policies insuring against catastrophic claims that cover most of our value-based care arrangements. Similar risks apply in the U.K. Gain/loss sharing with the NHS is predicated on data which is extracted and controlled by the NHS. While provisions are made to access and review this data it may not be possible to effectively challenge it.

The billing and collection process in the United States can be complex due to ongoing insurance coverage changes, geographic coverage differences, differing interpretations of contract coverage and other payer issues, such as ensuring appropriate documentation. Determining applicable primary and secondary coverage for our members, together with the changes in member coverage that occur each month, requires complex, resource-intensive processes. While we manage the overall processing of some claims, we rely on third-party billing provider software to transmit the actual claims to payers based on the specific payer billing format. The potential therefore exists for us to experience delays or errors in claims processing when third-party providers make changes to their configurations and/or invoicing systems. If claims are not submitted to payers on a timely basis or are erroneously submitted, or if we are required to switch to a different software provider to handle claim submissions, we may experience delays in our ability to process these claims and receipt of payments from payers, or possibly denial of claims for lack of timely submission, which would have an adverse effect on our revenue and our business. Errors in determining the correct coordination of benefits may result in refunds to payers. Revenues associated with these medical care programs are also subject to estimating risk related to the amounts not paid by the primary payer that will ultimately be collectible from other payers paying secondary coverage, the member's commercial health plan secondary coverage or the member. Collections, refunds and payer retractions typically continue to occur for up to three years and longer after services are provided. If our estimates of revenues are materially inaccurate, it could impact the timing and the amount of our revenue recognition and have a material adverse impact on our business, financial condition, results of operations and cash flows.

We may be required to delay recognition of some of our revenue, which may harm our financial results in any given period.

We may be required to delay recognition of revenue for a significant period of time if, in relation to any agreement we enter into:

- the transaction involves both current products and products that are under development;
- the customer requires significant modifications, configurations, or complex interfaces that could delay delivery or acceptance of our solution;
- we are unable to demonstrate adequate control of the care management services being provided to our customers due to regulatory requirements or other contractual provisions;
- the transaction involves acceptance criteria or other terms that may delay revenue recognition; or
- the transaction involves payment terms that depend upon contingencies.

Because of these factors and other specific revenue recognition requirements under International Financial Reporting Standards ("IFRS"), we must have very precise terms in our contracts to begin recognizing revenue at the time when we initially provide access to our platform or provide care management services to our customers. Our agreements are often subject to negotiation and revisions based on the demands of our customers. The final terms of our agreements sometimes result in deferred revenue recognition or an inability to recognize revenue on a gross basis, which may adversely affect our financial results in any given period.

We depend on physician partners to accurately, timely and sufficiently document their services, and their failure to do so could result in nonpayment for services rendered or allegations of fraud. Our records and submissions to a health plan may contain inaccurate or unsupportable information regarding risk adjustment scores of members, which could cause us to overstate or understate our revenue and subject us to various penalties or repayment obligations.

The claims and encounter records that we submit to health plans may impact data that support the Medicare Risk Adjustment Factor ("RAF"), scores attributable to members. These RAF scores determine, in part, the revenue to which the health plans and, in turn, we are entitled to receive for the provision of medical care to such members. The data submitted to CMS by each health plan is based, in part, on medical charts and diagnosis codes that we prepare and submit to the health plans. Each health plan generally relies on us and our affiliated physicians to appropriately document and support such RAF data in our medical records. Each health plan also

relies on us and our affiliated physicians to appropriately code claims for medical services provided to members. Erroneous claims and erroneous encounter records and submissions could result in inaccurate revenue and risk adjustment payments, which may be subject to correction or retroactive adjustment in later periods. This corrected or adjusted information may be reflected in financial statements for periods subsequent to the period in which the revenue was recorded. We might also need to refund a portion of the revenue that we received, which refund, depending on its magnitude, could damage our relationship with the applicable health plan and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Additionally, CMS and the Office of Inspector General (“OIG”) for the U.S. Department of Health and Human Service (“HHS”) each audit Medicare Advantage (“MA”) plans for documentation to support RAF-related payments for members chosen at random. The MA plans ask providers to submit the underlying documentation for members that they serve. It is possible that claims associated with members with higher RAF scores could be subject to more scrutiny in a CMS, OIG, or plan audit. There is a possibility that a MA plan may seek repayment from us should CMS make any payment adjustments to the MA plan as a result of its or OIG’s audits. The plans also may hold us liable for any penalties owed to CMS for inaccurate or unsupportable RAF scores provided by us or our affiliated physicians. In addition, we could be liable for penalties to the government under the FCA that currently range from \$11,803 to \$23,607 (but which may be adjusted in the future for inflation) for each false claim, plus up to three times the amount of damages caused by each false claim, which can be as much as the amounts received directly or indirectly from the government for each such false claim. In December 2021, the U.S. Department of Justice issued a final rule announcing adjustments to FCA penalties (statutorily limited to between \$5,000 and \$10,000, as adjusted for inflation), under which the per claim range increases to a range from \$11,803 to \$23,607 per claim, so long as the underlying conduct occurred after November 2, 2015.

CMS has indicated that payment adjustments from its Risk Adjustment Data Validation audits will not be limited to RAF scores for the specific MA enrollees for which errors are found but may also be extrapolated to the entire MA plan subject to a particular CMS contract. CMS has described its audit process as plan-year specific and stated that it will not extrapolate audit results for plan years prior to 2011. Because CMS has not stated otherwise, there is a risk that payment adjustments made as a result of one plan year’s audit would be extrapolated to prior plan years after 2011.

There can be no assurance that a health plan will not be randomly selected or targeted for review by CMS or OIG or that the outcome of such a review will not result in a material adjustment in our revenue and profitability, even if the information we submitted to the plan is accurate and supportable.

If reimbursement rates paid by third-party payers or federal, state or foreign healthcare programs are reduced or if third-party payers or government payers otherwise restrain our ability to obtain or provide services to our members, our business could be harmed.

Private third-party payers and government healthcare programs pay for the services that we provide to many of our members. If any commercial third-party payers elect not to cover some or all of our services, our business may be harmed. Third-party payers also are entering into sole source contracts with some healthcare providers, which could effectively limit our pool of potential members.

Private third-party payers often use plan structures, such as narrow networks or tiered networks, to encourage or require their members to lower their costs. Private third-party payers generally attempt to limit their members’ use of out-of-network providers by imposing higher copayment and/or deductible amounts for out-of-network care than for in-network care. Additionally, private third-party payers have become increasingly aggressive in attempting to minimize the use of out-of-network providers by disregarding the assignment of payment from members to out-of-network providers (i.e., sending payments directly to members instead of to out-of-network providers), capping out-of-network benefits payable to members, waiving out-of-pocket payment amounts and initiating litigation against out-of-network providers for interference with contractual relationships, insurance fraud and violation of state licensing and consumer protection laws. If we become out of network for private third-party payers, our business could be harmed, and our member service revenue could be reduced because members could stop using our services.

In addition, a portion of our revenue comes from services provided to beneficiaries of federal, state and local government healthcare programs, principally Medicare and Medicaid beneficiaries. We are participating in the Direct Contracting Model with CMS by working with one of the Direct Contracting Entities (“DCE”). The financial aspects of the Direct Contracting Model are set forth in an agreement between the DCE and CMS which commenced on January 1, 2022. Under our management services agreement with the DCE, we will provide crucial care management services to Medicare beneficiaries in California in a value-based care arrangement. CMS has the right to amend its agreement with the DCE without the consent of the DCE for good cause or as necessary

to comply with applicable federal or state law, regulatory requirements, accreditation standards or licensing guidelines or rules. After January 1, 2023, CMS has indicated that it will be transitioning to the Accountable Care Organization (“ACO”) Realizing Equity, Access, and Community Health (REACH) Model, as further discussed in the next risk factor below.

Payments from federal and state government programs are subject to statutory and regulatory changes, administrative rulings, interpretations and determinations, requirements for utilization review and federal and state funding restrictions, each of which could increase or decrease program payments, as well as affect the cost of providing service to members and the timing of payments to our physician-owned networks. We are unable to predict the effect of recent and future policy changes on our operations. In addition, the uncertainty and fiscal pressures placed upon federal and state governments as a result of, among other things, deterioration in general economic conditions and the funding COVID-19 relief legislation, may affect the availability of taxpayer funds for Medicare and Medicaid programs. Changes in government healthcare programs may reduce the reimbursement we receive and could adversely impact our business and results of operations.

As federal healthcare expenditures continue to increase, and state governments continue to face budgetary shortfalls, federal and state governments have made, and continue to make, significant changes in the Medicare and Medicaid programs. These changes include reductions in reimbursement levels and new or modified demonstration projects authorized pursuant to Medicaid waivers. Some of these changes have decreased, or could decrease, the amount of money we receive for our services relating to these programs. In some cases, private third-party payers rely on all or portions of Medicare payment systems to determine payment rates. Changes to government healthcare programs that reduce payments under these programs may negatively impact payments from private third-party payers.

In addition, in the U.K., primary medical services delivered under general medical services contracts are paid for in accordance with the General Medical Services Statement of Financial Entitlements, which set out the legal framework under which general practitioners operate and are paid, and which is subject to change over time. While we consider it unlikely that the amount paid will decrease overall, as it is subject to negotiation with general practitioner representative bodies, there is nonetheless a risk that reimbursement of property costs for primary care service delivery may decrease or cease over time. We currently do not receive reimbursement of property costs related to Babylon GP at Hand services, our primary medical services platform in the United Kingdom; however, work is ongoing to establish whether this is possible.

Regulatory proposals directed at containing or lowering the cost of healthcare, including the ACO REACH model, and our participation, voluntary or otherwise, in such proposed models, could impact our business, financial condition, cash flows and operations.

The CMS Innovation Center continues to test an array of alternative payment models that could impact our business, financial condition, cash flows and operations. For example, the CMS Innovation Center announced on February 24, 2022 that it would be discontinuing the Direct Contracting Model (in which we participate) and would be replacing it with the ACO REACH Model. Because ACO REACH is a new and evolving program, we are unable to determine how the ACO REACH program, or other alternative payment models promulgated by the CMS Innovation Center, will affect Medicare reimbursement and capitation benchmarks. For example, if the CMS Innovation Center fails to ensure the long-term predictability of revenue under the ACO REACH program, such reimbursement instability could adversely impact our business, financial condition, cash flows and operations. Additionally, if the CMS Innovation Center fails to streamline incentive program requirements for physicians across payment models, such conflicting requirements may impose additional compliance burdens on our affiliated physician partners’ practices, which may have a material adverse effect on process, quality and efficiency. The CMS Innovation Center is continuing to develop the ACO REACH model and significant changes from the previous Direct Contracting Model may result in adverse financial results for us.

Additionally, we are unable to predict how states will regulate our participation in the ACO REACH program. For example, certain states in which we operate may require participants to obtain specific licensure to participate in the ACO REACH program and assume risk directly from CMS, which may require us to maintain certain levels of tangible net equity, meet working capital requirements, or expend significant resources on operational development. There likely will continue to be regulatory proposals directed at containing or lowering the cost of healthcare that, if adopted, could have a material adverse effect on our business, financial condition, cash flows and results of operations, including with respect to our contractual relationships with providers and payers.

The market for telemedicine is immature and volatile and our digital-first approach is relatively new and unproven. If the telemedicine market does not develop, develops more slowly than we expect, or encounters negative publicity, or if our digital-first approach does not achieve a high level of customer acceptance, the growth of our business will be harmed.

The telemedicine market is, in general, immature and volatile, and our digital-first approach, in particular, is relatively new and unproven. It is uncertain whether the telemedicine market and our digital-first approach will achieve and sustain high levels of demand, consumer acceptance and market adoption. The COVID-19 pandemic increased acceptance and utilization of telemedicine services, but it is uncertain whether such increase in demand will continue.

Demand for telemedicine services in general, and our solution in particular, is affected by a number of factors, many of which are beyond our control. Some of these potential factors include:

- market adoption and ongoing usage of telemedicine solutions, in particular following the removal of various “stay at home” restrictions due to the COVID-19 pandemic;
- awareness and adoption of technology in healthcare generally;
- availability of products and services that compete with ours;
- ease of adoption and use;
- features and platform experience;
- performance;
- brand;
- security and privacy; and
- pricing.

Our success will depend to a substantial extent on the willingness of our members to use, and to increase the frequency and extent of their utilization of, our solution, as well as on our ability to demonstrate the value of telemedicine to employers, health plans, government agencies and other purchasers of healthcare for beneficiaries. Negative publicity concerning our solution, other participants in the telemedicine market, or the telemedicine market as a whole could limit market acceptance of our solution. If our customers and members do not perceive the benefits of our telemedicine solution and our digital-first approach, then our market may not develop at all, or it may develop more slowly than we expect. Similarly, individual and healthcare industry concerns or negative publicity regarding patient confidentiality and privacy in the context of telemedicine could limit market acceptance of our healthcare services. If any of these events occurs, it could have a material adverse effect on our business, financial condition and results of operations.

We generate, and expect to continue to generate, revenue from market adoption of our digital health products. As a result, widespread acceptance and use of digital health solutions in general, and our solutions in particular, is critical to our future growth and success. If the market fails to grow or grows more slowly than we currently anticipate, or if we fail to attract new customers for our digital health solutions and fail to maintain and expand new customer relationships, our revenue may grow more slowly than we expect, and our business may be adversely affected.

If we are not able to develop and release new solutions and services, or successful enhancements, new features and modifications to our existing solutions and services, our business could be adversely affected.

Our products are based on novel technologies that are rapidly evolving. Our algorithms and other technologies depend on our ability to continue to build a substantial repository of health-related data and validate additional product designs. Given the rapidly evolving changing nature of our products, there is no guarantee that we have fully understood all the implications of using such

technologies alongside the traditional delivery of healthcare. In addition, we must execute on our strategy to build a significant repository of health-related data to support the robustness and accuracy of our technologies and allow us to develop additional artificial intelligence-enabled applications. We believe that access to contemporary and historical member data, combined with the ability to analytically and clinically validate study results in a quality-controlled framework, provides us with a robust, reproducible method for product development. Moreover, the depth, specificity and quality of data are of paramount importance to further developing novel solutions that can demonstrate clinical utility across a range of practice specialties and member demographics. These features are also central to our product strategy of demonstrating both short- and long-term impact on member outcomes and health economics. If we are unable to continue to build our data repository, we may not be able to keep pace with rapidly evolving technology and improve the capabilities and utility of our products, and our business could be harmed.

The markets in which we operate are characterized by rapid technological change, frequent new product and service introductions and enhancements, changing customer demands, and evolving industry standards. The introduction of products and services embodying new technologies can quickly make existing products and services obsolete and unmarketable. Additionally, changes in laws and regulations could impact the usefulness of our solution and could necessitate changes or modifications to our solution to accommodate such changes. For example, the European Commission's proposal (issued in April 2021 and amended by a European Council compromise text in November 2021) for a European Union ("EU") Regulation on Artificial Intelligence (which would have extraterritorial effect outside of the EU), could lead to enhanced requirements as to the accuracy, robustness and security of so-called "high risk" AI systems used in healthcare settings. We invest substantial resources in researching and developing new solutions and enhancing our solutions by incorporating additional features, improving functionality, and adding other improvements to meet our customers' and members' evolving demands. The success of any enhancements or improvements to our solutions or any new solutions depends on several factors, including timely completion, competitive pricing, adequate quality testing, integration with new and existing technologies in our solutions and third-party partners' technologies, effective and compliant localization for jurisdictions in which we operate and overall market acceptance. We may not succeed in developing, marketing and delivering on a timely and cost-effective basis enhancements or improvements to our solutions or any new solutions that respond to continued changes in market demands or new customer requirements. Further, any enhancements or improvements to our solutions or any new solutions may not achieve market acceptance. Since developing our solutions is complex, the timetable for the release of new solutions and enhancements to existing solutions is difficult to predict, and we may not offer new solutions and updates as rapidly as our customers require or expect. Any new solutions that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, or may not achieve the broad market acceptance necessary to generate sufficient revenue. Moreover, even if we introduce new solutions, we may experience a decline in revenue of our existing solutions that is not offset by revenue from the new solutions. For example, customers may delay making purchases of new solutions to permit them to make a more thorough evaluation of these solutions or until industry and marketplace reviews become widely available. Some customers may hesitate to migrate to a new solution due to concerns regarding the performance of the new solution. In addition, we may lose existing customers who choose a competitor's products and services. This could result in a temporary or permanent revenue shortfall and adversely affect our business.

The introduction of new products and solutions by competitors or the development of entirely new technologies within the digital health market which could serve to replace existing offerings could make our solutions obsolete or adversely affect our business, financial condition and results of operations. We may experience difficulties with software development, design or marketing that could delay or prevent our development, introduction or implementation of additional features or capabilities. In addition, there may be other delays or barriers to introducing new products or features relating to regulation. If customers and members do not widely purchase and adopt our solutions, we may not be able to realize a return on our investment. If we do not accurately anticipate customer and member demand, if we are unable to develop, license or acquire new features and capabilities on a timely and cost-effective basis, or if such enhancements do not achieve market acceptance, we may encounter adverse publicity, loss of revenue or market acceptance or claims by customers or members brought against us. Each of these possible effects could have a material and adverse effect on our reputation, business, financial condition and results of operations.

We expect to continue to dedicate significant financial and other resources to our research and development efforts in order to continuously evolve the development of our products and maintain our competitive position.

As a result, our business is significantly dependent on our ability to successfully complete the development of our next generation products. Investing in research and development personnel, developing new products and enhancing existing products is expensive and time consuming, and there is no assurance that such activities will result in successful development of our products, significant new marketable products or enhancements to our products, design improvements, cost savings, revenues or other expected benefits. If

we spend significant time and effort on research and development and are unable to generate an adequate return on our investment, our business and results of operations may be materially and adversely affected.

Our proprietary solutions may not operate properly, which could damage our reputation, give rise to claims against us, or divert application of our resources from other purposes, any of which could harm our business, financial condition and results of operations.

The development of proprietary technology is time-consuming, expensive and complex, and may involve unforeseen difficulties. We may encounter technical obstacles, and it is possible that we will discover additional problems or design defects that prevent our proprietary solutions from operating properly. If our solutions do not function reliably, malfunction, or fail to achieve customer expectations in terms of performance, customers could assert liability claims against us or attempt to terminate their contracts with us. This could damage our reputation and impair our ability to attract or maintain customers.

The software underlying our platform is highly complex and may contain undetected errors or vulnerabilities, some of which may only be discovered after the solution has been used by our members. Any real or perceived errors, failures, bugs or other vulnerabilities discovered in our solution could result in negative publicity and damage to our reputation. It could also result in loss of customers, loss of members, loss of or delay in market acceptance of our platform, loss of competitive position, loss of revenue or liability for damages, overpayments and/or underpayments, any of which could harm our enrollment rates. In such an event, we may be required or may choose to expend additional resources in order to help correct the problem. Such efforts could be costly, or ultimately unsuccessful. We may experience irreversible damage to our reputation and brand. There can be no assurance that provisions typically included in our agreements with customers that attempt to limit our exposure to claims would be enforceable or adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. A claim brought against us by any customer would likely be time-consuming and costly to defend and could seriously damage our reputation and brand.

If our products do not effectively interoperate with our customers' existing and future infrastructures, installations could be delayed or canceled, which would harm our business.

Our products must effectively interoperate with our customers' existing or future IT or application infrastructures, which often have different specifications, utilize multiple protocol standards, deploy products from multiple vendors and contain multiple generations of products that have been added over time. If we find errors in the existing software or defects in the hardware used in our customers' infrastructure or problematic network configurations or settings, we may have to modify our software so that our products can interoperate with our customers' infrastructure and business processes. In addition, to stay competitive within certain markets, we may be required to make software modifications in future releases to comply with new statutory or regulatory requirements. Further, in order to move into new markets and serve new customers globally, we may be required to modify our existing software in order to comply with existing statutory or regulatory regimes that exist in those markets. These issues could result in additional time and expenditure to modify our offering, longer sales cycles for our products and order cancellations, all of which would adversely affect our business, financial condition and results of operations.

Our relatively limited operating history makes it difficult to evaluate our current business and future prospects and increases the risk of your investment.

Our relatively limited operating history makes it difficult to evaluate our current business and prospects and plan for our future growth. All of our growth has occurred in recent years. We were founded in 2013, and in 2014 we were incorporated and became the first large-scale provider to be registered with the Care Quality Commission ("CQC"), the independent regulator of health and social care in England. In 2015, we began providing clinical services through our virtual care platform offering diagnosis, advice and treatments via medical professionals to members on a remote basis. We first provided NHS services using the Babylon GP at Hand risk-based model in the United Kingdom in 2017, and we entered into our first value-based care agreements with health plans in the United States in 2020. As such, we have limited experience providing services and managing contracts centered around a value-based care model, especially in the United States.

We have encountered, and will continue to encounter, significant risks and uncertainties frequently experienced by new and growing companies in rapidly changing industries. These include determining appropriate investments of our limited resources, market adoption of our existing and future solutions, competition from other companies, acquiring and retaining customers, managing customer deployments, overseeing member enrollment, hiring, integrating, training and retaining skilled personnel, developing new

solutions, determining prices for our solutions, unforeseen expenses, and challenges in forecasting accuracy. If we have difficulty launching new solutions or increasing member enrollment, our revenue and our ability to achieve and sustain profitability would be impaired. Additional risks include our ability to effectively manage growth and process, store, protect and use personal data in compliance with governmental regulation, contractual obligations and other legal obligations related to privacy and security globally. If our assumptions regarding these and other similar risks and uncertainties, which we use to plan our business, are incorrect or change as we gain more experience operating our business or due to changes in our industry, or if we do not address these challenges successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

We depend on our talent to grow and operate our business, and if we are unable to hire, integrate, develop, motivate and retain our personnel, we may not be able to grow effectively.

Our success depends in large part on our ability to attract and retain high-quality management in sales, services, engineering, marketing, operations, finance and support functions, especially in the London metropolitan area and in the United States. We recently expanded our operations in the United States in the Bay Area and Austin, Texas, and in Chicago and Boston as a result of our acquisitions of Higi SH Holdings Inc. (“Higi”) and Health Innovators Inc. (“DayToDay”). For the year ended December 31, 2021, we increased our global average headcount to 2,573 employees. For the years ended December 31, 2020 and 2019, our global average headcount was 2,108 and 1,556 employees, respectively. Competition for qualified employees is intense in our industry, and the loss of even a few qualified employees, or an inability to attract, retain and motivate additional highly skilled employees required for the planned expansion of our business could harm our operating results and impair our ability to grow. To attract and retain key personnel, we use various measures, including an equity incentive program for key executive officers and other employees. These measures may not be enough to attract and retain the personnel we require to operate our business effectively.

The technology industry generally experiences a significant rate of turnover of its workforce. There is a limited pool of individuals who have the skills and training needed to help us grow our company. As we continue to grow, we may be unable to continue to attract or retain the personnel we need to maintain our competitive position. In addition to hiring new employees, we must continue to focus on retaining our best talent. Competition for these resources, particularly for engineers, is intense. We may need to invest significant amounts of cash and equity to attract and retain new and existing employees and we may never realize returns on these investments. If we are not able to effectively increase and retain our talent, our ability to achieve our strategic objectives will be adversely impacted, and our business will be harmed. The loss of one or more of our key employees, and any failure to have in place and execute an effective succession plan for those key employees, could seriously harm our business. Employees may be more likely to leave us if the shares of our capital stock they own or the shares of our capital stock underlying their equity incentive awards have significantly reduced in value.

In addition, our future depends on the continued contributions of our senior management team and other key personnel, each of whom would be difficult to replace. In particular, Dr. Ali Parsadoust, our founder (“Founder”) and Chief Executive Officer, is critical to our future vision and strategic direction. We rely on our leadership team in the areas of operations, research and development, marketing, sales, and general and administrative functions. Although we have entered into employment agreements or offer letters with our key employees, these agreements have no specific duration and key employees are able to leave on little or no notice. We do not maintain key person life insurance for some of our key employees. In addition, from time to time, there may be changes in our senior management team that may be disruptive to our business. If our senior management team, including any new hires that we may make, fail to work together effectively and to execute our plans and strategies on a timely basis, our business, financial condition and results of operations could be harmed. Further, if our Founder were to terminate his employment or be terminated for cause, he would retain voting control of our company following his separation.

While we do include post-termination restrictions in our standard employment contracts and cross-train employees where possible to maintain operational knowledge and experience, if any of our senior management team or key employees joins a competitor or forms a competing company, we may lose customers, suppliers, know-how and staff members to them. In addition, if any of our sales executives or other sales personnel, who generally maintain close relationships with our customers, joins a competitor or forms a competing company, we may lose customers to that company, and our revenue may be materially adversely affected. Additionally, there could be unauthorized disclosure or use of our technical knowledge, business practices or procedures by such personnel. Any non-competition, non-solicitation or non-disclosure agreements we have with our senior executives or key employees might not provide effective protection to us in light of legal uncertainties associated with the enforceability of such agreements.

Our profitability and the cost of providing our services are affected by our utilization rates of our employees in our various locations. If we are not able to maintain appropriate utilization rates for our employees involved in the delivery of our services, our profit margin and our profitability may suffer. Our utilization rates are affected by a number of factors, including:

- our ability to promptly transition our employees from completed projects to new assignments and to hire and integrate new employees;
- our ability to forecast demand for our services and thereby maintain an appropriate number of employees in each of our delivery locations;
- our ability to deploy employees with appropriate skills and seniority to projects;
- our ability to manage the attrition of our employees; and
- our need to devote time and resources to training, professional development and other activities that cannot be billed to our customers.

Our revenue could also suffer if we misjudge demand patterns and do not recruit sufficient employees to satisfy demand. Employee shortages could prevent us from completing our contractual commitments in a timely manner and cause us to lose contracts or customers. Further, to the extent that we lack sufficient employees with lower levels of seniority and daily or hourly rates, we may be required to deploy more senior employees with higher rates on projects without the ability to pass such higher rates along to our customers, which could adversely affect our profitability and results of operations.

Our growth depends in part on the success of our relationships with third parties.

In order to grow our business, we anticipate that we will continue to depend on our relationships with third parties, including our partners. Our partners include healthcare payers, healthcare providers, governments and health systems, pharmaceutical companies and retailers, and technology and content providers. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. Our competitors may be effective in providing incentives to third parties to favor their products or services or to prevent or reduce subscriptions to, or utilization of, our products and solutions. In addition, acquisitions of our partners by our competitors could result in a decrease in the number of our current and potential customers, as our partners may no longer facilitate the adoption of our products and solutions by potential customers. If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our revenue could be impaired and our results of operations may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased client use of our products and solutions or increased revenue.

Our quarterly results may fluctuate significantly, which could adversely impact the value of our Class A ordinary shares.

Our quarterly results of operations, including our revenue, net loss and cash flows, have varied and may vary significantly in the future, and period-to-period comparisons of our results of operations may not be meaningful. Accordingly, our quarterly results may not fully reflect the underlying performance of our business and should not be relied upon as an indication of future performance.

Most of our revenue in any given quarter is derived from contracts entered into with our customers during previous quarters. Consequently, a decline in new or renewed contracts in any one quarter may not be fully reflected in our revenue for that quarter. Such declines, however, would negatively affect our revenue in future periods and the effect of significant downturns in sales of and market demand for our solution, and potential changes in our rate of renewals or renewal terms, may not be fully reflected in our results of operations until future periods. Our licensing model also makes it difficult for us to rapidly increase our total revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable term of the contract. Accordingly, the effect of changes in the industry impacting our business or changes we experience in our new sales may not be reflected in our short-term results of operations. Any fluctuation in our quarterly results may not accurately reflect the underlying performance of our business and could cause a decline in the trading price of our Class A ordinary shares.

Our business, financial condition and results of operations may be materially adversely affected by risks associated with our international operations.

We have employees located in the United States, United Kingdom, Singapore, Rwanda and India. We have commercial partnerships with clients in the United States, United Kingdom, Rwanda, 11 territories in Southeast Asia and Canada. We may further expand our international operations in the future. We have invested significant resources in our international operations and expect to continue to do so in the future. An important part of targeting international markets is increasing our brand awareness and establishing relationships with customers internationally. However, there are certain risks inherent in doing business in international markets, particularly in the healthcare industry, which is heavily regulated in many jurisdictions. These risks include:

- local economic, political and social conditions, including the possibility of economic slowdowns, hyperinflationary conditions, political instability, social unrest, including the current conflict in Ukraine and the surrounding region, which could lead to further disruption, instability, and volatility in global markets, and exacerbate inflation and supply chain disruptions;
- outbreaks of pandemic or contagious diseases, such as Ebola, Zika, avian flu, severe acute respiratory syndrome (SARS), H1N1 (swine flu), the disease caused by the SARS-CoV-2 novel coronavirus (COVID-19), and Middle East Respiratory Syndrome (MERS);
- multiple, conflicting and changing laws and regulations such as tax laws, privacy, data protection and telemedicine laws and regulations, export and import restrictions, employment laws, regulatory requirements and other governmental approvals, permits and licenses;
- obtaining regulatory approvals or clearances where required for the sale of our solution and services in various countries;
- requirements to maintain data and the processing of that data on servers located within the United States or in other such countries we may operate in;
- protecting and enforcing our intellectual property rights;
- complexities associated with managing multiple payer reimbursement regimes and government payers;
- competition from companies with significant market share in our market, with greater resources than we have and with a better understanding of user preferences;
- financial risks, such as longer payment cycles, difficulty collecting accounts receivable, the effect of local and regional financial pressures on demand and payment for our products and services and exposure to foreign currency exchange rate fluctuations;
- the inability to manage and coordinate the various legal and regulatory requirements of multiple jurisdictions that are constantly evolving and subject to change;
- actual or threatened trade war or sanctions, including between the United States and China and Russia, or other governmental action related to tariffs, international trade agreements or trade policies;
- currency exchange rate fluctuations, changes in currency policies or practices and restrictions on currency conversion;
- limitations or restrictions on the repatriation or other transfer of funds;
- the inability to enforce agreements, collect payments or seek recourse under or comply with differing commercial laws;
- natural disasters, political and economic instability, including wars, terrorism, political unrest, outbreak of disease, boycotts, curtailment of trade, and other market restrictions; and

- managing the potential conflicts between locally accepted business practices and our obligations to comply with laws and regulations, including anti-corruption and anti-money laundering laws and regulations.

Entry into certain transactions with foreign entities may be subject to government regulations, including review related to foreign direct investment by U.S. or foreign government entities. If a transaction with a foreign entity is subject to regulatory review, such regulatory review might limit our ability to enter into the desired strategic alliance and thus our ability to carry out our long-term business strategy.

Our overall success and ability to continue to expand our business depends, in part, on our ability to anticipate and effectively manage these risks and there can be no assurance that we will be able to do so without incurring unexpected or increased costs. If we are not able to manage the risks related to our international operations, our business, financial condition and results of operations may be materially adversely affected. In certain regions, the degree of these risks may be higher due to more volatile economic, political or social conditions, less developed and predictable legal and regulatory regimes and increased potential for various types of adverse governmental action. Our ability to continue to expand our business and to attract talented employees, customers and members in various international markets will require considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business. Entering new international markets is expensive, our ability to successfully gain market acceptance or establish a robust customer base in any particular market is uncertain. Further, the potential distraction this could cause our senior management team could lead to other areas of our operations being neglected and harm our business, financial condition and results of operations.

Economic uncertainty or downturns, particularly as it impacts particular industries, could adversely affect our business, financial conditions and results of operations.

In recent years, the United States, the United Kingdom and other significant markets have experienced cyclical downturns and worldwide economic conditions remain uncertain, including as a result of the COVID-19 pandemic. Economic uncertainty, political uncertainty, including as a result of the United Kingdom's departure from the EU ("Brexit"), and the associated macroeconomic and employment conditions and national and local government responses thereto make it extremely difficult for our customers and us to accurately forecast and plan future business activities, and could cause our customers to slow spending on our solution, which could delay and lengthen sales cycles. In connection with Brexit, changes to health legislation have been proposed. While we believe that many of the proposed changes are likely to have taken place regardless of Brexit, some changes, including to procurement law, may be impacted more widely than otherwise. Furthermore, during uncertain economic times our customers may face issues gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us. If that were to occur, we may be required to increase our allowance for doubtful accounts or bad debts and our results of operations could be negatively impacted. In particular, legal, political and economic uncertainty surrounding Brexit may be a source of instability in international markets, create significant currency fluctuations, adversely affect our operations in the United Kingdom and pose additional risks to our business, revenue, financial conditions, and results of operations. Additionally, changes to health legislation are proposed and, while much of this is likely to have taken place regardless of Brexit, some changes, including to procurement law, may be impacted more widely than otherwise.

Furthermore, we have customers in a variety of different industries. A significant downturn in the economic activity attributable to any particular industry may cause organizations to react by reducing their capital and operating expenditures in general or by specifically reducing their spending on healthcare matters. In addition, our customers may delay or cancel healthcare projects or seek to lower their costs by renegotiating vendor contracts. To the extent purchases of our solution are perceived by customers and potential customers to be discretionary, our revenue may be disproportionately affected by delays or reductions in general healthcare spending. Also, competitors, especially those who have more significant resources or additional sector offerings than we do, may respond to challenging market conditions by lowering prices and attempting to lure away our customers.

In response to the COVID-19 pandemic, the United States Congress, CMS and other federal agencies with oversight of care delivery requirements made several changes in the manner in which Medicare will pay for telemedicine visits, many of which relax previous requirements, including site requirements for both the providers and members, telemedicine modality requirements and others. State laws and regulations applicable to telemedicine, particularly licensure requirements, also were relaxed in many jurisdictions as a result of the COVID-19 pandemic. These relaxed regulations have allowed us to continue operating our business and delivering care to our members predominantly through telemedicine modalities. Nearly all of the Federal measures will expire at the end of the public health emergency declaration, which is currently effective through July 15, 2022. Many state law and regulatory

changes have already expired while others have continued. It is unclear which, if any, of these changes will remain in place permanently and which will be rolled-back following the COVID-19 pandemic, although there have been a number of state law and regulatory changes over the past year that clarify requirements or remove impediments. If regulations change to restrict our ability to or prohibit us from delivering care or receiving reimbursement for care delivered through telemedicine modalities, our financial condition and results of operations may be adversely affected. In England, reports of pressures in primary services began to emerge during the COVID-19 pandemic. Following a period of cessation of some services in the NHS and a restart, there is likely to be additional demand for NHS services caused by delayed appointments, delayed presentations, and investigations. This could result in an increased demand for U.K. non-NHS services, which could result in Babylon GP at Hand experiencing cost pressures.

We cannot predict the timing, strength, or duration of any economic slowdown or any subsequent recovery generally, or any industry in particular. If the conditions in the general economy and the markets in which we operate worsen from present levels, our business, financial condition and results of operations could be materially adversely affected.

Failure to adequately expand our direct sales force will impede our growth.

We believe that our future growth will depend on the continued development of our direct sales force and its ability to obtain new customers and to manage our existing customer base. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. It can take some time from the initial date of hire before a new sales representative is fully trained and productive. Additionally, if we cannot retain members of our direct sales force then this will impact our business adversely, given we will lose trained members and have to spend a corresponding amount of time on hiring and training replacements. Our business may be adversely affected if our efforts to expand and train our direct sales force do not generate a corresponding increase in revenue. In particular, if we are unable to hire, develop and retain sufficient numbers of productive direct sales personnel or if new direct sales personnel are unable to achieve desired productivity levels in a reasonable period of time, sales of our services will suffer and our growth will be impeded.

We may make investments into or acquire other companies or technologies, which could divert our management's attention, result in dilution to our shareholders, and otherwise disrupt our operations, and we may have difficulty integrating any such acquisitions successfully or realizing the anticipated benefits therefrom, any of which could have an adverse effect on our business, financial condition and results of operations.

We made investments in DayToDay in 2019 and Higi in 2020, acquired the remaining equity interests in DayToDay and Higi in late 2021, and our affiliates acquired the assets of First Choice Medical Group in 2020 and the entire issued share capital of the Meritage Medical Network in 2021. In the future, we may seek to acquire or invest in businesses, applications, services, or technologies that we believe could complement or expand our existing and future offerings, enhance our technical capabilities, or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated. In addition, we have limited experience in acquiring other businesses and may have difficulty integrating acquired businesses or assets, retaining key employees of acquired businesses or otherwise realizing any of the anticipated benefits of acquisitions. If we acquire additional businesses, we may not be able to integrate the acquired operations and technologies successfully, or effectively manage the combined business following the acquisition. Integration may prove to be difficult due to the necessity of integrating personnel with disparate business backgrounds, different geographical locations and who may be accustomed to different corporate cultures.

We also may not achieve the anticipated benefits from any acquired business due to a number of factors, including:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- unanticipated costs or liabilities, including legal liabilities, associated with the acquisition;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business into our current and future offerings and contract terms, including disparities in the revenue model of the acquired company;

- diversion of management's attention or resources from other business concerns;
- adverse effects on our existing business relationships with customers, members, or strategic partners as a result of the acquisition;
- complexities associated with managing the geographic separation of the combined businesses and consolidating multiple physical locations;
- the potential loss of key employees;
- difficulty integrating employees from the acquired business into our employee framework;
- acquisition targets not having as robust internal controls over financial reporting as would be expected of a public company;
- us becoming subject to new regulations as a result of an acquisition, including if we acquire a business serving customers in a regulated industry or acquire a business with customers or operations in a country in which we do not already operate;
- possible cash flow interruption or loss of revenue as a result of transitional matters; and
- use of substantial portions of our available cash to consummate the acquisition.

We may issue equity securities or incur indebtedness to pay for any such acquisition or investment, and make equity awards under our stock incentive plans to attract, retain, compensate and incentivize employees of businesses that we acquire, which could adversely affect our business, financial condition or results of operations. Any such issuances of additional capital stock may cause shareholders to experience significant dilution of their ownership interests and the per share value of our Class A ordinary shares to decline.

In addition, a significant portion of the purchase price of any companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our results of operations based on this impairment assessment process, which could adversely affect our results of operations.

We may enter into collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships with third-parties that may not result in the development of commercially viable solutions or the generation of significant future revenues.

In the ordinary course of our business, we may enter into collaborations, in-licensing arrangements, joint ventures, strategic alliances, partnerships or other arrangements to provide our services, develop products and pursue new markets. Proposing, negotiating and implementing collaborations, in-licensing arrangements, joint ventures, strategic alliances or partnerships may be a lengthy and complex process. Other companies, including those with substantially greater financial, marketing, sales, technology or other business resources, may compete with us for these opportunities or arrangements. We may not identify, secure, or complete any such transactions or arrangements in a timely manner, on a cost-effective basis, on acceptable terms or at all. We have limited institutional knowledge and experience with respect to these business development activities, and we may also not realize the anticipated benefits of any such transaction or arrangement. In particular, these collaborations may not result in the development of products or services that achieve commercial success or result in significant revenues and could be terminated prior to developing any products. Additionally, contractual negotiations may result in us not owning, or jointly owning with a third party, the intellectual property rights in products and other works developed under our collaborations, joint ventures, strategic alliances or partnerships.

Additionally, we may not be in a position to exercise sole decision making authority regarding the transaction or arrangement, which could create the potential risk of creating impasses on decisions, and our future collaborators may have economic or business interests or goals that are, or that may become, inconsistent with our business interests or goals. It is possible that conflicts may arise with our collaborators, such as conflicts concerning the achievement of performance milestones, or the interpretation of significant terms under any agreement, such as those related to financial obligations or the ownership or control of intellectual property developed during the collaboration. If any conflicts arise with any future collaborators, they may act in their self-interest, which may be adverse to our best interest, and they may breach their obligations to us. In addition, we may have limited control over the amount and timing

of resources that any future collaborators devote to our or their future products. Disputes between us and our collaborators may result in litigation or arbitration which would increase our expenses and divert the attention of our management. Further, these transactions and arrangements will be contractual in nature and will generally be terminable under the terms of the applicable agreements and, in such event, we may not continue to have rights to the products or services resulting from such transaction or arrangement or may need to purchase such rights at a premium. Additionally, as would be standard for collaborations of such nature, we may have indemnity obligations in respect of, amongst other things, intellectual property and data privacy obligations, which, if triggered, could adversely affect our business, financial condition or results of operations.

We are currently party to, and may enter into future, in-bound intellectual property license agreements. We may not be able to fully protect the intellectual property licensed to us or maintain those licenses. Our licensors may retain the right to prosecute, enforce and defend the intellectual property rights licensed to us, in which case we would depend on the ability of our licensors to obtain, maintain and enforce intellectual property protection for the licensed intellectual property. These licensors may determine not to enforce the licensed intellectual property against other companies or may pursue such litigation less aggressively than we would. In addition, such licenses may only provide us with non-exclusive rights, which could allow other third parties, including our competitors, to utilize the licensed intellectual property rights. Further, our in-bound license agreements may impose various diligence, commercialization, payment or other obligations on us. Our licensors may allege that we have breached our license agreement with them, and accordingly seek to terminate our license, which could adversely affect our freedom to operate or our competitive business position and harm our business prospects.

Our use of open source software could adversely affect our ability to offer our solutions and subject us to possible litigation.

We use open source software in connection with our existing and future offerings. Some of these licenses may contain requirements that we make available source code for modifications or derivative works we create based upon the open source software, and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third-parties certain rights of further use. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software and to make our proprietary software available under open source licenses, if we combine and/or distribute our proprietary software with open source software in certain manners. Although we have a policy on how open source software may be used in our offerings and we monitor our use of open source software, we cannot be sure that all open source software is reviewed prior to use in our proprietary software, that our programmers have not incorporated into our proprietary software open source software subject to such unfavorable license terms, or that they will not do so in the future. Additionally, the terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts. There is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide our existing and future offerings to our customers and members. In addition, the terms of open source software licenses may require us to provide software that we develop using such open source software, to others, including our competitors, on unfavorable license terms. As a result of our current or future use of open source software, we may face claims or litigation, be required to release our proprietary source code, pay damages for breach of contract, re-engineer our technology, discontinue sales in the event that re-engineering cannot be accomplished on a timely basis, or take other remedial action that may divert resources away from our development efforts, any of which could harm our business.

Our business could be disrupted by catastrophic events and man-made problems, such as power disruptions, cyberattacks, data security breaches and incidents, and terrorism.

Our systems are vulnerable to damage or interruption from the occurrence of any catastrophic event, including earthquake, fire, flood, tsunami, or other weather event, power loss, telecommunications failure, software or hardware malfunction, cyber-attack, ransomware, war, terrorist attack or incident of mass violence, which could result in lengthy interruptions in access to our platform or data. Acts of terrorism, including malicious internet-based activity, could cause disruptions to the internet or the economy as a whole. Even with our disaster recovery arrangements, access to our platform or data could be interrupted. If our systems were to fail or be negatively impacted as a result of a natural disaster or other event, our ability to deliver our platform and solution to our customers and members would be impaired or we could lose critical data or our data could be corrupted. If we are unable to successfully execute on our disaster recovery and business continuity plans in the event of a disaster or emergency, our business, financial condition, and results of operations would be harmed.

We have implemented a business continuity and disaster recovery program designed to manage business interruption, which is continually evolving. Specifically, our architecture is designed in availability zones to enable continuity when one or more zones is

disrupted by moving traffic in the event of a problem, and the ability to recover in a short period of time. However, should our disaster recovery program fail to effectively support the movement of traffic in a timely or complete manner in the event of a catastrophe such as a natural disaster or sophisticated cyberattack, our business and results of operations may be harmed.

We do not carry business interruption insurance sufficient to compensate us for the potentially significant losses, including the potential harm to our business, financial condition and results of operations that may result from interruptions in access to our platform as a result of system failures.

A pandemic, epidemic or outbreak of an infectious disease in the United States, the United Kingdom or worldwide, including the outbreak of new variants or waves of COVID-19, could adversely affect our business.

If a pandemic, epidemic or outbreak of an infectious disease occurs in the United States, the United Kingdom or worldwide, our business may be adversely affected. The severity, magnitude and duration of the current COVID-19 pandemic is uncertain and rapidly changing. As of the date of this Prospectus/Offer to Exchange, the extent to which the COVID-19 pandemic may impact our business, results of operations and financial condition remains uncertain. Furthermore, because of our business model, the full impact of the COVID-19 pandemic may not be fully reflected in our results of operations and overall financial condition until future periods.

Adverse market conditions resulting from the spread of COVID-19, including new variants or waves, could materially adversely affect our business and the value of our Class A ordinary shares. Numerous state and local jurisdictions, including all markets where we operate, have imposed, and others in the future may impose, “shelter-in-place” orders, quarantines, executive orders and similar government orders and restrictions for their residents to control the spread of COVID-19. Such orders or restrictions have resulted in largely remote operations at our headquarters and centers, work stoppages among some vendors and suppliers, slowdowns and delays, travel restrictions and cancellation of events and have restricted the ability of our front-line outreach teams to host and attend community events, among other effects, thereby significantly and negatively impacting our operations. Other disruptions or potential disruptions include restrictions on the ability of our personnel to travel; inability of our suppliers to manufacture goods and to deliver these to us on a timely basis, or at all; inventory shortages or obsolescence; delays in actions of regulatory bodies; diversion of or limitations on employee resources that would otherwise be focused on the operations of our business, including because of sickness of employees or their families or the desire of employees to avoid contact with groups of people; business adjustments or disruptions of certain third parties; and additional government requirements or other incremental mitigation efforts. The extent to which the COVID-19 pandemic impacts our business will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity and spread of COVID-19 and the actions to contain COVID-19 or treat its impact, including availability, acceptance and efficacy of vaccines and boosters among others. In addition, the COVID-19 virus disproportionately impacts older adults, which describes many of our members.

It is not currently possible to reliably project the direct impact of COVID-19 on our operating revenues and expenses. Key factors include the duration and extent of the outbreak in our service areas as well as societal and governmental responses. Members may continue to be reluctant to seek necessary care given the risks of the COVID-19 pandemic. This could have the effect of deferring healthcare costs that we will need to incur to later periods and may also affect the health of members who defer treatment, which may cause our costs to increase in the future. Further, as a result of the COVID-19 pandemic, we may experience slowed growth or a decline in new member demand. We also may experience increased internal and third-party medical costs as we provide care for members suffering from COVID-19. This increase in costs may be significant given the number of our members who are under capitation or value-based care agreements. There is also a risk that, as restrictions stemming from the COVID-19 pandemic are rolled back, our medical expenses may increase in the near-to-medium term as individuals who may have delayed getting routine medical treatment during the COVID-19 pandemic begin making appointments to do so. Further, we may face increased competition due to changes to our competitors’ products and services, including modifications to their terms, conditions, and pricing that could materially adversely impact our business, results of operations, and overall financial condition in future periods.

During 2020 and 2021, we temporarily closed all of our corporate offices, and enabled our entire corporate work force to work remotely, the majority of which still does. We also made operational changes to the staffing and operations of our centers to minimize potential exposure to COVID-19. We have also implemented travel restrictions for non-essential business. If the COVID-19 pandemic worsens, especially in regions where we have offices or centers, our business activities originating from affected areas could be adversely affected. Disruptive activities could include business closures in impacted areas, further restrictions on our employees’ and service providers’ ability to travel, impacts to productivity if our employees or their family members experience health issues, and potential delays in hiring and onboarding of new employees. We may take further actions that alter our business operations as may be

required by any global authorities where we operate or that we determine are in the best interests of our employees. Such measures could negatively affect our sales and marketing efforts, sales cycles, employee productivity, or customer retention, any of which could harm our financial condition and business operations.

Due to the COVID-19 pandemic, we may not be able to document the health conditions of our members as completely as we have in the past. Medicare pays capitation using a “risk adjustment model,” which compensates providers based on the health status (acuity) of each individual member. Payers with higher acuity members receive more, and those with lower acuity members receive less. Medicare requires that a member’s health issues be documented annually regardless of the permanence of the underlying causes. Historically, this documentation was required to be completed during an in-person visit with a member. As part of the Coronavirus Aid, Relief and Economic Security Act, or CARES Act, Medicare is allowing documentation for conditions identified during video visits with members. However, given the disruption caused by COVID-19, it is unclear whether we will be able to document the health conditions of our members as comprehensively as we did in prior years, which may adversely impact our revenue in future periods.

Also, under the CARES Act, the U.S. Department of Health and Human Services distributed Medicare Grants to healthcare providers to offset the impacts of the COVID-19 pandemic related expenses and lost revenues, also known as the Provider Relief Funds. Grants received are subject to the terms and conditions of the program, including that such funds may only be used to prevent, prepare for, and respond to the COVID-19 pandemic and will reimburse only for health care related expenses or lost revenues that are attributable to the COVID-19 pandemic. Recipients are not required to repay these funds, provided that they attest to and comply with certain terms and conditions, including not using the funds to reimburse expenses or losses that other sources are obligated to reimburse. We will continue to monitor our compliance with the terms and conditions of the Provider Relief Funds, including demonstrating that the distributions received have been used for healthcare-related expenses or lost revenue attributable to the COVID-19 pandemic. If we are unable to attest to or comply with current or future terms and conditions our ability to retain some or all of the distributions received may be impacted.

The COVID-19 pandemic could also cause our third-party data center hosting facilities and cloud computing platform providers, which are critical to our infrastructure, to shut down their business, experience security incidents that impact our business, delay or disrupt performance or delivery of services, or experience interference with the supply chain of hardware required by their systems and services, any of which could materially adversely affect our business. Further, the COVID-19 pandemic has resulted in our employees and those of many of our vendors working from home and conducting work via the internet, and if the network and infrastructure of internet providers becomes overburdened by increased usage or is otherwise unreliable or unavailable, our employees’, and our customers’ and vendors’ employees’, access to the internet to conduct business could be negatively impacted. Limitations on access or disruptions to services or goods provided by or to some of our suppliers and vendors upon which our platform and business operations relies, could interrupt our ability to provide our platform, decrease the productivity of our workforce, and significantly harm our business operations, financial condition, and results of operations.

Our platform and the other systems or networks used in our business may experience an increase in attempted cyber-attacks, targeted intrusion, ransomware, and phishing campaigns seeking to take advantage of shifts to employees working remotely using their household or personal internet networks and to leverage fears promulgated by the COVID-19 pandemic. The success of any of these unauthorized attempts could substantially impact our platform, the proprietary and other confidential data contained therein or otherwise stored or processed in our operations, and ultimately our business. Any actual or perceived security incident also may cause us to incur increased expenses to improve our security controls and to remediate security vulnerabilities.

The extent and continued impact of the COVID-19 pandemic on our business will depend on certain developments, including: the duration and spread of the outbreak; government responses to the pandemic; the impact on our customers and our sales cycles; the impact on customer, industry, or employee events; and the effect on our partners and supply chains, all of which are uncertain and cannot be predicted. Because of our business model, the full impact of the COVID-19 pandemic may not be fully reflected in our results of operations and overall financial condition until future periods.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this “*Risk Factors*” section, including but not limited to those relating to cyber-attacks and security vulnerabilities, interruptions or delays due to third-parties, or our ability to raise additional capital or generate sufficient cash flows necessary to expand our operations.

Any failure to offer high-quality implementation, member enrollment and ongoing support may adversely affect our relationships with our customers, and in turn our business, results of operations and financial condition.

Though we assist with targeted marketing campaigns, we do not control our customers' enrollment schedules. As a result, if our customers do not allocate the internal resources necessary for a successful enrollment for their population, or enrollment launch date is delayed, we could incur significant costs, our enrollment rate may decline, customers could become dissatisfied and decide not to increase utilization of our solution or not to implement our solution beyond an initial period prior to their term commitment. In addition, competitors with more efficient operating models and/or lower implementation costs could jeopardize our customer relationships.

In implementing and using our solutions, our members depend on our member support to resolve issues in a timely manner. We may be unable to respond quickly enough to accommodate short-term increases in demand for member support. We also may be unable to modify the nature, scope and delivery of our services or member support to compete with changes in solutions provided by our competitors. Increased member demand for support could increase costs and adversely affect our financial condition and results of operations. Our sales are highly dependent on our reputation and on positive recommendations from our existing members, and customers. Any failure to maintain high-quality member support, or a market perception that we do not maintain high-quality member support, could adversely affect our reputation, our ability to sell our solutions, and in turn our business, financial condition and results of operations.

Our sales and implementation cycle can be long and unpredictable and requires considerable time and expense. As a result, our sales and revenue are difficult to predict and may vary substantially from period to period, which may cause our results of operations to fluctuate significantly.

The timing of our sales and related revenue recognition is difficult to predict because of the length and unpredictability of our sales cycle. The sales cycle for our solution from initial contact with a potential customer to enrollment launch varies widely by customer, ranging from less than one month to over a year. Some of our customers, especially in the case of our large customers and government entities, undertake a significant and prolonged evaluation process, including to determine whether our solutions meet their unique healthcare needs, which frequently involves evaluation of not only our solution but also of other available solutions, which has in the past resulted in extended sales cycles. Our sales efforts involve educating our customers about the ease of use, technical capabilities and potential benefits of our solution. Once a customer enters into an agreement with us, we then explain the benefits of our solutions again to eligible employees to encourage them to sign up as a member. During the sales cycle, we invest significant human resources and we expend significant time and money on sales and marketing activities, which lowers our operating margins, particularly if no sale occurs. For example, there may be unexpected delays in a customer's internal procurement processes, particularly for some of our larger customers and government entities for which our products represent a very small percentage of their total procurement activity. There are many other factors specific to customers that contribute to the timing of their purchases and the variability of our revenue recognition, including the strategic importance of a particular project to a customer, budgetary constraints, funding authorization, and changes in their personnel. In addition, the significance and timing of our product enhancements, and the introduction of new products by our competitors, may also affect our customers' purchases. Even if a customer decides to purchase our solutions, there are many factors affecting the timing of our recognition of revenue, which makes our revenue difficult to forecast. For example, once a customer enters into an agreement with us, we work with them to identify the eligible population and then launch an enrollment process. Time from signing to launch typically takes an average of at least three to six months. We do not receive any payment from our customers until members enroll and begin using our solution, which could be months following signing a subscription agreement for our solution. For all of these reasons, it is difficult to predict whether a sale will be completed, the particular period in which a sale will be completed or the period in which revenue from a sale will be recognized.

It is possible that in the future we may experience even longer sales cycles, more complex customer needs, higher upfront sales costs and less predictability in completing some of our sales as we continue to expand our direct sales force, expand into new territories and market additional solutions and services. If our sales cycle lengthens or our substantial upfront sales and implementation investments do not result in sufficient sales to justify our investments, our revenue could be lower than expected and it could have a material adverse effect on our business, financial condition and results of operations.

Failure to obtain or maintain an insurance license, a certificate of authority or an equivalent authorization allowing our participation in downstream risk-sharing arrangements with payers could subject us to significant penalties and adversely impact our operations.

Regulation of downstream risk-sharing arrangements, including, but not limited to, global risk and other value-based arrangements, varies significantly from state to state. We therefore expect significant uncertainty regarding whether our operations fall within the scope of certain laws or regulations.

If a state in which we currently operate, or a new geography, views our participation in risk-sharing arrangements as the assumption of insurance risk, the arrangement may fall within the purview of state insurance or managed care laws. If so, in connection with our continued operations or our expansion into new geographies, we may be required to obtain a state insurance or managed care license (or some other type of registration) and comply with the state's insurance or managed care laws and regulations. Such laws and regulations may subject us to significant oversight by state regulators in the form of periodic reporting and audits, required financial reserves and refraining from taking certain actions without prior regulatory approval. The majority of states do not explicitly address whether and in what manner the state regulates the transfer of risk by a payer to a downstream entity, and in such states, regulators may nonetheless interpret statutes and regulations to regulate such activity. If downstream risk-sharing arrangements are not regulated directly in a particular state, the state regulatory agency may nonetheless require oversight by the licensed payer as the party to such a downstream risk-sharing arrangement. Such oversight is accomplished via contract and may include the imposition of reserve requirements and reporting obligations. Failure to comply with these direct and indirect oversight laws can result in significant monetary penalties, administrative fines, fraud or misrepresentation charges, denial of future insurer applications or loss of membership or suspension of membership growth.

Foreign currency exchange rate fluctuations and restrictions on the repatriation of cash could adversely affect our results of operations, financial position and cash flows.

Our business is exposed to fluctuations in exchange rates. Although our reporting currency is the U.S. dollar, we operate in different geographical areas and transact in a range of currencies in addition to the U.S. dollar, such as pound sterling. As a result, movements in exchange rates may cause our revenue and expenses to fluctuate, impacting our profitability, financial position and cash flows. Future business operations and opportunities, including any continued expansion of our business outside the United States, may further increase the risk that cash flows resulting from these activities may be adversely affected by changes in currency exchange rates. In the event we are unable to offset these risks, there may be a material adverse impact on our business and operations. In appropriate circumstances where we are unable to naturally offset our exposure to these currency risks, we may enter into derivative transactions to reduce such exposures. Even where we implement hedging strategies to mitigate foreign currency risk, these strategies might not eliminate our exposure to foreign exchange rate fluctuations and involve costs and risks of their own, such as ongoing management time and expertise, external costs to implement the strategies and potential accounting implications. Nevertheless, exchange rate fluctuations may either increase or decrease our revenues and expenses as reported in U.S. dollars. Moreover, foreign governments may restrict transfers of cash out of the country and control exchange rates. There can be no assurance that we will be able to repatriate earnings generated, or cash held, by us and our subsidiaries due to exchange control restrictions or the requirements to hold cash locally to meet regulatory solvency requirements. This could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Government Regulation

In the United States, we conduct business in a heavily regulated industry, and if we fail to comply with these laws and government regulations, or if the rules and regulations change or the approach that regulators take in classifying our products and services under such regulations change, we could incur penalties or be required to make significant changes to our operations or experience adverse publicity, which could have a material adverse effect on our business, financial condition, and results of operations.

The U.S. healthcare industry is heavily regulated and closely scrutinized by federal, state and local governments. Comprehensive statutes and regulations govern the manner in which we provide and bill for services and collect reimbursement from governmental

programs and private payers, our contractual relationships with our providers, vendors and customers, our marketing activities and other aspects of our operations. Of particular importance are:

- the federal physician self-referral law, commonly referred to as the Stark Law, that, subject to limited exceptions, prohibits physicians from referring Medicare or Medicaid patients to an entity for the provision of certain “designated health services” if the physician or a member of such physician’s immediate family has a direct or indirect financial relationship (including an ownership interest or a compensation arrangement) with the entity, and prohibit the entity from billing Medicare or Medicaid for such designated health services;
- the federal Anti-Kickback Statute that prohibits the knowing and willful offer, payment, solicitation or receipt of any bribe, kickback, rebate or other remuneration (i) in return for referring or to induce the referral of an individual for the furnishing, or arranging for the furnishing, of items or services paid for in whole or in part by any federal health care program, such as Medicare and Medicaid, and (ii) ordering, leasing, purchasing or recommending or arranging for the ordering, purchasing or leasing of items, services, good, or facility paid for in whole or in part by any federal health care program, such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;
- the criminal healthcare fraud provisions of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and related rules that prohibit knowingly and willfully executing a scheme or artifice to defraud any healthcare benefit program or falsifying, concealing or covering up a material fact or making any material false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- the federal False Claims Act that imposes civil liability on individuals or entities that, among other things, knowingly submit false or fraudulent claims for payment to the government, or knowingly make, or cause to be made, a false statement in order to have a false claim paid, or retain identified Medicare or Medicaid overpayments and allows for qui tam or whistleblower suits by private individuals on behalf of the government;
- various federal healthcare-focused criminal laws that impose criminal liability for intentionally submitting false or fraudulent claims, or making false statements, to the government;
- reassignment of payment rules that prohibit certain types of billing and collection practices in connection with claims payable by the Medicare or Medicaid programs;
- similar state law provisions pertaining to anti-kickback, self-referral and false claims issues, some of which may apply to items or services reimbursed by any payer, including patients and commercial insurers;
- state laws that prohibit general business corporations, such as us, from practicing medicine, controlling physicians’ medical decisions or engaging in some practices such as splitting fees with physicians;
- state laws, regulations, interpretative guidance, and policies requiring certain modality and other actions to establish a provider-patient relationship, deliver care, or prescribe medications as part of a telehealth service;
- state laws, regulations and policies relating to licensure and the practice of telehealth services across state lines;
- state laws, regulations, interpretative guidance, and policies regarding the dispensing or delivery of medications and devices;
- state laws, regulations, interpretative guidance, and policies regarding reporting requirements and patient consent, education, and follow-up related to treatment, including treatment and education for certain specific topics, such as, contraception, HIV and other STIs and state reporting for HIV, STIs, and infectious diseases;

- laws that regulate debt collection practices as applied to our debt collection practices;
- a provision of the Social Security Act that imposes penalties on healthcare providers who fail to disclose, or refund known overpayments;
- federal and state laws that prohibit providers from billing and receiving payment from Medicare and Medicaid for services unless the services are medically necessary, adequately and accurately documented, and billed using codes that accurately reflect the type and level of services rendered;
- federal and state laws and policies that require healthcare providers to maintain licensure, certification or accreditation to enroll and participate in the Medicare and Medicaid programs, to report certain changes in their operations to the agencies that administer these programs; and
- with respect to medical devices such as our Higi Smart Health Stations, FDA authority over medical device marketing, including assessment and oversight of safety and effectiveness and over “promotional labeling,” and Federal Trade Commission (“FTC”) authority over “advertising.”

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. We have implemented a compliance program to maintain compliance with these laws, however instances of non-compliance may prove costly. Failure to comply with these laws and other laws can result in civil and criminal penalties such as fines, damages, overpayment, recoupment, imprisonment, loss of enrollment status and exclusion from the Medicare and Medicaid programs. Medicare and Medicaid programs represent a large portion of our revenue in the United States and exclusion from future participation in these programs would significantly reduce our revenue for years to come. The risk of our being found in violation of these laws and regulations is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are sometimes open to a variety of interpretations. Our failure to accurately anticipate the application of these laws and regulations to our business or any other failure to comply with regulatory requirements could create liability for us and negatively affect our business. Any action against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management’s attention from the operation of our business and result in adverse publicity.

To enforce compliance with the federal laws, the U.S. Department of Justice (the “DOJ”) and the OIG have recently increased their scrutiny of healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Dealing with investigations can be time-and resource-consuming and can divert management’s attention from the business. Any such investigation or settlement could increase our costs or otherwise have an adverse effect on our business. In addition, because of the potential for large monetary exposure under the federal False Claims Act, which provides for treble damages and penalties of \$11,803 to \$23,607 per false claim or statement, healthcare providers often resolve allegations without admissions of liability for significant and material amounts to avoid the uncertainty of treble damages that may be awarded in litigation proceedings. Such settlements often contain additional compliance and reporting requirements as part of a consent decree, settlement agreement or corporate integrity agreement. Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial resources to investigating healthcare providers’ compliance with the healthcare reimbursement rules and fraud and abuse laws.

The laws, regulations and standards governing the provision of healthcare services may change significantly in the future. We cannot assure you that any new or changed healthcare laws, regulations or standards will not materially adversely affect our business. We cannot assure you that a review of our business by judicial, law enforcement, regulatory or accreditation authorities will not result in a determination that could adversely affect our operations.

Additionally, the healthcare industry is subject to antitrust scrutiny. The federal government and most states have enacted antitrust laws that prohibit certain types of conduct deemed to be anti-competitive. The FTC, the Antitrust Division of the DOJ and state Attorneys General actively review and, in some cases, take enforcement action against business conduct and acquisitions in the healthcare industry. Private parties harmed by alleged anti-competitive conduct can also bring antitrust suits. Violations of antitrust laws may be punishable by substantial penalties, including significant monetary fines and treble damages, civil penalties, criminal sanctions and consent decrees and injunctions prohibiting certain activities or requiring divestiture or discontinuance of business

operations. If antitrust enforcement authorities conclude that we violate any antitrust laws, we could be subject to enforcement actions that could have a material adverse effect on our business, financial condition, cash flows and results of operations.

The impact of healthcare reform legislation and other changes in the healthcare industry and in healthcare spending on us is currently unknown, but may adversely affect our business, financial condition and results of operations.

Our revenue is dependent on the healthcare industry and could be affected by changes in healthcare spending and policy. The healthcare industry is subject to changing political, regulatory and other influences.

In the United States, the Affordable Care Act (“ACA”) made major changes in how healthcare is delivered and reimbursed, and increased access to health insurance benefits to the uninsured and underinsured population of the United States. Since the adoption of ACA, there have been an increased number of individuals with Medicaid and private insurance coverage, increasingly, reimbursement policies tie payment to quality, alternative payment methodologies, including the Medicare Shared Savings Program, have been adopted or piloted, enforcement of fraud and abuse laws have increased and utilized expanded powers adopted as a part of ACA and the use of information technology has been encouraged.

Although ACA has remained largely intact in the face of multiple challenges, Federal agencies, Congress, states and other regulatory bodies have the ability to impact the extent of the changes implemented by ACA. Accordingly, the full impact of ACA remains unknown, and we cannot predict future actions by Federal agencies, Congress, the states and other regulatory bodies may impact the changes implemented by ACA. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments and other third-party payers will pay for healthcare products and services, which could adversely affect our business, financial condition and results of operations.

If we fail to comply with applicable data interoperability and information blocking rules, our business, financial condition and results of operations could be adversely affected.

The 21st Century Cures Act, or the Cures Act, which was passed and signed into law in December 2016, includes provisions related to data interoperability, information blocking and patient access. In March 2020, the HHS Office of the National Coordinator for Health Information Technology, or ONC, and CMS finalized and issued complementary rules that are intended to clarify provisions of the Cures Act regarding interoperability and information blocking, and include, among other things, requirements surrounding information blocking. The companion rules will transform the way in which healthcare providers, health IT developers, health information exchanges/health information networks, or HIEs/HINs, and health plans share patient information, and create significant new requirements for healthcare industry participants. For example, the ONC rule, which went into effect on April 5, 2021, prohibits healthcare providers, health IT developers of certified health IT, and HIEs/HINs from engaging in practices that are likely to interfere with, prevent, materially discourage, or otherwise inhibit the access, exchange or use of electronic health information, or EHI, also known as “information blocking.” To further support access and exchange of EHI, the ONC rule identifies eight “reasonable and necessary activities” as exceptions to information blocking activities, as long as specific conditions are met. Any failure to comply with these rules could have a material adverse effect on our business, results of operations and financial condition.

We expect to be treated as resident in the United Kingdom for tax purposes, but may be treated as a dual resident company for United Kingdom tax purposes.

Our board of directors conducts our affairs so that the central management and control of the company is exercised in the United Kingdom. As a result, we expect to be treated as resident in the United Kingdom for U.K. tax purposes. Accordingly, we expect to be subject to U.K. taxation on our income and gains, except where an exemption applies.

However, we may be treated as a dual resident company for U.K. tax purposes. As a result, our right to claim certain reliefs from U.K. tax may be restricted, and changes in law or practice in the United Kingdom could result in the imposition of further restrictions on our right to claim U.K. tax reliefs.

Evolving government regulations may result in increased costs or adversely affect our results of operations.

In a regulatory climate that is uncertain, our operations may be subject to direct and indirect adoption, expansion or reinterpretation of various laws and regulations. Compliance with these future laws and regulations may require us to change our

practices at an indeterminable and possibly significant initial monetary and recurring expense. These additional monetary expenditures may increase future overhead, which could have a material adverse effect on our results of operations.

We have identified what we believe are the areas of government regulation that, if changed, would be costly to us. These include:

- rules governing the practice of medicine by physicians;
- laws relating to licensure requirements for physicians and other licensed health professionals;
- laws limiting the corporate practice of medicine and professional fee-splitting;
- laws governing the issuances of prescriptions in an online setting;
- cybersecurity and privacy laws;
- laws and licensure requirements relating to telemedicine;
- laws and regulatory requirements relating to artificial intelligence (which are likely to become more prominent across multiple jurisdictions in the coming years, following the European Commission’s proposal for an EU Regulation on Artificial Intelligence and other recent developments referred to under the subheading “—*European Union*” below);
- laws and regulatory requirements relating to medical devices including software as a medical device, under U.K. law, EU law and the Federal Food, Drug, and Cosmetic Act (the “FDCA”) and the FDA’s enforcement discretion relating to “device” regulatory requirements;
- laws and regulations relating to the manner in which we provide and bill for services and collect reimbursement from governmental programs and private payers (e.g., the physician self-referral law or Anti-Kickback Statute);
- laws and regulations related to the acceptance of risk for medical expenses; and
- laws and rules relating to the distinction between independent contractors and employees. There could be laws and regulations applicable to our business that we have not identified or that, if changed, may be costly to us, and we cannot predict all the ways in which implementation of such laws and regulations may affect us.

Changes in law or regulation in any jurisdiction in which we operate may lead to increased costs and/or resourcing requirements, delays, or may require product features to be modified or discontinued. As an example, the current up-classification of many software as medical devices in the EU as a result of the recently enforced Medical Regulation (EU) No 2017/745 (“EU Medical Devices Regulation”) places a burden on manufacturers, including us, to comply with additional requirements (see “*Business—Regulatory Environment—Medical Device Regulation—Regulation of Medical Devices in the European Union*”). Some devices will now require to be certified by a notified body while they were only subject to self-assessment conformity under the former EU Medical Devices Directive. As a result of the transition, notified body review times have lengthened, and product introductions or modifications could be delayed or canceled, which could adversely affect our ability to grow our business.

Moreover, there is an increasing trend in the EU, United Kingdom and United States towards regulation of AI and the protection of citizens from harm caused by AI, although no specific substantive legislation has been enacted in these jurisdictions to date.

European Union

- On April 21, 2021, the European Commission published its proposal for an EU Regulation on AI (the “Draft Regulation”). The proposal was supplemented by a compromise text issued on November 29, 2021 by the Presidency of the European Council. The Draft Regulation is not current EU law. It will proceed through a detailed legislative process (which is expected to take several years) and, if enacted, will also provide for a transition period to enable affected parties to comply. As with

previous EU legislation relating to technology (such as the EU General Data Protection Regulation (“GDPR”)), it is likely that the final text will be significantly different from the Draft Regulation.

- The Draft Regulation applies to providers, users, importers and distributors of AI systems. It establishes a risk-based framework of requirements and enforcement mechanisms for various AI use-cases. This includes “high-risk” AI systems, which (among other criteria) encompass products or components that are subject to Regulation (EU) 2017/745 on medical devices.
- The Draft Regulation, if enacted, would have extra-territorial effect and would apply to:
 - providers (established within or outside the EU) that supply or put an AI system into service in the EU;
 - users of AI systems located within the EU; and
 - providers and users located outside the EU, if the output produced by the AI system is used in the EU.
- Our mobile app (including our AI-driven digital health tools, Triage and Healthcheck) is currently available for download within the EU. We could be determined to be a provider, given that we develop the app and put it onto the market.
- If we were determined to be a provider of high-risk AI systems, our substantive obligations would include (among other measures) implementation of compliant risk-management and data governance systems, creation and maintenance of technical documentation, record-keeping requirements, detailed transparency obligations and post-market monitoring. Although we have many of these in place already, the specific requirements may vary. The Draft Regulation also requires high-risk AI systems to be CE-marked following a conformity assessment procedure. These measures could create additional costs (e.g., additional hires for product and compliance teams) and potential delays in the development and deployment of our AI-based products and services within the EU. If we fail to comply, we may be subject to fines or other penalties.
- Certain obligations in the Draft Regulation apply to users of high-risk AI systems, which could include our commercial partners and licensees. A user is any entity or person under whose authority a provider’s AI system is operated (rather than a human end-user). These obligations include ensuring input data is relevant for the intended purpose, monitoring the operation of the AI system and keeping logs generated by the system. As a result, we may be required to implement additional operational procedures and contractual protections (with potentially negative impacts on commercial partnership and licensing revenues) to enable our partners and licensees to comply with their own obligations when using our AI.
- If we were not determined to be a provider of high-risk AI systems, we could still be required to adhere to certain transparency standards under the Draft Regulation.

United Kingdom

- The Draft Regulation would not be part of U.K. law in light of Brexit. However, it would apply indirectly to parties in the U.K. through the extra-territorial effect detailed above (i.e., U.K.-based providers/users would need to comply if supplying or using AI systems, or their output, within the EU). Our mobile app is currently available for download in the EU. On September 22, 2021, the U.K. government published a national AI strategy (the “AI Strategy”), setting out a ten-year plan to invest in the U.K.’s AI ecosystem, transition the U.K. to an AI-enabled economy, and focus on national and international governance of AI technologies. The AI Strategy includes plans to create a “trusted and pro-innovation” AI governance regime. We continue to monitor the output of the AI Strategy to assess its potential impact on the regulation of our business. Recent developments and outputs include the publication of the Algorithmic Transparency Standard by the U.K. Central Digital and Data Office in November 2021 (which is currently being piloted among public sector organizations in the U.K. but could, if it becomes more broadly applicable to those providing public sector services, create new transparency reporting obligations for our NHS offering through Babylon GP at Hand). The U.K. Medicines and Healthcare Products Regulatory Agency (“MHRA”) also collaborated with the FDA to issue joint Guiding Principles on Good Machine Learning Practice for Medical Device Development in October 2021, as described further under the subheading “—United States” below.

United States

- Policy and legislative developments in the United States over the past two years suggest a greater focus on the regulation of AI, with a particular emphasis on algorithmic accountability and mitigation of algorithmic bias/discrimination.
- The Executive Order on Maintaining American Leadership in Artificial Intelligence (No. 13,859) (issued on February 11, 2019), included a guiding principle of “fostering public trust and confidence in AI technologies.” House Resolution 153 on Supporting the Development of Guidelines for Ethical Development of Artificial Intelligence (issued by the U.S. House of Representatives on February 27, 2019 but not yet adopted) sets out aims for the “safe, responsible and democratic development” of AI, through principles such as transparency, privacy, accountability, access, fairness and safety.
- The most significant legislative development was the introduction in Congress of the bill for the federal Algorithmic Accountability Act on April 10, 2019 (the “Bill”), which would require independent impact assessments to be conducted on certain “critical” automated decision systems (i.e., those having any legal, material or similarly significant effect on a consumer’s life) to assess their accuracy, fairness, bias, discrimination, privacy and security, where the relevant organization meets certain threshold criteria (based primarily on revenue and volume of data held). The Bill would also impose additional requirements around reporting, transparency and the taking of measures to mitigate any material negative impact of an automated decision system. The Bill did not advance in 2019, but was introduced in the U.S. Senate and in the U.S. House of Representatives on February 3, 2022.
- If enacted and if applicable to us, the Bill’s requirement to carry out detailed impact assessments and comply with reporting, transparency and impact mitigation requirements could create additional costs (including additional hires for compliance teams) and delays in our engineering and product development processes. The Bill would also not prevent the introduction of further legislation at the state level which might, if applicable, impose additional (potentially separate or overlapping) requirements on us. An early example is the bill for the New Jersey Algorithmic Accountability Act (introduced on May 20, 2019), which is similar in scope and effect to the Bill and is still moving through the New Jersey legislative process.
- In October 2021, the MHRA collaborated with the FDA to issue joint Guiding Principles on Good Machine Learning Practice for Medical Device Development. The Guiding Principles are intended to inform the development of Good Machine Learning Practice in relation to the development of AI-and machine learning-based medical devices. Although our Triage/Symptom Checker product is not currently regulated as a medical device in the United States, the guidelines include a number of good-practice measures that already form part of our product development and operational processes.

In the jurisdictions in which we operate, even where we believe we are in compliance with all applicable laws, due to the uncertain regulatory environment, certain jurisdictions may determine that we are in violation of their laws. In the event that we must remedy such violations, we may be required to modify our services and products in a manner that undermines our solution’s attractiveness to our customers, consumers or providers or experts, we may become subject to fines or other penalties or, if we determine that the requirements to operate in compliance in such jurisdictions are overly burdensome, we may elect to terminate our operations in such places. In each case, our revenue may decline and our business, financial condition and results of operations could be materially adversely affected.

Additionally, the introduction of new services may require us to comply with additional, yet undetermined, laws and regulations. Compliance may require obtaining appropriate licenses or certificates, increasing our security measures and expending additional resources to monitor developments in applicable rules and ensure compliance. The failure to adequately comply with these future laws and regulations may delay or possibly prevent some of our products or services from being offered to customers, or their members and patients, which could have a material adverse effect on our business, financial condition and results of operations.

Changes to the regulatory environment and market for health insurance in the United States could affect the adoption of our products and services and our future revenue.

Our business interacts closely with the U.S. health insurance system, which is evolving and subject to a changing regulatory environment. Our future financial performance will depend in part on growth in the market for private health insurance, as well as our ability to adapt to regulatory developments.

Changes and developments in the health insurance system in the United States could reduce demand for our services and harm our business. For example, there has been an ongoing national debate relating to the health insurance system in the United States. Certain elected officials have introduced proposals to expand the Medicare program, ranging from proposals that would create a new single-payer national health insurance program for all United States residents, replacing virtually all other sources of public and private insurance, to more incremental approaches, such as lowering the age of eligibility for the Medicare program, expanding Medicare to a larger population, or creating a new public health insurance option that would compete with private insurers. Additionally, proposals to establish a single-payer or government-run health care system at the state level have been introduced in some of our key states, such as New York and California.

At the federal level, President Biden and Congress may consider other legislation and/or executive orders to change elements of the ACA. In December 2019, a federal appeals court held that the individual mandate portion of the ACA was unconstitutional and left open the question whether the remaining provisions of the ACA would be valid without the individual mandate. On November 10, 2020, the U.S. Supreme Court heard oral arguments in this matter, and in June 2021, the Supreme Court held that Texas and other challengers had no legal standing to challenge the ACA, upholding the ACA. On January 28, 2021, President Biden issued an Executive Order that states it is the policy of his administration to protect and strengthen Medicaid and the ACA, and to make high-quality healthcare accessible and affordable to all Americans, and directs the Secretary of HHS to consider opening a special enrollment period for uninsured and under-insured Americans to seek individual market coverage through the federal health insurance marketplace. On the same day, in response to the President's Executive Order, CMS announced a special enrollment period from February 15, 2021 through May 15, 2021, which was extended to August 15, 2021 due to the coronavirus public health emergency, for uninsured and under-insured individuals and families to seek coverage through the federal health insurance marketplace. The Executive Order also directs federal agencies to examine agency actions to determine whether they are consistent with the Administration's commitment regarding the ACA, and begin rulemaking to suspend, revise, or rescind any inconsistent actions. Areas of focus include policies or practices that may reduce affordability of coverage, present unnecessary barriers to individuals and families attempting to access Medicare or ACA coverage, or undermine protections for people with preexisting conditions. We continue to evaluate the effect that the ACA and its possible modifications, repeal and replacement may have on our business.

There may also be changes on the state level that could adversely impact our business. For example, the California Department of Health Care Services ("DHCS"), is currently in the process of recontracting with Medi-Cal managed care plans. If the Medi-Cal managed care plans that we currently contract with change as a result of this DHCS request for proposal and procurement process, and we are unable to secure new contracts with the new Medi-Cal managed care plans, the demand in our services may decrease and harm our business.

Opposition in the United Kingdom to the involvement of private sector providers in the delivery of healthcare services could adversely affect our business.

Our business in England interacts closely with the NHS, including through our delivery of our Babylon GP at Hand offering. The involvement of independent sector providers in the NHS is a regularly discussed topic. Independent providers have long played a role in the delivery of services in the NHS. Whilst we are unaware that a central record of independent sector spend by the NHS is retained, critics claim that spend in this area has increased over time and undermines the NHS core values. In the recent past, both Labour and Conservative governments have used independent providers to increase patient choice and competition, as well as increasing capacity to provide services. In recent years, there have been large-scale attempts to procure services from providers, including independent sector providers, which have received criticism and created delays. Tenders and contracts have been abandoned, and the topic of the "privatization of the NHS" continues to be debated by stakeholders, including patients, the general public, physicians, the media and politicians. It is unlikely that the debate around the "privatization of the NHS" will entirely subside, and it will remain a risk to our business.

The U.K. Department of Health and Social Care ("DHSC") has published the "Provider Selection Regime: supplementary consultation on the detail of proposals for regulations" ("PSR") for the procurement of healthcare services which closes on March 28, 2022. Subject to U.K. Parliamentary approval of the U.K. Health and Care Bill, DHSC is working towards implementing integrated care boards ("ICBs") in July 2022 and intends to implement the PSR as soon as possible after this.

In addition, there is a risk that the ICBs could challenge how the Babylon GP at Hand contractual structure operates, or that the legislation regarding the persons eligible to enter into a general medical services contract could change such that the contractual structure no longer complies with the legislation. The Babylon GP at Hand contractual structure relies on four individuals holding the

general medical services contract in their individual capacity. While we have broad control regarding two of these individuals due to their employment arrangements with us, we largely rely on our working relationship with the other two. Any scrutiny, investigation, or litigation with regard to our arrangement could have a material adverse effect on our business, financial condition and results of operations, particularly if we are unable to restructure our operations and arrangements to comply with applicable laws or we are required to restructure at a significant cost, or if we were subject to penalties or other adverse action.

We are subject to export and import control laws and regulations that could impair our ability to compete in international markets or subject us to liability if we violate such laws and regulations.

We and our products in many cases are subject to U.S. import and export controls and trade and economic sanctions regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control. These laws prohibit the shipment or provision of certain products and solutions to certain countries, governments and persons targeted by U.S. sanctions. Exports of our products and services must be made in compliance with these laws and regulations when applicable. If in the future we are found to be in violation of U.S. sanctions or export control laws, it could result in civil and criminal penalties, including loss of export privileges and substantial fines for us and for the individuals working for us.

In addition, various countries regulate the import and export of certain encryption and other technology, including import and export permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our solution or permit the use of our platform in those countries.

Changes in our solution, or future changes in export and import regulations, may prevent our customers with international operations from deploying our platform globally or, in some cases, prevent the export or import of our solution to certain countries, governments or persons altogether. Any change in export or import regulations, economic sanctions or related legislation or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell subscriptions to our platform to, existing or potential customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell our solution would likely adversely affect our business, financial condition and results of operations.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of the United Kingdom and the United States, and authorities in the EU, including applicable export control regulations, economic sanctions and embargoes on certain countries and persons, anti-money laundering laws, import and customs requirements and currency exchange regulations. While we have mechanisms to identify high-risk individuals and entities before contracting with them, an instance of non-compliance with all such applicable laws could result in our being subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses. Likewise, any investigation of any potential violations of such laws by U.K., U.S., or other authorities could also have an adverse impact on our reputation, our business, results of operations and financial condition.

We are subject to the U.K. Bribery Act, the U.S. Foreign Corrupt Practices Act and other anti-corruption laws and anti-money laundering laws. Failure to comply with these laws could subject us to penalties and other adverse consequences.

Our operations are subject to anti-corruption laws, including the U.K. Bribery Act 2010 (the "Bribery Act"), the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the U.S. domestic bribery statute at 18 U.S.C. §201, the U.S. Travel Act, and other anti-corruption laws and anti-money laundering laws that apply in countries where we do business. The Bribery Act, the FCPA and these other anti-corruption laws generally prohibit us and our employees, agents, representatives, business partners, and third-party intermediaries from authorizing, promising, offering, or providing, directly or indirectly, improper or prohibited payments, or anything else of value, to recipients in the public or private sector in order to obtain or retain business or gain some other business advantage.

We sometimes leverage third parties to sell our products and conduct our business abroad. Under the Bribery Act, we may also be liable for failing to prevent a person associated with us from committing a bribery offense. We, our employees, agents, representatives, business partners and our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and may be held liable for the corrupt or other illegal activities of these employees, agents, representatives, business partners or third-party intermediaries even if we do not explicitly authorize those

activities. While we have mechanisms to identify high-risk individuals and entities before contracting with them, we operate in a number of jurisdictions that pose a high risk of potential Bribery Act or FCPA violations. We cannot assure you that all of our employees, agents, representatives, business partners or third-party intermediaries will not take actions that violate applicable law, for which we may be ultimately held responsible. As we increase our international sales and business, our risks under these laws may increase.

These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures to address compliance with those laws, we cannot assure you that none of our employees, agents, representatives, business partners or third-party intermediaries will take actions that violate our policies and applicable law, for which we may be ultimately held responsible. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

Any allegations or violation of the FCPA, the Bribery Act or other applicable anti-bribery and anti-corruption laws and anti-money laundering laws could result in whistleblower complaints, sanctions, settlements, prosecution, enforcement actions, fines, damages, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, or suspension or debarment from government contracts, all of which may have an adverse effect on our reputation, business, results of operations, and prospects. Responding to any investigation or action will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

Certain of our software products could become subject to extensive regulatory oversight by the FDA, which may increase the cost of conducting, or otherwise harm, our business.

The FDA has authority to regulate medical devices, which are subject to extensive and rigorous regulation including with respect to their design, development, manufacturing, testing, labeling, packaging, safety, efficacy, premarket review, marketing, sales, distribution, import and export. A "device" is broadly defined under the FDCA to mean an instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent, or other similar or related article, including a component part or accessory which is, among other things, intended for use in the diagnosis of diseases or other conditions or in the cure, mitigation, treatment or prevention of disease, or which is intended to affect the structure or function of the body and does not achieve its primary intended purpose through chemical action and is not dependent upon being metabolized for the achievement of such purpose. The FDA considers certain software functions with these intended uses to constitute devices. However, the 21st Century Cures Act amended the FDCA to exclude from the definition of a "device" certain types of software, including software used for administrative support of a healthcare facility; software intended for maintaining or encouraging a healthy lifestyle and unrelated to the diagnosis, cure, mitigation, prevention, or treatment of a disease or condition; certain software intended to transfer, store, convert formats, or display the equivalent of paper medical charts; and software designed for transferring, storing, or displaying medical device data or in vitro diagnostic data; and certain clinical decision support software.

In addition, the FDA has issued guidance establishing certain policies pursuant to which it has indicated it will exercise enforcement discretion and will not apply its regulatory authorities with respect to certain kinds of software that may otherwise fall within the definition of a device. For example, the FDA has established a compliance policy for certain products that may fall within the definition of a device, but that are intended for only "general wellness use" and present a low risk to the safety of users and other persons. The FDA defines a "general wellness use" to be (i) an intended use that relates to maintaining or encouraging a general state of health or a healthy activity, or (ii) an intended use that relates the role of healthy lifestyle with helping to reduce the risk or impact of certain chronic diseases or conditions and where it is well understood and accepted that healthy lifestyle choices may play an important role in health outcomes for the disease or condition. For such low-risk products, FDA does not intend to examine whether the product constitutes a medical device, and if the product is a medical device, whether the product complies with the premarket review and post-market regulatory requirements of the FDCA. As such, if a medical device falls within the definition of a "low risk general wellness product," the product may be subject to enforcement discretion under the FDA's compliance policy for such products, meaning that the FDA will not enforce its medical device authorities with respect to that product. In addition, the FDA has established an enforcement discretion policy for certain mobile medical apps that otherwise fall within the definition of a medical device but do not pose a risk to patient safety in the event of a failure to function as intended.

We believe certain of our currently marketed applications are not regulated by the FDA as medical devices, or alternatively, that even if our products are medical devices, they are subject to FDA's current enforcement discretion policies applicable to software

products. However, the FDA may disagree with our determination and may conclude that such applications are medical devices requiring premarket authorization, which we have not obtained, and post-market regulatory requirements, with which we have not complied. If the FDA makes this determination with respect to any software that we either believe is not a device or is a device but qualifies for enforcement discretion, we could be required to cease commercial distribution of the software or recall the offering pending receipt of any required marketing authorization, and we could be subject to untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties, operating restrictions, partial suspension or total shutdown of production, delays in or refusal to grant clearances or approvals, prohibitions on sales of our products, criminal prosecution, other enforcement action, litigation, and negative publicity, any of which could materially, adversely affect our business. In addition, there is a risk that the FDA could alter its enforcement discretion policies, which could subject our software to more stringent medical device regulations even if the FDA were to agree with our assertion that our software is not subject to regulation by the FDA currently.

In addition, if the FDA determines that any of our current or future software products are regulated as medical devices and not otherwise subject to enforcement discretion, we would become subject to various requirements under the FDCA and the FDA's implementing regulations, which could result in higher than anticipated costs and have a material adverse effect on our reputation, business, financial condition and results of operations.

Certain of our products and operations are subject to extensive regulation as medical devices in the United States and other jurisdictions.

We market certain products, including the Higi Smart Health Stations, which are regulated as medical devices by the FDA in the United States and by comparable foreign regulatory authorities in other jurisdictions. The FDA and foreign regulatory agencies regulate, among other things, with respect to medical devices their design, development, manufacturing, testing, labeling, packaging, safety, efficacy, premarket review or certification, marketing, sales, distribution, import and export.

In the United States, before we can market a new medical device, or a new use of, new claim for or significant modification to an existing medical device, we must first receive clearance from the FDA under Section 510(k) of the FDCA, grant of a *de novo* classification request, or approval of pre-market approval, or PMA, application from the FDA, unless an exemption from pre-market review applies. In the 510(k) clearance process, the FDA must determine that a proposed device is "substantially equivalent" to a device legally on the market, known as a "predicate" device, with respect to intended use, technology and safety and effectiveness, in order to clear the proposed device for marketing. Clinical data is sometimes required to support substantial equivalence. The PMA pathway requires an applicant to demonstrate the safety and effectiveness of the device based, in part, on extensive data, including, but not limited to, technical, preclinical, clinical trial, manufacturing and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices. However, some devices are automatically subject to the PMA pathway regardless of the level of risk they pose because they have not previously been classified into a lower risk class by the FDA. Manufacturers of these devices may request that FDA review such devices in accordance with the *de novo* classification procedure, which allows a manufacturer whose novel device would otherwise require the submission and approval of a PMA prior to marketing to request down-classification of the device on the basis that the device presents low or moderate risk. If the FDA agrees with the down-classification, the applicant will then receive authorization to market the device. This device type can then be used as a predicate device for future 510(k) submissions. The process of obtaining regulatory clearances or approvals, or completing the *de novo* classification process, to market a medical device can be costly and time consuming, and we may not be able to successfully obtain pre-market reviews on a timely basis, if at all. Any delay in, or failure to receive or maintain, clearance or approval for our product candidates could prevent us from generating revenue from these product candidates and adversely affect our business operations and financial results.

Even if granted, a 510(k) clearance, *de novo* classification, PMA approval, or similar authorization or certification from other regulators for any future product may substantial restrictions on how such device is marketed or sold, and the FDA and other regulatory authorities or bodies will continue to place considerable restrictions on our products and operations. For example, with respect to 510(k)-cleared medical devices, certain modifications to such devices that have not been previously cleared may require us to submit a new 510(k) premarket notification and obtain clearance, or to submit a PMA and obtain FDA approval prior to implementing the change. The FDA requires every manufacturer to make this determination in the first instance, but the FDA may review any manufacturer's decision. The FDA may not agree with our decisions regarding whether new marketing authorizations are necessary. We have made modifications to 510(k)-cleared products in the past and have determined based on our review of the applicable FDA regulations and guidance that, in certain instances, new marketing authorizations were not required. We may make modifications or add additional features in the future that we believe do not require FDA premarket review. If the FDA disagrees with

these determinations and requires us to submit new marketing applications for modifications to our products, we may be required to cease marketing or to recall the modified product until we obtain clearance or approval, and we may be subject to significant regulatory fines or penalties. If the FDA requires us to go through a lengthier, more rigorous examination for future products or modifications to existing products than we had expected, product introductions or modifications could be delayed or canceled, which could adversely affect our ability to grow our business.

Subject to transitional provisions, to sell medical devices in EU member states, our products must comply with the general safety and performance requirements of the EU Medical Devices Regulation (Regulation (EU) No 2017/745). Compliance with these requirements is a prerequisite to be able to affix the European Conformity (“CE”) mark to our products, without which they cannot be sold or marketed in the EU. To demonstrate compliance with the general safety and performance requirements, we must undergo a conformity assessment procedure, which varies according to the type of medical device and its (risk) classification. Except for low-risk medical devices (Class I), where the manufacturer can self-assess the conformity of its products with the general safety and performance requirements (except for any parts which relate to sterility, metrology or reuse aspects), a conformity assessment procedure requires the intervention of a notified body (see “*Business—Regulatory Environment—Medical Device Regulation—Regulation of Medical Devices in the European Union*”).

The aforementioned EU rules are generally applicable in the European Economic Area (“EEA”) (which consists of the 27 EU member states plus Norway, Liechtenstein and Iceland). Non-compliance with the above requirements would also prevent us from selling our products in these three countries.

From January 1, 2021 onwards, the MHRA became the sovereign regulatory authority responsible for Great Britain (i.e., England, Wales and Scotland) medical device market according to the requirements provided in the Medical Devices Regulations 2002 (SI 2002 No 618, as amended) that sought to give effect to the three pre-existing EU directives governing active implantable medical devices, general medical devices and in vitro diagnostic medical devices whereas Northern Ireland continues to be governed by EU rules according to the Northern Ireland Protocol. Following the end of the Brexit transitional period on January 1, 2021, new regulations require medical devices to be registered with the MHRA (but manufacturers were given a grace period of four to 12 months to comply with the new registration process) before being placed on Great Britain market. The MHRA will only register devices where the manufacturer or their United Kingdom Responsible Person has a registered place of business in the United Kingdom. Manufacturers based outside the United Kingdom will need to appoint a U.K. Responsible Person that has a registered place of business in the United Kingdom to register devices with the MHRA. By July 1, 2023, in Great Britain, all medical devices will require a UKCA (“UK Conformity Assessed”) mark but CE marks issued by EU notified bodies will remain valid until this time. Manufacturers may choose to use the UKCA mark on a voluntary basis until June 30, 2023. However, UKCA marking will not be recognized in the EU. Compliance with this legislation is a prerequisite to be able to affix the UKCA mark to our products, without which they cannot be sold or marketed in Great Britain. The rules for placing medical devices on the market in Northern Ireland, which is part of the United Kingdom, differ from those in the rest of the United Kingdom. Under the terms of the Northern Ireland Protocol, Northern Ireland will follow EU rules on medical devices and devices marketed in Northern Ireland will require assessment according to the EU regulatory regime. Such assessment may be conducted by an EU notified body, in which case a CE mark will be required before placing the device on the market in the EU or Northern Ireland. Alternatively, if a UK notified body conducts such assessment, a ‘UKNI’ mark will be applied and the device may only be placed on the market in Northern Ireland and not the EU.

The FDA and similar foreign governmental authorities also have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health. Manufacturers may, under their own initiative, recall a product if any material deficiency in a device is found. A government-mandated or voluntary recall of our products could occur as a result of an unacceptable risk to health, component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. Under the FDA’s medical device reporting regulations, we are required to report to the FDA any incident in which our product may have caused or contributed to a death or serious injury or in which our product malfunctioned and, if the malfunction were to recur, would likely cause or contribute to death or serious injury. Similar requirements exist in foreign jurisdictions. If we do not adequately address problems associated with our devices, we may face additional regulatory enforcement action. We may also be required to bear other costs or take other actions that may have a negative impact on our sales as well as face significant adverse publicity or regulatory consequences, which could harm our business, including our ability to market our products in the future.

In addition, the manufacture of medical devices in the United States must comply with the FDA’s Quality System Regulation, or QSR. Manufacturers must register their manufacturing facilities, list the products with the FDA, and comply with requirements

relating to labeling, marketing, complaint handling, adverse event and medical device reporting, reporting of corrections and removals, and import and export. The FDA monitors compliance with the QSR and these other requirements through periodic inspections. Similar requirements exist in foreign jurisdictions. If our facilities or those of our manufacturers or suppliers are found to be in violation of applicable laws and regulations, or if we or our manufacturers or suppliers fail to take satisfactory corrective action in response to an adverse inspection, the FDA and other regulatory authorities could take enforcement action, including any of the following sanctions:

- adverse publicity, untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- customer notifications or repair, replacement, refunds, detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) clearance or PMA approvals or foreign regulatory authorizations or certifications of new products or modified products;
- withdrawing 510(k) clearances, PMA approvals or foreign regulatory authorizations or certifications that have already been granted;
- refusing to issue certificates to foreign governments needed to export products for sale in other countries;
- refusing to grant export approval for our products; or
- pursuing criminal prosecution.

Any of these sanctions could impair our ability to produce our products and product candidates in a cost-effective and timely manner in order to meet our customers' demands and could have a material adverse effect on our reputation, business, results of operations and financial condition. We may also be required to bear other costs or take other actions that may have a negative impact on our future sales and our ability to generate profits.

Failure to comply with applicable transfer pricing and similar regulations could harm our business and financial results.

In many countries, including the United States and the United Kingdom, we are subject to transfer pricing and other tax regulations designed to ensure that appropriate levels of income are reported as earned in each jurisdiction and are taxed accordingly. We are subject to the risk that governmental authorities could audit our transfer pricing and related practices and assert that additional taxes are owed. In the event that the audits or assessments are concluded adversely to us, we may or may not be able to offset or mitigate the consolidated effect.

The enactment of legislation implementing changes in tax legislation or policies in different geographic jurisdictions including the United Kingdom and the United States could materially impact our business, financial condition and results of operations.

We conduct business globally and file income tax returns in multiple jurisdictions. Our consolidated effective income tax rate could be materially adversely affected by several factors, including: changing tax laws, regulations and treaties, or the interpretation thereof; tax policy initiatives and reforms under consideration (such as those related to the Organization for Economic Co-Operation and Development's ("OECD") Base Erosion and Profit Shifting, or BEPS, project, the European Commission's state aid investigations and other initiatives); the practices of tax authorities in jurisdictions in which we operate; the resolution of issues arising from tax audits or examinations and any related interest or penalties. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends, royalties and interest paid.

We are unable to predict what tax reforms may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices in jurisdictions in which we operate, could increase the estimated tax liability that we have expensed to date and paid or accrued on our Consolidated

Statement of Financial Position, and otherwise affect our future results of operations, cash flows in a particular period and overall or effective tax rates in the future in countries where we have operations, reduce post-tax returns to our shareholders and increase the complexity, burden and cost of tax compliance.

The applicability of value-added, sales, use, withholding and other tax laws or regulations on our business is uncertain. Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our customers, which could subject us to additional tax liability and related interest and penalties, increase the costs of our solution and adversely impact our business.

The application of tax laws and regulations to services provided electronically is evolving. New income, sales, use, value-added or other tax laws, statutes, rules, regulations, or ordinances could be enacted at any time (possibly with retroactive effect), and could be applied solely or disproportionately to services provided over the internet or could otherwise materially affect our financial position and results of operations.

In addition, different tax jurisdictions have differing rules and regulations governing sales, use, value-added and other taxes, and these rules and regulations can be complex and are subject to varying interpretations that may change over time. Existing tax laws, statutes, rules, regulations, or ordinances could be interpreted, changed, modified, or applied adversely to us (possibly with retroactive effect). Although our customer contracts typically provide that our customers must pay all applicable sales and similar taxes, our customers may be reluctant to pay back taxes and associated interest or penalties, or we may determine that it would not be commercially feasible to seek reimbursement. In addition, we or our customers could be required to pay additional tax amounts on both future as well as prior sales, and possibly fines or penalties and interest for past due taxes. If we are required to collect and pay back taxes and associated interest and penalties, and if the amount we are required to collect and pay exceeds our estimates and reserves, or if we are unsuccessful in collecting such amounts from our customers, we could incur potentially substantial unplanned expenses, thereby adversely impacting our operating results and cash flows. Imposition of such taxes on our services going forward or collection of sales tax from our customers in respect of prior sales could also adversely affect our sales activity and have a negative impact on our operating results and cash flows.

Furthermore, a tax authority may disagree with tax positions that we have taken, which could result in increased tax liabilities. For example, Her Majesty's Revenue & Customs, or HMRC, or another tax authority could challenge our allocation of income by tax jurisdiction and the amounts paid between our affiliated companies pursuant to our intercompany arrangements and transfer pricing policies, including methodologies for valuing developed technology and amounts paid with respect to our intellectual property development. Similarly, a tax authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a "permanent establishment" under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions. In addition, a tax authority may take the position that material income tax liabilities, interest and penalties are payable by us, where there has been a technical violation of contradictory laws and regulations that are relatively new and have not been subject to extensive review or interpretation, in which case we expect that we might contest such assessment. High-profile companies can be particularly vulnerable to aggressive application of unclear requirements. Many companies must negotiate their tax bills with tax inspectors who may demand higher taxes than applicable law appears to provide. Contesting such an assessment may be lengthy and costly and if we were unsuccessful in disputing the assessment, the implications could increase our anticipated effective tax rate, where applicable.

Risks Related to Intellectual Property and Legal Proceedings

If we are unable to obtain, maintain and enforce intellectual property protection for our technology or if the scope of our intellectual property protection is not sufficiently broad, others may be able to develop and commercialize technology substantially similar to ours, and our ability to successfully commercialize our technology may be adversely affected.

Our business depends on internally developed technology and content, including software, databases, confidential information and know-how, the protection of which is crucial to the success of our business. We rely on a combination of registered and unregistered rights, including patents and registered trademarks, as well as trade-secret and copyright laws and confidentiality procedures and contractual provisions to protect our intellectual property rights in our internally developed technology and content, as well as our brand. We may, over time, increase our investment in protecting our intellectual property through additional patent, trademark and other intellectual property filings. Effective patent, trade-secret, copyright and trademark protection is expensive and time-consuming to develop and maintain, both in terms of initial and ongoing registration requirements and the costs of defending our rights. These measures, however, may not be sufficient to offer us meaningful protection.

Much of our technology and software is maintained as trade secrets and not protected by patents. Our employees, consultants and other parties (including independent contractors and companies with which we conduct business) may unintentionally or willfully disclose our trade secret information or technology to competitors. Enforcing a claim that a third party illegally disclosed or obtained and is using any of our internally developed information, technology or content is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets, know-how and other proprietary information. We rely, in part, on non-disclosure, confidentiality and assignment-of-invention agreements (or equivalent contractual provisions) with our employees, independent contractors, consultants and companies with which we conduct business to protect our trade secrets, know-how and other intellectual property and internally developed information. These agreements may not be self-executing (i.e., they may require further legislative or judicial action before they can take effect or become enforceable), or they may be breached and we may not have adequate remedies for such breach. Moreover, third parties may independently develop similar or equivalent proprietary information or otherwise gain access, whether authorized or unauthorized, to our trade secrets, know-how and other internally developed information.

If we are unable to protect our intellectual property and other IP and other proprietary rights, our competitive position and our business could be harmed, as third parties may be able to commercialize and use technologies and software products that are substantially the same as ours without incurring the development and/or licensing costs that we have incurred. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated. Any of our trade secrets and other confidential information could be disclosed in an unauthorized manner to third parties or otherwise misappropriated. In addition, our intellectual property rights may not be sufficient to provide us with freedom to operate or technology that will permit us to take advantage of current market trends or otherwise sufficient to provide us with competitive advantages, which could result in costly redesign efforts, discontinuance of certain offerings or other competitive harm.

Monitoring unauthorized use of our intellectual property is difficult and costly. From time to time, we may seek to analyze our competitors' services, and may in the future seek to enforce our intellectual property against potential infringement. However, the steps we have taken to protect our intellectual property may not be adequate to prevent infringement or misappropriation of our intellectual property. We may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property. Any inability to meaningfully protect or assert our intellectual property rights could result in harm to our ability to compete and reduce demand for our technology. Moreover, our failure to develop and properly manage new intellectual property could adversely affect our market positions and business opportunities.

Uncertainty may result from changes to intellectual property legislation and from interpretations of intellectual property laws by applicable courts and agencies in any of the jurisdictions in which we operate. Accordingly, we may be unable to obtain and maintain the intellectual property rights necessary to provide us with a competitive advantage. Our failure to obtain, maintain and enforce our intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

Third parties may initiate legal proceedings alleging that we are infringing or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on our business, financial condition and results of operations.

Our commercial success depends on our ability to develop and commercialize our services and use our internally developed technology without infringing the intellectual property or proprietary rights of third parties. Intellectual property disputes can be costly to defend and may cause our business, operating results and financial condition to suffer. As the market for digital healthcare, both in the United States and globally, expands and more patents are issued, the risk increases that there may be patents issued to third parties that relate to our technology of which we are not aware or that we must challenge to continue our operations as currently contemplated. Whether merited or not, we may face allegations that we, our customers or other parties indemnified by us have infringed or otherwise violated the patents, trademarks, copyrights or other intellectual property rights of third parties. Such claims may be made by competitors seeking to obtain a competitive advantage. Additionally, in recent years, individuals and groups have begun purchasing intellectual property assets for the purpose of making claims of infringement and attempting to extract settlements. We may also face allegations that our employees have misappropriated the intellectual property or proprietary rights of their former employers or other third parties. It may be necessary for us to initiate litigation to defend ourselves in order to determine the scope, enforceability and validity of third-party intellectual property or proprietary rights, or to establish our respective rights. We may not be able to successfully settle or otherwise resolve such adversarial proceedings or litigation.

If we are unable to successfully settle future claims on terms acceptable to us, we may be required to engage in or to continue claims, regardless of whether such claims have merit. This can be time-consuming, divert management's attention and financial resources and can be costly to evaluate and defend. Results of any such litigation are difficult to predict and may require us to stop commercializing or using our technology, obtain licenses, modify our services and technology while we develop non-infringing substitutes or incur substantial damages, settlement costs or face a temporary or permanent injunction prohibiting us from marketing or providing the affected services (which may cause us to breach contractual obligations). If we require a third-party license, it may not be available, either on reasonable terms or at all, and we may have to pay substantial royalties, upfront fees or grant cross-licenses to intellectual property rights relating to our products, services or solutions. We may also have to redesign our products, services or solutions so they do not infringe third-party intellectual property rights, which may not be possible or may require substantial monetary expenditures and time, during which our technology may not be available for commercialization or use. Even if we have an agreement with a third party to indemnify us against such costs, the indemnifying party may be unable to uphold its contractual obligations. If we cannot or do not obtain a third-party license on reasonable terms or at all, or obtain similar technology from another source, our revenue and earnings could be adversely impacted.

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business with respect to intellectual property. We are not currently subject to any claims from third parties asserting infringement of their intellectual property rights. Some third parties may be able to sustain the costs of complex litigation more effectively than us because they have substantially greater resources. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our Class A ordinary shares. Moreover, any uncertainties resulting from the initiation and continuation of any legal proceedings could have a material adverse effect on our ability to raise the funds necessary to continue our operations. Assertions by third parties that we infringe or otherwise violate their intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

We may become subject to medical liability claims, which could cause us to incur significant expenses and may require us to pay significant damages if not covered by insurance.

Our business entails the risk of medical liability claims against both our providers and us. We carry insurance (and in relation to clinical negligence claims in the United Kingdom arising from care delivered within Babylon GP at Hand NHS primary medical services, we are indemnified by a national state-backed indemnity scheme under NHS Resolution) covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to our business and/or as required under applicable law, and the physician-owned entities with which we partner carry insurance for themselves and each of their healthcare professionals (our providers). However, successful medical liability claims could result in substantial damage awards that exceed the limits of our and our providers' insurance coverage. In addition, professional liability insurance is expensive and insurance premiums may increase significantly in the future, particularly as we expand our services. As a result, adequate professional liability insurance may not be available to our providers or to us in the future at acceptable costs or at all.

Any claims made against us that are not fully covered by insurance could be costly to defend against, result in substantial damage awards against us and divert the attention of our management and our providers from our operations, which could have a material adverse effect on our business, financial condition and results of operations. In addition, any claims may adversely affect our business or reputation.

We have been, and may in the future become subject to litigation or regulatory investigations, which could cause us to incur significant expenses, pay significant damages or harm our business.

Our business entails the risk of legal claims against us, and we have been and may in the future become subject to litigation. Claims against us may be asserted by or on behalf of a variety of parties, including our customers, our members, users of our products, vendors, government agencies, our current or former employees, our shareholders, or entities in which we invest and/or their shareholders. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, covered by adequate insurance. Although we carry public liability and product liability insurance, as well as medical malpractice insurance in amounts that we believe are appropriate considering the risks attendant to our business, successful claims could result in substantial damage awards that exceed the limits of our insurance coverage.

In addition, any determination that we are acting in the capacity of a healthcare provider, or exercising undue influence or control over a healthcare provider, or any adverse determination by a data protection authority or other applicable regulatory body in respect of our users' data, may subject us to claims not covered by our insurance coverage, or could result in significant sanctions against us and our clinicians, additional compliance requirements, expense, and liability to us. In addition, insurance coverage is expensive and insurance premiums may increase significantly in the future, particularly as we expand our solutions. As a result, adequate coverage may not be available to us or to our providers in the future at acceptable costs or at all. We generally intend to defend ourselves vigorously; however, we cannot be certain of the ultimate outcomes of any claims that may arise in the future. Resolution of some of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact our earnings and cash flows, thereby harming our business and the trading price of our Class A ordinary shares. For example, fines or assessments could be levied against us under domestic or foreign data privacy laws (such as HIPAA, the GDPR, or the California Consumer Privacy Act of 2018 ("CCPA")) or under authority of privacy enforcing governmental entities (such as the FTC or the HHS) or as a result of private actions, such as class actions based on data breaches or based on private rights of action (such as private actions permitted under the CCPA). Additionally, a successful product liability, warranty, or other similar claim against us could have an adverse effect on our business, operating results, and financial condition.

Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured and adversely impact our ability to attract directors and officers. In addition, such litigation could result in increased scrutiny by government authorities having authority over our business, such as the FTC, the HHS, Office for Civil Rights, and state attorneys general.

In England, Babylon and Babylon GP at Hand are both registered providers with the CQC. In the event of an enforcement action arising from a clinical incident by either provider, there is a risk of fines. These can be modest Fixed Penalty Fines (for example for noncompliance with notification deadlines, or an administrative step in relation to duty of candor); however, if the enforcement action relates to matters of safe care, fines can be more significant and relate to the provider's turnover. This type of enforcement action is ring-fenced to the legal entity that is registered, but remains a risk for any healthcare provider registered with the CQC. Other regulators in the sector can also impose fines, for example the Health and Safety executive, for non-clinical care incidents, and the U.K. Information Commissioner's Office for data protection breaches, security incidents or non-compliance with data protection legislation.

We are also subject to various regulations as to the use of certain medical technology. In certain jurisdictions, the rules governing the application of our technology may not readily align with the nature of our products and services, in which case we may incur costs and delays in communicating with authorities, obtaining clearances in those markets or penalties for failure to conform to certain registration requirements. For example, we have in the past and expect to continue to have interactions with the MHRA and regulatory authorities in certain other jurisdictions about the proper classification of certain products and services, which may result in requiring us to re-register different products and services or changing, reducing functionality of or access to certain of our products and services.

Our Higi Smart Health Station business exposes us to the risk of product liability claims that is inherent in the testing, manufacturing and marketing of medical devices, including those which may arise from the misuse (including system hacking or other unauthorized access by third parties to our systems) or malfunction of, or design flaws in, our Higi station products. Notably, the classification of the Higi station as a Class II medical device in the U.S. is likely to weaken our ability to rely on federal preemption of state law claims that assert liability against us for harms arising from use of the Higi station. We may be subject to product liability claims if our products cause, or merely appear to have caused, an injury. Claims may be made by end users, customers, healthcare providers or others selling our products. We may be subject to claims against us even if the apparent injury is due to the actions of others or misuse of our Higi station or a partner device. Our customers, either on their own or following the advice of their physicians, may use our Higi station products in a manner not described in the products' labeling and that differs from the manner in which it was used in clinical studies and cleared by the FDA. Defending a suit, regardless of merit, could be costly, could divert management attention and might result in adverse publicity, which could result in the withdrawal of, or inability to recruit, clinical trial volunteers or result in reduced acceptance of our Higi station products in the market.

In addition, in the United States and other jurisdictions, medical device manufacturers have been the target of numerous government prosecutions and investigations alleging violations of law, including claims asserting impermissible off-label promotion of medical devices, payments intended to influence the referral of federal or state healthcare business, and submission of false claims for government reimbursement. We cannot rule out the possibility that the government or other third parties could interpret these laws

differently and challenge our practices under one or more of these laws. This likelihood of allegations of non-compliance is increased by the fact that under certain federal and state laws applicable to our Higi station business, individuals, known as relators, may bring an action on behalf of the government alleging violations of such laws, and potentially be awarded a share of any damages or penalties ultimately awarded to the applicable government body. Any action against us alleging a violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's time and attention from the operation of our business, and have a material effect on our business.

Risks Related to Information Technology and Data

Cyberattacks, security breaches and incidents, and other disruptions have compromised and could in the future compromise sensitive information related to our business or members, or prevent us from accessing critical information or from serving customers and expose us to liability, which could adversely affect our business and our reputation.

In the ordinary course of our business, we collect, store, use and disclose sensitive data, including protected health information ("PHI"), and other types of personal data (as defined in the GDPR and the United Kingdom's implementation of the GDPR ("UK GDPR")) or personally identifiable information ("PII"). We also process and store, and use additional third party service providers to process and store sensitive information including intellectual property and other proprietary business information, including that of our members and customers (collectively, together with PHI and PII, "Confidential Data"). We manage and maintain our platform and Confidential Data utilizing a combination of on-site systems, managed data center systems and cloud-based computing center systems.

We are highly dependent on information technology infrastructure, networks and systems, including the internet and various hardware and software systems such as cloud technologies (collectively, "IT Systems"), to securely process, transmit and store Confidential Data and to conduct many other critical internal and external operations. Cyberattacks and security breaches involving our IT Systems, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, employee or contractor error, negligence or malfeasance, and bugs, misconfigurations or other vulnerabilities can create system disruptions, shutdowns or unauthorized disclosure or modifications of Confidential Data, causing for example, member health information to be accessed or acquired without authorization or to become publicly available. We utilize third-party service providers for important aspects of the collection, storage, transmission and security of Confidential Data, and therefore rely on third parties to manage functions that have material cybersecurity risks. Because of the sensitivity of Confidential Data that we and our service providers collect, store, transmit, and otherwise process, the security of our IT Systems and other aspects of our services, including those provided or facilitated by our third-party service providers, is critically important to our operations and business strategy. We take certain administrative, physical and technological measures in response to these risks, such as by conducting privacy and security impact assessments, and seeking contractual security commitments from service providers who handle Confidential Data.

We have experienced cyber and other security incidents in the past and continue to experience them from time to time. Despite protective measures taken by us and by third-party service providers, our IT Systems and Confidential Data are and remain vulnerable to cyberattacks and cybersecurity risks posed by hackers or viruses, failures or breaches due to third-party action, employee negligence or error, malfeasance or other disruptions (for example, due to ransomware), bugs, misconfigurations, or other hardware or software vulnerabilities, including supply chain related vulnerabilities and failures during the process of upgrading or replacing software, databases or components thereof, and a host of other cybersecurity threats. We expect the frequency and impact of cyberattacks to accelerate as threat actors are becoming increasingly sophisticated, for example, in using tactics and techniques designed to circumvent security controls, avoid detection, and obfuscate forensic evidence, such that we may be unable to timely or effectively detect, identify, investigate or remediate attacks in the future.

A cyberattack, security breach or incident, or other privacy or data protection violation, that leads to disclosure or unauthorized use, modification of, or other processing, or that prevents access to or otherwise impacts the confidentiality, security, availability or integrity of Confidential Data that we or our subcontractors maintain or otherwise process, could harm our reputation, compel us to comply with breach notification laws, cause us to incur significant costs for remediation, fines, penalties, notification to individuals and for measures intended to repair or replace systems or technology and to prevent future occurrences, potential increases in insurance premiums, and require us to verify the accuracy of database contents or be subject to audits from regulators or customers, resulting in increased costs and loss of revenue. If we are unable to prevent such security breaches or privacy violations or implement satisfactory remedial measures, or if it is perceived that we have been unable to do so, our operations could be disrupted, we may be unable to provide access to our platform, and we could suffer a loss of customers or users or a decrease in the use of our platform, and we may suffer loss of reputation, harm to our market position, adverse impacts on customer, user and investor confidence, financial

loss, governmental investigations, litigation or other actions, regulatory or contractual penalties, and other claims and liability. In addition, security breaches and incidents and other unauthorized access to, or acquisition or processing of, Confidential Data can be difficult to detect, and any delay in identifying such incident, mitigating and otherwise responding to any incidents, or in providing any notification of such incidents may lead to increased liability and impact to operations.

Any such breach or incident, or disruption to or interruption of our systems or any of our third-party information technology partners, could compromise our networks or data security processes, disrupt our operations, and sensitive information could be destroyed, corrupted, or inaccessible or could be accessed, obtained, or disclosed by unauthorized parties, publicly disclosed, lost or stolen. Any such interruption in access, improper access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws and regulations that protect the privacy of member information or other personal information, such as HIPAA, the GDPR, the UK GDPR and the Data Protection Act 2018 (“DPA 2018”), and regulatory fines or penalties. Unauthorized access, loss or dissemination could also disrupt our operations, including our ability to perform our services, provide member assistance services, conduct research and development activities, collect, process, and prepare company financial information, provide information about our current and future solutions and engage in other user and clinician education and outreach efforts. Any such breach or incident could also result in the loss or compromise of our trade secrets and other proprietary information, which could adversely affect our business and competitive position. While we maintain insurance covering certain security and privacy damages and claim expenses, we may not carry insurance or maintain coverage sufficient to compensate for all loss and liability and in any event, insurance coverage would not address the reputational damage that could result from a security incident.

Our audit committee, which reports to our full board of directors, has historically been responsible for overseeing our cybersecurity risk management processes.

Our use, disclosure, and other processing of information relating to individuals, including health information, is subject to HIPAA, the GDPR, the DPA 2018, the UK GDPR, and other privacy, data protection, and data security laws and regulations, and our failure to comply with those laws and regulations or to adequately secure the information we hold and that is processed in our business could result in significant liability or reputational harm and, in turn, a material adverse effect on our client base, member base and revenue.

Numerous state and federal laws and regulations govern the collection, dissemination, use, privacy, confidentiality, security, availability, integrity, and other processing of PHI and PII. These laws and regulations include HIPAA. HIPAA establishes a set of national privacy and security standards for the protection of PHI by health plans, healthcare clearinghouses and certain healthcare providers, referred to as covered entities, and the business associates with whom such covered entities contract for services, as well as their covered subcontractors. Our U.S. entities that directly provide healthcare services are covered entities under HIPAA. Our U.S. entities are both covered entities under HIPAA and business associates under HIPAA. We execute business associate agreements with our customers that process PHI.

HIPAA requires covered entities and business associates to develop and maintain policies and procedures with respect to the use, disclosure and protection of PHI, including the adoption of administrative, physical and technical safeguards to protect such information. HIPAA also implemented the use of standard transaction code sets and standard identifiers that covered entities must use when submitting or receiving certain electronic healthcare transactions, including activities associated with the billing and collection of healthcare claims.

HIPAA imposes mandatory penalties for certain violations. Entities that are found to be in violation of HIPAA as the result of a breach of unsecured PHI, a complaint about privacy practices or an audit by HHS may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. However, a single breach incident can result in violations of multiple standards. HIPAA also authorizes state attorneys general to file lawsuits on behalf of their residents. Courts may award damages, costs and attorneys’ fees related to violations of HIPAA in such cases. While HIPAA does not create a private right of action allowing individuals to sue us in civil court for violations of HIPAA, its standards have been used as the basis for duty of care in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI.

In addition, HIPAA mandates that the Secretary of HHS conduct periodic compliance audits of HIPAA covered entities and business associates for compliance with HIPAA. It also tasks HHS with establishing a methodology whereby harmed individuals who were the victims of breaches of unsecured PHI may receive a percentage of the civil monetary penalty fine paid by the violator.

HIPAA further requires that patients be notified of any unauthorized acquisition, access, use or disclosure of their PHI that compromises the privacy or security of such information, with certain exceptions related to unintentional or inadvertent use or disclosure by employees or authorized individuals. HIPAA specifies that such notifications must be made “without unreasonable delay and in no case later than 60 calendar days after discovery of the breach.” If a breach affects 500 patients or more, it must be reported to HHS without unreasonable delay, and HHS will post the name of the breaching entity on its public website. Breaches affecting 500 patients or more in the same state or jurisdiction must also be reported to the local media. If a breach involves fewer than 500 people, the covered entity must record it in a log and notify HHS at least annually.

In addition to HIPAA, numerous other federal, state, and foreign laws and regulations protect the confidentiality, privacy, availability, integrity and security of PHI and other types of PII. These laws and regulations in many cases are more restrictive than, and may not be preempted by HIPAA. These laws and regulations can be uncertain, contradictory, and subject to change or differing interpretations, and we expect new laws, rules and regulations regarding privacy, data protection, and information security to be proposed and enacted in the future.

For example, the recently enacted CCPA provides new privacy rights for California residents. The enforcement of the CCPA by the California Attorney General commenced July 1, 2020. We were required to modify our data processing practices and policies and to incur costs and expenses in connection with our compliance with the CCPA. The CCPA also provides for civil penalties and a private right of action for violations, which may increase our compliance costs and potential liability. Additionally, the California Privacy Rights Act (“CPRA”) recently passed in California. The CPRA significantly amends the CCPA and will generally go into effect on January 1, 2023, but creates certain obligations relating to consumer data collected as of January 1, 2022. We continue to monitor developments related to the CPRA, and anticipate needing to incur additional costs and expenses associated with compliance with CPRA compliance. Similar laws have passed in Virginia and Colorado, and have been proposed in other states and at the federal level, reflecting a trend toward more stringent privacy legislation in the United States. Many obligations under legislative proposals remain uncertain, and we cannot fully predict their impact on our business. If we fail to comply with any of these laws or standards, we may be subject to investigations, enforcement actions, civil litigation, fines and other penalties, all of which may generate negative publicity and have a negative impact on our business.

Further, the FTC and many state Attorneys General continue to enforce federal and state consumer protection laws against companies for online collection, use, dissemination and security practices that appear to be unfair or deceptive. For example, according to the FTC, failing to take appropriate steps to keep consumers’ personal information secure can constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The FTC expects a company’s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities.

Outside of the United States, we, along with a significant number of our customers, are subject to laws, rules, regulations, guidance and industry standards related to data privacy and cyber security, and restrictions or technological requirements regarding the collection, use, storage, protection, retention or transfer of data. For example, the GDPR and, now that the U.K. has exited the EU, the DPA 2018 and the UK GDPR, contain numerous requirements and changes from previous EU law, including more robust obligations on data processors and data controllers and heavier documentation requirements for data protection compliance programs. Specifically, the numerous privacy-related changes for companies operating in the EU and the U.K. were introduced, including greater control over personal data by data subjects (e.g., the “right to be forgotten”), increased data portability for EU and UK consumers, data breach notification requirements (which differ to those listed under HIPAA above and increased fines). In particular, under the GDPR, the Data Protection Act 2018 and the UK GDPR, fines of up to €20 million (£17.5 million in the U.K.) or up to 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for certain violations. The EU and UK fining regimes run in parallel and we may be exposed to fines in both jurisdictions arising from the same infringement.

The GDPR and the UK GDPR requirements apply not only to third-party transactions and European consumers, but also to transfers of information between us and our subsidiaries, including employee information. The European Commission has adopted an adequacy decision in favor of the UK, enabling data transfers from EU member states to the UK without additional safeguards. However, the UK adequacy decision will automatically expire in June 2025 unless the European Commission re-assesses and renews/ extends that decision, and remains under review by the Commission during this period. In September 2021, the UK government launched a consultation on its proposals for wide-ranging reform of UK data protection laws following Brexit. There is a risk that any material changes which are made to the UK data protection regime could result in the Commission reviewing the UK adequacy decision, and the UK losing its adequacy decision if the Commission deems the UK to no longer provide adequate protection for

personal data. These changes will lead to additional costs and increase our overall risk exposure. Depending on the contractual relationship with our relevant counterparty, we are required to comply with the GDPR, the UK GDPR and the DPA 2018 as a “Data Controller” and a “Data Processor” as appropriate. In 2018, we appointed a Data Protection Officer to oversee and supervise our compliance with GDPR and the DPA 2018 data protection regulations. As a result of case law and regulatory changes in relation to transfers of personal data outside of the United Kingdom and Europe (particularly those transfers to the United States), we have made considerable changes to our contractual data transfer template agreements and data transfer risk assessments.

Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA and the United Kingdom to the United States. Most recently, on July 16, 2020, the Court of Justice of the European Union (“CJEU”) invalidated the EU-US Privacy Shield Framework (“Privacy Shield”) under which personal data could be transferred from the EEA to US entities who had self-certified under the Privacy Shield scheme. While the CJEU upheld the adequacy of the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism, and potential alternative to the Privacy Shield), it made clear that reliance on them alone may not necessarily be sufficient in all circumstances. Use of the standard contractual clauses must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals and additional measures and/or contractual provisions may need to be put in place. The European Commission has published revised standard contractual clauses for data transfers from the EEA: the revised clauses have been mandatory for relevant transfers since September 27, 2021; existing standard contractual clauses arrangements must be migrated to the revised clauses by December 27, 2022. We will be required to implement the revised standard contractual clauses, in relation to relevant existing contracts and certain additional contracts and arrangements, within the relevant time frames. The United Kingdom’s Information Commissioner’s Office has published new data transfer standard contracts for transfers from the UK under the UK GDPR. This new documentation will be mandatory for relevant data transfers from September 21, 2022; existing standard contractual clauses arrangements must be migrated to the new documentation by March 21, 2024. We will be required to implement the latest UK data transfer documentation for data transfers subject to the UK GDPR, in relation to relevant existing contracts and certain additional contracts and arrangements, within the relevant time frames.

These recent developments may require us to review and amend the legal mechanisms by which we make and/or receive personal data transfers to/ in the U.S. The developments also create uncertainty and increase the risk around our international operations. European court and regulatory decisions subsequent to the CJEU decision of July 16, 2020 have taken a restrictive approach to international data transfers. For example, the Austrian and the French data protection supervisory authorities, as well as the European Data Protection Supervisor, have recently ruled that use of Google Analytics by European website operators involves the unlawful transfer of personal data to the United States; a number of other EU supervisory authorities are expected to take a similar approach which may impact other business tools that we use. As the enforcement landscape further develops, and supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the standard contractual clauses cannot be used, we could suffer additional costs, complaints and/or regulatory investigations or fines, have to stop using certain tools and vendors and make other operational changes, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

Globally, governments and agencies have adopted and could in the future adopt, modify, apply or enforce laws, policies, regulations, and standards covering user privacy, data security, technologies such as cookies that are used to collect, store and/or process data, online, the use of data to inform marketing, the taxation of products and services, unfair and deceptive practices, and the collection (including the collection of information), use, processing, transfer, storage and/or disclosure of data associated with unique individual internet users. For example, in addition to the GDPR, the European Commission has another draft regulation in the approval process that focuses on a person’s right to conduct a private life. The proposed legislation, known as the Regulation of Privacy and Electronic Communications (the “ePrivacy Regulation”) would replace the current ePrivacy Directive. Originally planned to be adopted and implemented at the same time as the GDPR, the ePrivacy Regulation is still being negotiated. Most recently, on February 10, 2021, the Council of the EU agreed on its version of the draft ePrivacy Regulation. If adopted, the earliest date for entry into force is in 2023, with broad potential impacts on the use of internet-based services and tracking technologies, such as cookies. Aspects of the ePrivacy Regulation remain for negotiation between the European Commission, the European Parliament and the Council. We expect to incur additional costs to comply with the requirements of the ePrivacy Regulation as it is finalized for implementation. In the U.K., a well-known privacy campaigning organization is driving a cookie compliance campaign. They also submitted complaints against hundreds of companies and their website ePrivacy (namely cookie) practices, challenging whether or not they give users the option to consent to the placement of certain cookies. This campaign could lead to higher risk of individual claims,

regulatory authority scrutiny, and ultimately enforcement action. More generally, new laws, regulations, or legislative actions regarding data privacy and security (together with applicable industry standards) may increase the costs of doing business and could have a material adverse impact on our operations and cash flows.

While we have taken steps to mitigate the impact of the GDPR, the DPA 2018, and the UK GDPR on us and despite our ongoing efforts to bring practices into compliance, we may not be successful either due to various factors within our control, such as limited financial or human resources, or other factors outside our control. It is also possible that local data protection authorities may have different interpretations of the GDPR or other data protection laws, leading to potential inconsistencies amongst various EU member states or between the UK and one or more countries in the EEA. Any failure or perceived failure (including as a result of deficiencies in our policies, procedures, or measures relating to privacy, data protection, data security, marketing, or customer communications) by us to comply with laws, regulations, policies, legal or contractual obligations, industry standards, or regulatory guidance relating to privacy, data protection, or data security, have in the past and may in the future result in regulatory investigations and other proceedings, and enforcement actions, litigation, fines and penalties or adverse publicity, as well as claims, complaints, and litigation and other proceedings from private actors, and resulting damages and other liabilities, and could cause our customers lose trust in us, which could have an adverse effect on our reputation and business.

This complex, dynamic legal landscape regarding privacy, data protection, and information security creates significant compliance issues for us and our customers and potentially exposes us to additional expense, adverse publicity and liability. While we have implemented measures in an effort to comply with applicable laws and regulations relating to privacy, data protection, and data security, some PHI and other PII or confidential information is transmitted to us or processed by third parties and service providers, who may not implement adequate security and privacy measures, and it is possible that laws, rules and regulations relating to privacy, data protection, or information security may be interpreted and applied in a manner that is inconsistent with our practices or those of third parties. If we or these third parties are accused of having violated such laws, rules or regulations, it could result in claims, proceedings, regulatory investigations and other proceedings, damages, liabilities, and government-imposed fines, penalties (including audits and enforcement actions to stop data processing activities), orders requiring that we or these third parties change our or their practices, or criminal charges, which could adversely affect our business. Complying with these various laws and regulations could cause us to incur substantial costs or require us to change our business practices, systems and compliance procedures in a manner adverse to our business.

We expect that there will continue to be new proposed laws, regulations and industry standards relating to privacy, data protection, marketing, consumer communications and data security in the United States, the EU and other jurisdictions, and we cannot determine the impact such future laws, regulations and standards may have on our business. Future laws, regulations, standards and other obligations or any changed interpretation of existing laws or regulations could impair our ability to develop and market new services and maintain and grow our customer base and increase revenue.

Any disruption of service at our third-party data and call centers or Amazon Web Services could interrupt or delay our ability to deliver our services to our customers.

We currently host our platform and serve our customers primarily using Amazon Web Services (“AWS”), a provider of cloud infrastructure services. We do not have control over the operations of the facilities of our data and call center providers or AWS. Also, there are limited auditing rights for us to exercise against such data processors under Article 28 of the GDPR. As such, there is a greater risk of not being able to confirm compliance and meet other contractual obligations, such as obligations to customers that we have sufficient controls in place with third party suppliers. These facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, cyber security attacks, terrorist attacks, power losses, telecommunications failures and similar events. The occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice, or other unanticipated problems could result in lengthy interruptions in our solution. The facilities also could be subject to break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. Our solutions’ continuing and uninterrupted performance is critical to our success. Because our solutions and services are used by our members for health purposes, it is critical that our solutions be accessible without interruption or degradation of performance. Members may become dissatisfied by any system failure that interrupts our ability to provide our solutions to them. Outages could lead to the triggering of our service level agreements and the issuance of credits to our customers, in which case, we may not be fully indemnified for such losses pursuant to our agreement with AWS. We may not be able to easily switch our AWS operations to another cloud provider if there are disruptions or interference with our use of AWS. Sustained or repeated system failures would reduce the attractiveness of our solution to customers and members and result in contract terminations, thereby reducing revenue. Moreover, negative publicity arising from these types of disruptions could damage

our reputation and may adversely impact use of our solution. We may not carry sufficient business interruption insurance to compensate us for losses that may occur as a result of any events that cause interruptions in our service.

Neither our third-party data and call center providers nor AWS have an obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew our agreements with these providers on commercially reasonable terms, if our agreements with our providers are prematurely terminated, or if in the future we add additional data or call center providers, we may experience costs or downtime in connection with the transfer to, or the addition of, new providers. If these providers were to increase the cost of their services, we may have to increase the price of our solutions, and our operating results may be adversely impacted.

We rely on internet infrastructure, bandwidth providers, third-party computer hardware and software and other third parties for providing services to our customers and members, and any failure or interruption in the services provided by these third parties could expose us to litigation and negatively impact our relationships with customers and members, adversely affecting our operating results.

Our ability to deliver our digital services depends on the development and maintenance of the infrastructure of the internet by third parties. This includes maintenance of a reliable network backbone with the necessary speed, data capacity, bandwidth capacity and security. Our services are designed to operate without interruption. However, we may experience future interruptions and delays in services and availability from time to time. In the event of a catastrophic event with respect to one or more of our systems, we may experience an extended period of system unavailability, which could negatively impact our relationship with customers and members. Outages could lead to the triggering of our service level agreements and the issuance of credits to our customers, in which case, we may not be fully indemnified for such losses pursuant to our agreement with our service providers. In addition, sustained or repeated system failures would reduce the attractiveness of our solution to customers and members and result in contract terminations, thereby reducing revenue. Moreover, negative publicity arising from these types of disruptions could damage our reputation and may adversely impact use of our solution. To operate without interruption, both we and our service providers must guard against:

- damage from fire, power loss, natural disasters and other force majeure events outside our control;
- communications failures;
- software and hardware errors, failures, and crashes;
- security breaches and incidents, computer viruses, hacking, denial-of-service and ransomware attacks, and similar disruptive problems; and
- other potential interruptions.

We also rely on software licensed from third parties in order to offer our services. These licenses are generally commercially available on varying terms. However, it is possible that this software may not continue to be available on commercially reasonable terms, or at all. Any loss of the right to use any of this software could result in delays in the provisioning of our services until equivalent technology is either developed by us, or, if available, is identified, obtained and integrated. Furthermore, our use of additional or alternative third-party software would require us to enter into license agreements with third parties, and integration of our software with new third-party software may require significant work and require substantial investment of our time and resources.

Also, any interruption in the services provided by our third-party service providers, undetected errors or defects in third-party software could prevent the deployment or impair the functionality of our software, delay new updates or enhancements to our solution, result in a failure of our solution, and injure our reputation. For example, we rely on third-party billing provider software to transmit the actual claims to payers based on the specific payer billing format. If this provider experiences an interruption in service or makes changes to its invoicing system, we may experience delays in claims processing. If we are required to switch to a different software provider to handle claim submissions, we may experience delays in our ability to process these claims and receipt of payments from payers, or possibly denial of claims for lack of timely submission, which would have an adverse effect on our revenue and our business.

There can be no assurance that any security measures that we or our third-party service providers, including third party providers of data services or cloud infrastructure services, have implemented will be effective against current or future security threats, and we cannot guarantee that our systems and networks or those of our third-party service providers have not been breached or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our systems and networks or the systems and networks of third parties that support us and our services. While we maintain measures designed to protect the integrity, confidentiality and security of our data and other data we maintain or otherwise process, our security measures or those of our third-party service providers could fail and result in unauthorized access to or disclosure, modification, misuse, loss or destruction of such data.

Neither our service providers nor our licensors have an obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew our agreements with such parties on commercially reasonable terms or if our agreements with our providers are prematurely terminated, or if in the future we add additional service providers, we may experience costs or downtime in connection with the transfer to, or the addition of, new providers. If these providers were to increase the cost of their services, we may have to increase the price of our solutions, and our operating results may be adversely impacted.

Risks Related to Ownership of our Class A ordinary shares and Operating as a Public Company

The trading price of our Class A ordinary shares has been and may continue to be volatile, and the value of our Class A ordinary shares may decline.

We cannot predict the prices at which our Class A ordinary shares will trade. The market price of our Class A ordinary shares may fluctuate substantially. In addition, the trading price of our Class A ordinary shares has been and may continue to be volatile and subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our Class A ordinary shares.

In addition, if the market for technology or healthcare stocks or the stock market in general experiences a loss of investor confidence, the trading price of our Class A ordinary shares could decline for reasons unrelated to our business, financial condition or results of operations. The trading price of our Class A ordinary shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the trading price of a company's securities, securities class action litigation has often been brought against that company. If our share price is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management's attention and resources from our business. This could have an adverse effect on our business, financial condition and results of operations.

An active trading market for our securities may not develop or be sustained, which would adversely affect the liquidity and price of our Class A ordinary shares.

An active trading market for our securities may not develop or, if developed, it may not be sustained. The lack of an active market may impair your ability to sell our securities at the time you wish to sell them or at a price that you consider reasonable. An inactive market may also impair our ability to raise capital by selling Class A ordinary shares and may impair our ability to acquire other businesses or technologies using our Class A ordinary shares as consideration, which, in turn, could materially adversely affect our business.

Additionally, if our securities are delisted from the NYSE and are quoted on the OTC Bulletin Board (an inter-dealer automated quotation system for equity securities that is not a national securities exchange), the liquidity and price of our securities may be more limited than if we were quoted or listed on the NYSE, the Nasdaq Stock Market LLC, or another national securities exchange.

The dual class structure of our ordinary shares has the effect of concentrating voting power with our Founder, which limits your ability to influence the outcome of important transactions, including a change in control.

Our Class B ordinary shares, \$0.0000422573245084686 par value per share (the "Class B ordinary shares"), have fifteen (15) votes per share, and our Class A ordinary shares have one (1) vote per share. Our Founder holds all of the issued and outstanding Class B ordinary shares, including the Stockholder Earnout Shares (described in our Note 5 to our Consolidated Financial Statements included in this Prospectus/Offer to Exchange). After giving effect to this offering, based on an assumed Offer of 0.295 Class A

ordinary shares for each warrant exchanged (which assumed Offer is based on the last reported sale prices of our Class A ordinary shares and public warrants on the NYSE on May 19, 2022), our Founder will beneficially own approximately 82.9% of the voting power of our outstanding capital stock and will have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of directors. Therefore, our Founder is able to significantly influence and pass, without other shareholder support, matters submitted to our shareholders for approval, including the election and removal of directors, amendments of our organizational documents, issuance of new shares, and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transactions. Our Founder may in certain circumstances have sufficient voting control over us to amend our governance documents and the powers, preferences or other rights attached to Class A ordinary shares. Further, even if the Founder terminates his employment or is terminated for cause, he will retain voting control of us following his separation and continue to have the rights described in this paragraph based on his ownership of our ordinary shares. Our Founder may have interests that differ from yours and may vote or take corporate action in a way with which you disagree and which may be adverse to your interests. This concentrated control may have the effect of delaying, preventing or deterring a change in control of our company, could deprive our shareholders of an opportunity to receive a premium for their Class A ordinary shares as part of a sale of our company and might ultimately affect the market price of our Class A ordinary shares.

Future transfers by our Founder of Class B ordinary shares will generally result in those shares converting into Class A ordinary shares, subject to limited exceptions, such as certain transfers effected for estate planning or charitable purposes. For more information about our dual class structure, see the section entitled “*Description of Share Capital and Articles of Association*.”

We cannot predict the impact our dual class structure may have on the trading market for our Class A ordinary shares.

We cannot predict whether our dual class structure will result in a lower or more volatile market price of our Class A ordinary shares or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with dual or multi-class share structures in certain of their indexes. In July 2017, FTSE Russell and S&P Dow Jones announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Beginning in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities “with unequal voting structures” in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria.

Under the announced policies, our dual class capital structure would make us ineligible for inclusion in certain indices, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indices will not be investing in our Class A ordinary shares. These policies are still fairly new and it is as of yet unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations compared to those of other similar companies that are included. Because of our dual class structure, we will likely be excluded from certain of these indexes and we cannot assure you that other stock indexes will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A ordinary shares less attractive to other investors. As a result, the market price of our Class A ordinary shares could be adversely affected.

As a result of the Business Combination, the Internal Revenue Service may not agree that we should be treated as a non-U.S. corporation for U.S. federal income tax purposes.

For U.S. federal income tax purposes, a corporation is generally considered a U.S. “domestic” corporation (or U.S. tax resident) if it is organized in the United States, and a corporation is generally considered a “foreign” corporation (or non-U.S. tax resident) if it is not a U.S. corporation. Because Babylon is an entity incorporated in the Bailiwick of Jersey, it would generally be classified as a foreign corporation (or non-U.S. tax resident) under these rules. Section 7874 of the Code and the Treasury regulations promulgated thereunder, however, contain specific rules that may cause a non-U.S. corporation to be treated as a U.S. corporation for U.S. federal income tax purposes. If it were determined that Babylon is treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Code and the Treasury regulations promulgated thereunder, Babylon would be liable for U.S. federal income tax on its income in the same manner as any other U.S. corporation and certain distributions made by Babylon to non-U.S. holders of Babylon may be subject to U.S. withholding tax.

Based on the Business Combination with Alkuri, and certain factual assumptions, Babylon is not expected to be treated, as a result of the Business Combination, as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Code. However, the application of Section 7874 of the Code is complex and is subject to detailed regulations (the application of which is uncertain in various respects and would be impacted by changes in such U.S. Treasury regulations with possible retroactive effect) and is subject to certain factual uncertainties. Accordingly, there can be no assurance that the IRS will not challenge our status as a foreign corporation under Section 7874 of the Code or that such challenge would not be sustained by a court or that Babylon will not determine that changes in facts result in a conclusion that Babylon will be treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Code.

If the IRS were to successfully challenge under Section 7874 of the Code Babylon's status as a foreign corporation for U.S. federal income tax purposes, Babylon and certain Babylon shareholders would be subject to significant adverse tax consequences, including a higher effective corporate income tax rate on Babylon and future withholding taxes on certain Babylon shareholders, depending on the application of any income tax treaty that might apply to reduce such withholding taxes.

Investors in Babylon should consult their own advisors regarding the tax consequences if the classification of Babylon as a non-U.S. corporation is not respected.

We are an "emerging growth company," and our election to comply with the reduced disclosure requirements as a public company may make our Class A ordinary shares less attractive to investors.

We are an "emerging growth company" as that term is used in the JOBS Act, and we may remain an emerging growth company until the earlier of (i) the last day of the fiscal year (A) following the fifth anniversary of the first sale of the units of Alkuri pursuant to an effective registration statement on Form S-1 under the Securities Act, (B) in which we have total annual gross revenue of at least \$1.07 billion, or (C) in which we are deemed to be a large accelerated filer, which means the market value of our outstanding ordinary shares that are held by non-affiliates exceeds \$700 million as of the prior June 30, and (ii) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three year period.

For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the independent auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We may choose to take advantage of some, but not all, of these reduced reporting burdens. Accordingly, the information we provide to our shareholders may be different than the information you receive from other public companies in which you hold stock.

We are a "foreign private issuer" and, as a result, we are permitted to rely on exemptions from certain Exchange Act reporting requirements applicable to U.S. domestic issuers. This may afford less protection to holders of our Class A ordinary shares.

As a foreign private issuer whose Class A ordinary shares are listed on the NYSE, we are permitted to rely on exemptions from certain reporting and other disclosure requirements under the Exchange Act in lieu of complying with requirements under U.S. securities laws that apply to U.S. domestic public companies, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; and
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the NYSE rules. Press releases relating to financial

results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC is less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

In addition, as a foreign private issuer we are exempt from the provisions of Regulation Fair Disclosure (“Regulation FD”), which prohibits issuers from making selective disclosure of material nonpublic information. Even though we intend to comply voluntarily with Regulation FD, these exemptions and leniencies reduce the frequency and scope of information and protections to which our shareholders are entitled as investors.

Furthermore, our Class A ordinary shares are not listed and we do not currently intend to list our Class A ordinary shares in any market in the Bailiwick of Jersey, our country of incorporation. As a result, we are not subject to the reporting and other requirements of companies listed in the Bailiwick of Jersey.

We are permitted to rely on foreign private issuer exemptions from certain stock exchange corporate governance standards. As a result, our shareholders may be afforded less protection than shareholders of companies that are subject to all of the NYSE corporate governance requirements.

As a foreign private issuer, we have the option to follow certain home country corporate governance practices rather than those of the NYSE, provided that we disclose the requirements we are not following and describe the home country practices we are following. Currently, we intend to follow certain home country corporate governance practices instead of those otherwise required under the NYSE rules for U.S. issuers.

Any foreign private issuer exemptions we avail ourselves of in the future may reduce the scope of information and protection to which you are otherwise entitled as an investor. As result, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE corporate governance requirements.

We expect to lose our foreign private issuer status for the year ended December 31, 2022, which could result in significant additional costs and expenses to us.

In order to maintain our current status as a foreign private issuer, either (a) more than 50% of our outstanding voting securities must be either directly or indirectly owned of record by non-residents of the United States or (b)(i) a majority of our executive officers or directors may not be U.S. citizens or residents, (ii) more than 50% of our assets cannot be located in the United States and (iii) our business must be administered principally outside the United States.

We expect to lose our foreign private issuer status for the year ended December 31, 2022, as a result of our Founder, who held 83.1% of the voting power (taking account of the Stockholder Earnout Shares) of our ordinary shares as of December 31, 2021, having established residency in the United States, and increased contacts with the United States. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also be required to comply with U.S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we may be required to make changes in our corporate governance practices in accordance with various SEC and NYSE rules. The additional requirements that we will become subject to if we lose our foreign private issuer status could lead us to incur significant additional legal, accounting and other expenses.

Although we do not expect to rely on the “controlled company” exemption, as a “controlled company” within the meaning of the NYSE rules, we qualify for exemptions from certain corporate governance requirements.

Because our Founder owns at least a majority of our voting rights in the aggregate, we are considered a “controlled company” within the meaning of the NYSE rules. Under these rules, a NYSE-listed company of which more than 50% of the voting power is held by a person or group of persons acting together is a “controlled company” and may elect not to comply with certain stock exchange rules regarding corporate governance, including:

- the requirement that a majority of its board of directors consist of independent directors;

- the requirement that its nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement that its compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

These requirements do not apply to us as long as we remain a "controlled company." Although we qualify as a "controlled company," we do not expect to rely on this exemption and intend to comply with relevant corporate governance requirements under the NYSE rules. However, if we were to utilize some or all of these exemptions, you may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE rules regarding corporate governance.

Our issuance of additional Class A ordinary shares in connection with financings, acquisitions, investments, under our stock incentive plans, or otherwise will dilute all other shareholders.

We expect to issue additional Class A ordinary shares in the future that will result in dilution to all other shareholders. We expect to grant equity awards to employees, directors, and consultants under our stock incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in complementary companies, products or technologies and issue equity securities to pay for any such acquisition or investment, and make equity awards under our stock incentive plans to attract, retain, compensate and incentivize employees of businesses that we acquire. Any such issuances of additional capital stock may cause shareholders to experience significant dilution of their ownership interests and the per share value of our Class A ordinary shares to decline.

Pursuant to our 2021 Equity Incentive Plan (the "2021 Plan"), our board of directors, or our remuneration committee or an officer to the extent authority has been delegated by the board of directors, is authorized to grant stock options and other equity-based awards to our employees, directors and consultants. The 2021 Plan provides for an automatic share reserve increase, or "evergreen" feature, whereby the share reserve will automatically be increased on January 1st of each year commencing on January 1, 2022 and ending on and including January 1, 2031, in an amount equal to the least of: (i) 45,335,210 Class A ordinary shares; (ii) 5% of the total number of all classes of our shares that have been issued as at December 31st of the preceding calendar year, in each case, subject to applicable law and our having sufficient authorized but unissued shares; and (iii) such number of Class A ordinary shares as our board of directors may designate prior to the applicable January 1. In addition, the 2021 Plan provides for recycling of a maximum of 23,902,282 Class A ordinary shares underlying 2021 Plan awards and options granted under our legacy Long-Term Incentive Plan and Company Share Option Plan, in each case which have expired, lapsed, terminated or meet other recycling criteria set forth in the 2021 Plan. If the number of shares available for future grant under the 2021 Plan increases by the maximum amount each year under the evergreen feature and the recycled share provisions, or if the 2021 Plan is otherwise amended to increase the maximum aggregate number of Class A ordinary shares that may be issued pursuant to awards under the 2021 Plan, our shareholders may experience additional dilution, which could cause our stock price to fall.

A significant portion of our total outstanding Class A ordinary shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our Class A ordinary shares to drop significantly, even if our business is doing well.

Sales of a substantial number of our Class A ordinary shares could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our Class A ordinary shares.

At the closing of the Business Combination (the "Business Combination Closing"), we entered into a Lock-up Agreement with certain shareholders, including the Founder and Alkuri Sponsors, LLC. Pursuant to the Lock-Up Agreement, each holder agreed, subject to certain exceptions, and unless waived by us, during the applicable lock-up period, not to (i) lend, offer, pledge, hypothecate, encumber, donate, assign, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, some or all of the shares received as consideration in the Business Combination (the "Restricted Securities"), (ii) enter into any swap, short sale, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Restricted Securities, or (iii) publicly disclose the intention to effect any transaction specified in clause (i) or (ii), or (iv) make any demand for or exercise any right with respect to the registration of any shares received pursuant to the Business Combination. In addition, pursuant to our Amended and Restated Memorandum and Articles of Association (the "Babylon Articles"), subject to certain exceptions and unless

waived by us, at our sole discretion, holders of ordinary shares in the capital of the Company immediately prior to the Business Combination Closing, excluding the Class A ordinary shares issued to certain private placement investors on the date of the Business Combination Closing, were subject to similar restrictions during the applicable lock-up period. The lock-up restrictions under the Lock-Up Agreement and the Babylon Articles expired on April 21, 2022, except with respect to our Founder, as to whom applicable lock-up restrictions under the Lock-Up Agreement and Babylon Articles, subject to certain exceptions and unless waived, remain in force through July 21, 2022.

On November 9, 2021, we filed a registration statement on Form F-1, which was subsequently supplemented and amended, with respect to resales from time to time of an aggregate of 370,530,280 Class A ordinary shares held (or that may be held upon exercise of warrants or conversion of Class B ordinary shares) by the shareholders identified therein, including our Founder, Alkuri Sponsors LLC and our PIPE Investors, of which only certain shares owned by the Founder remain subject to the lock-up restrictions described above. In addition, we have filed registration statements on Form S-8 in respect of certain Class A Ordinary Shares that we may issue from time to time pursuant to existing or future awards under our equity compensation plans, some of which were subject to the lock-up restrictions. As the lock-up restrictions described above expired on April 21, 2022 (except for restrictions that expire on July 21, 2022 with respect to the Founder) and the applicable shares can be freely sold in the public market, the market price of our Class A ordinary shares could decline if the shareholders previously subject to the lock-up restrictions sell their shares or are perceived by the market as intending to sell them. In addition to the foregoing, we issued restricted Class A ordinary shares as consideration for the acquisitions of DayToDay and Higi, as further described under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview*.” On April 29, 2022, we filed a registration statement on Form F-1 with respect to resales from time to time of an aggregate of 3,420,489 Class A ordinary shares, including 3,412,107 Class A ordinary shares issued to the shareholders of Higi issued in connection with such acquisition (which shares are subject to a one-year lock-up restriction that commenced on December 31, 2021) and 8,382 Class A ordinary shares previously issued upon exercise of options under our equity compensation plans. The Class A Ordinary Shares issued as consideration for the DayToDay and Higi acquisitions may be sold in the public market after the expiration of the applicable Securities Act and lock-up restrictions.

In addition, see the risk factor, “*The exchange of warrants for Class A ordinary shares will increase the number of shares eligible for future resale and result in dilution to our stockholders*” below.

We do not currently intend to pay dividends on our Class A ordinary shares and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our Class A ordinary shares.

We have never declared or paid any cash dividends on our shares and we do not anticipate paying any cash dividends on our shares in the foreseeable future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business. Pursuant to the Companies (Jersey) Law 1991, we may only pay a dividend if the directors who authorize the dividend make a prior solvency statement in the required statutory form. In addition, the terms of our Unsecured Notes issued to the AlbaCore Note Subscribers include, and any future indebtedness would likely contain, limitations on our ability to pay or declare dividends or distributions on our share capital. Therefore, you are not likely to receive any dividends on your Class A ordinary shares for the foreseeable future and the success of an investment in our Class A ordinary shares will depend upon any future appreciation in the price of our Class A ordinary shares. There can be no assurance that the price of our Class A ordinary shares will appreciate above the price that a shareholder purchased its Class A ordinary shares.

Some of our management team has limited experience managing a public company, and our management is required to devote substantial time to compliance with our public company responsibilities and corporate governance practices.

Members of our management team and other personnel have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage us as a public company that is subject to significant regulatory oversight, reporting obligations under the federal securities laws, public company corporate governance practices and the continuous scrutiny of securities analysts and investors. These new obligations and constituents require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition and results of operations.

We have identified material weaknesses in our internal control over financial reporting and if our remediation of such material weaknesses is not effective, or if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

We may be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting as of the end of 2022. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting in our first annual report required to be filed with the SEC following the date we are no longer an “emerging growth company.” Both of these assessments, due to the breadth and depth of control operating effectiveness testing to be performed, may identify deficiencies in internal controls over financial reporting that have not previously been identified.

In connection with the audits of our financial statements for the years ended December 31, 2021, 2020, and 2019, we identified certain control deficiencies in the design and operation of our internal control over financial reporting that constituted material weaknesses. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. Specifically, we have identified (i) that we lack timely, documented evidence of management review controls related to areas of significant judgment and estimation uncertainty and non-routine transactions and (ii) that we have insufficient segregation of duties and evidence of management oversight to support the implementation and execution of some of our controls.

At the time of the filing of this Prospectus/Offer to Exchange, these material weaknesses have not been remediated. However, we are in the process of designing and implementing measures to improve our internal control over financial reporting to remediate the material weaknesses related to its financial reporting as of the years ended December 31, 2021, 2020, and 2019. Significant enhancements in our internal controls over financial reporting implemented in 2021 include:

- More timely and precise documentation and review procedures relating to areas of significant judgment and estimation uncertainty and non-routine transactions;
- Hiring additional accounting resources, including those with expertise in SEC reporting and technical accounting; and
- Implementing more formal segregation of duties control within our internal financial reporting system and in the design of our manual financial reporting controls.

While we are designing and implementing measures to remediate the material weaknesses, we cannot predict the success of such measures or the outcome of our assessment of these measures at this time. We can give no assurance that these measures will remediate either of the deficiencies in internal control or that additional material weaknesses in our internal control over financial reporting will not be identified in the future. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our financial statements that may lead to a restatement of our financial statements or cause us to fail to meet our reporting obligations. If a material weakness was identified and we are unable to assert that its internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of the internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our Class A ordinary shares could be adversely affected and we could become subject to litigation or investigations by the NYSE, the SEC, or other regulatory authorities, which could require additional financial and management resources.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with IFRS and our key metrics require management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes and amounts reported in our key metrics. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions

and estimates used in preparing our consolidated financial statements include those related to variable consideration in our capitation revenue contracts, capitalization of development costs, assessment of the recoverability of long-lived assets, claims payable estimates of obligations for medical care services, and the classification of warrants. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Class A ordinary shares.

U.S. holders that directly or indirectly own 10% or more of our equity interests may be subject to adverse U.S. federal income tax consequences under rules applicable to U.S. shareholders of controlled foreign corporations.

A non-U.S. corporation generally is classified as a controlled foreign corporation for U.S. federal income tax purposes (a “CFC”), if “10% U.S. equityholders” (as defined below) own, directly, indirectly or constructively, more than 50% of either (i) the total combined voting power of all classes of stock of such corporation entitled to vote or (ii) the total value of the stock of such corporation. Babylon currently expects to be a CFC this year and may continue to be treated as a CFC in the future. In addition, Babylon’s non-U.S. subsidiaries that are classified as corporations for U.S. federal income tax purposes (if any) are expected to be CFCs as well.

A U.S. holder that owns (or is treated as owning directly or indirectly, including by applying certain attribution rules) 10% or more of the combined voting power of all classes of our stock entitled to vote of a CFC or the total value of the CFC’s equity interests (including equity interests attributable to a deemed exercise of options and convertible debt instruments), or a “10% U.S. equityholder,” is generally required to report annually and include in their U.S. federal taxable income their *pro rata* share of the CFC’s “Subpart F income” and, in computing their “global intangible low-taxed income,” their *pro rata* share of the CFC’s “tested income” and the amount of certain U.S. property (including certain stock in U.S. corporations and certain tangible assets located in the United States) held by the CFC regardless of whether such CFC makes any distributions. In addition, a portion of any gains realized on the sale of stock of a CFC by a 10% U.S. equityholder may be treated as ordinary income. A 10% U.S. equityholder is also subject to additional U.S. federal income tax information reporting requirements with respect to any CFC and substantial penalties may be imposed for noncompliance. We cannot provide any assurances that Babylon will assist U.S. Holders in determining whether Babylon or any of its subsidiaries are treated as a CFC for U.S. federal income tax purposes or whether any U.S. Holder is treated as a 10% U.S. equityholder with respect to any of such CFC or furnish to any holder information that may be necessary to comply with reporting and tax paying obligations if Babylon, or any of its subsidiaries, is treated as a CFC for U.S. federal income tax purposes. Each U.S. holder should consult its own tax advisor regarding the CFC rules and whether such U.S. holder may be a 10% U.S. equityholder for purposes of these rules.

Our U.S. shareholders may suffer adverse tax consequences if we are classified as a “passive foreign investment company.”

A non-U.S. corporation generally will be a passive foreign investment company (“PFIC”) for any taxable year if either (i) at least 75% of its gross income is passive income or (ii) at least 50% of its assets (determined based on a quarterly average) are held for the production of, or produce, passive income (such test described in clause (ii), the “Asset Test”). Passive income generally includes, among other things, dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets. In making this determination, the non-U.S. corporation is treated as earning its proportionate share of any income and owning its proportionate share of any assets of any corporation in which it holds, directly or indirectly, a 25% or greater interest by value of the stock. While the Asset Test is generally performed based on the fair market value of the assets, special rules apply with respect to the Asset Test in the case of the assets held by CFCs. Based on the current and anticipated composition of our and our subsidiaries’ income, assets, structure and operations and certain factual assumptions, although not free from doubt, we currently do not expect to be a PFIC for the taxable year ending December 31, 2022. However, there can be no assurances in this regard, because PFIC status is determined annually and requires a factual determination that depends on, among other things, the composition of a company’s income, assets and activities in each taxable year, and can only be made annually after the close of each taxable year, and is thus subject to significant uncertainty. Furthermore, the value of our gross assets is likely to be determined in part by reference to our market capitalization, which may fluctuate significantly. Accordingly, there can be no assurance that we will not be a PFIC for any taxable year.

If we are a PFIC for any taxable year during which a U.S. Holder (as defined in “Material U.S. Federal Income Tax Considerations”) holds our ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. Prospective U.S. Holders should consult their tax advisors regarding the potential application of the PFIC rules to them. See “Material U.S. Federal Income Tax Considerations-U.S. Holders-Passive Foreign Investment Company Rules.”

Risks Related to Our Incorporation in Jersey

Your rights and responsibilities as a shareholder are governed by Jersey law, which differs in some material respects from the rights and responsibilities of shareholders of U.S. companies.

We are organized under the laws of the Bailiwick of Jersey, Channel Islands, a British crown dependency that is an island located off the coast of Normandy, France. Jersey is not a member of the EU. Jersey legislation regarding companies is largely based on English corporate law principles. The rights and responsibilities of the holders of our ordinary shares are governed by the Babylon Articles and by Jersey law, including the provisions of the Jersey Companies Law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in U.S. corporations.

In particular, Jersey law significantly limits the circumstances under which shareholders of companies may bring derivative actions and, in most cases, only the corporation may be the proper claimant or plaintiff for the purposes of maintaining proceedings in respect of any wrongful act committed against it. Neither an individual nor any group of shareholders has any right of action in such circumstances. Jersey law also does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders of a U.S. corporation.

It may be difficult to enforce a U.S. judgment against us or our directors and officers outside the United States, or to assert U.S. securities law claims outside of the United States.

A number of our directors and executive officers are not residents of the United States, and the majority of our assets and the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process upon us within the United States or other jurisdictions, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

Investors may also have difficulties pursuing an original action brought in a court in a jurisdiction outside the United States, including Jersey, for liabilities under the securities laws of the United States. The Babylon Articles provide that, unless we consent in writing to the selection of an alternative forum, the Courts of Jersey shall (to the fullest extent permitted by law) be the sole and exclusive forum for derivative shareholder actions, actions for breach of fiduciary duty by our directors and officers, actions arising out of the Jersey Companies Law or actions arising out of or in connection with the Babylon Articles (pursuant to any provisions of Jersey law) or otherwise relating to the constitution or conduct of the company itself (other than any such action of the company that may arise out of a breach of any federal law of the United States or the laws of any U.S. state). The exclusive forum provision would not prevent derivative shareholder actions based on claims arising under U.S. federal securities laws from being raised in a U.S. court and would not prevent a U.S. court from asserting jurisdiction over such claims. In addition, unless the company consents in writing to the selection of an alternative forum, U.S. federal district courts shall be the sole and exclusive forum for any resolution of any complaint asserting a cause of action arising under the Securities Act or the Exchange Act.

Although we believe these exclusive forum provisions will benefit us by providing increased consistency in the application of U.S. federal securities laws and the laws of Jersey in the types of lawsuits to which they apply, these provisions may limit a shareholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or any of our directors, shareholders, officers, or others, or may increase the cost of doing so, both of which may discourage lawsuits with respect to such claims. Our shareholders have not been deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder as a result of our exclusive forum provision. Further, in the event a court finds the exclusive forum provisions contained in the Babylon Articles to be unenforceable or inapplicable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our results of operations.

Risks Related to Our Warrants and the Offer to Exchange and Consent Solicitation

The Warrant Amendment, if approved, will allow us to require that all outstanding warrants be exchanged for Class A ordinary shares at a ratio 10% less than the exchange ratio applicable to the Offer.

If we complete the Offer and Consent Solicitation and obtain the requisite approval of the Warrant Amendment by holders of the consent warrants, the Company will have the right to require holders of all warrants that remain outstanding upon the closing of the Offer to exchange each of their warrants for 0.2655 Class A ordinary shares. This represents a ratio of Class A ordinary shares per

warrant that is 10% less than the exchange ratio applicable to the Offer. Although we intend to require an exchange of all remaining outstanding warrants as a result of the approval of the Warrant Amendment, we would not be required to effect such an exchange and may defer doing so, if ever, until most economically advantageous to us.

Pursuant to the terms of the Warrant Agreement, the consent of holders of at least 50% of the number of the then outstanding public warrants and, solely with respect to any amendment to the terms of the private placement warrants or any provision of the Warrant Agreement with respect to the private placement warrants, at least 50% of the number of the then outstanding private placement warrants is required to approve the Warrant Amendment with respect to the private placement warrants. Therefore, one of the conditions to the adoption of the Warrant Amendment is the receipt of the consent of holders of at least 50% of the number of the then outstanding public warrants and, solely with respect to any amendment to the terms of the private placement warrants or any provision of the Warrant Agreement with respect to the private placement warrants, 50% of the number of the then outstanding private placement warrants. Parties representing approximately 38.7% of the outstanding public warrants have agreed to tender their warrants in the Offer and to consent to the Warrant Amendment in the Consent Solicitation, pursuant to the Tender and Support Agreement. Accordingly, if holders of an additional approximately 11.3% of the outstanding public warrants consent to the Warrant Amendment in the Consent Solicitation, and the other conditions described herein are satisfied or waived, then the Warrant Amendment will be adopted with respect to the public warrants.

If adopted, we currently intend to require the conversion of all outstanding warrants to Class A ordinary shares as provided in the Warrant Amendment, which would result in the holders of any remaining outstanding warrants receiving approximately 0.0295 fewer shares than if they had tendered their warrants in the Offer.

The exchange of warrants for Class A ordinary shares will increase the number of shares eligible for future resale and result in dilution to our stockholders.

Our warrants may be exchanged for Class A ordinary shares pursuant to the Offer, which will increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders, although there can be no assurance that such warrant exchange will be completed or that all of the holders of the warrants will elect to participate in the Offer. Any warrants remaining outstanding after the exchange likely will be exercised only if the \$11.50 per share exercise price is below the market price of our Class A ordinary shares. We also intend to require an exchange of all remaining outstanding warrants assuming the approval of the Warrant Amendment. To the extent such warrants are exchanged following the approval of the Warrant Amendment or exercised, additional Class A ordinary shares will be issued. These issuances of Class A ordinary shares will result in dilution to our stockholders and increase the number of shares eligible for resale in the public market.

We have not obtained a third-party determination that the Offer or the Consent Solicitation is fair to warrant holders.

None of us, our affiliates, the dealer managers, the exchange agent or the information agent makes any recommendation as to whether you should exchange some or all of your warrants or, with respect to the consent warrants, consent to the Warrant Amendment. We have not retained, and do not intend to retain, any unaffiliated representative to act on behalf of the warrant holders for purposes of negotiating the Offer or Consent Solicitation or preparing a report concerning the fairness of the Offer or the Consent Solicitation. You must make your own independent decision regarding your participation in the Offer and the Consent Solicitation.

There is no guarantee that tendering your warrants in the Offer will put you in a better future economic position.

We can give no assurance as to the market price of our Class A ordinary shares in the future. If you choose to tender some or all of your warrants in the Offer, future events may cause an increase in the market price of our Class A ordinary shares and warrants, which may result in a lower value realized by participating in the Offer than you might have realized if you did not exchange your warrants. Similarly, if you do not tender your warrants in the Offer, there can be no assurance that you can sell your warrants (or exercise them for Class A ordinary shares) in the future at a higher value than would have been obtained by participating in the Offer. In addition, if the Warrant Amendment is adopted, you may receive fewer shares than if you had tendered your warrants in the Offer. You should consult your own individual financial advisor for assistance on how this may affect your individual situation.

The number of Class A ordinary shares offered in the Offer is fixed and will not be adjusted. The market price of our Class A ordinary shares may fluctuate, and the market price of our Class A ordinary shares when we deliver our Class A ordinary shares in exchange for your warrants could be less than the market price at the time you tender your warrants.

The number of Class A ordinary shares for each warrant accepted for exchange is fixed at the number of shares specified on the cover of this Prospectus/Offer to Exchange and will fluctuate in value if there is any increase or decrease in the market price of our Class A ordinary shares or the warrants after the date of this Prospectus/Offer to Exchange. Therefore, the market price of our Class A ordinary shares when we deliver Class A ordinary shares in exchange for your warrants could be less than the market price of the public warrants at the time you tender your warrants. The market price of our Class A ordinary shares could continue to fluctuate and be subject to volatility during the period of time between when we accept warrants for exchange in the Offer and when we deliver Class A ordinary shares in exchange for warrants, or during any extension of the Offer Period.

We may redeem your unexpired warrants that are not exchanged prior to their exercise at a time that is disadvantageous to you, thereby making your warrants worthless.

We will have the ability to redeem outstanding warrants (excluding any private placement warrants held by the Sponsor and its affiliates or its permitted transferees) at any time after they become exercisable and prior to their expiration, at \$0.0000422573245084686 per warrant, provided that the last reported sales price (or the closing bid price of our Class A ordinary shares in the event Class A ordinary shares are not traded on any specific trading day) of our Class A ordinary shares equals or exceeds \$11.50 per share (as adjusted for share splits, share dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-day period ending three trading days before we send notice of the redemption to the warrant holders, provided that on the date we give notice of redemption and during the entire period thereafter until the time it redeems the warrants, we have an effective registration statement under the Securities Act covering the shares of our Class A ordinary shares issuable upon exercise of the warrants and current prospectus relating to them is available. If and when the warrants that are not exchanged become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding warrants could force a warrant holder: (i) to exercise your warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so, (ii) to sell your warrants at the then-current market price when you might otherwise wish to hold your warrants or (iii) to accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, will be substantially less than the market value of your warrants.

The liquidity of the warrants that are not exchanged may be reduced.

If the Warrant Amendment is approved, it is unlikely that any warrants will remain outstanding following the completion of the Offer and Consent Solicitation. See “— *The Warrant Amendment, if approved, will allow us to require that all outstanding warrants be exchanged for Class A ordinary shares at a ratio 10% lower than the exchange ratio applicable to the Offer.*” However, if any unexchanged warrants remain outstanding, then the ability to sell such warrants may become more limited due to the reduction in the number of warrants outstanding upon completion of the Offer and Consent Solicitation. A more limited trading market might adversely affect the liquidity, market price and price volatility of unexchanged warrants. If there continues to be a market for our unexchanged warrants, these securities may trade at a discount to the price at which the securities would trade if the number outstanding were not reduced, depending on the market for similar securities and other factors.

THE OFFER AND CONSENT SOLICITATION

Participation in the Offer and Consent Solicitation involves a number of risks, including, but not limited to, the risks identified in the section entitled "Risk Factors." Warrant holders should carefully consider these risks and are urged to speak with their personal legal, financial, investment and/or tax advisor as necessary before deciding whether or not to participate in the Offer and Consent Solicitation. In addition, we strongly encourage you to read this Prospectus/Offer to Exchange in its entirety, and the information and documents that have been included herein, before making a decision regarding the Offer and Consent Solicitation.

General Terms

Until the Expiration Date, we are offering to holders of our warrants the opportunity to receive 0.295 Class A ordinary shares in exchange for each warrant they hold. Holders of the warrants tendered for exchange will not have to pay any of the exercise price for the tendered warrants in order to receive Class A ordinary shares pursuant to the Offer. Our obligation to complete the Offer is not conditioned on the receipt of a minimum number of tendered warrants.

No fractional Class A ordinary shares will be issued pursuant to the Offer. In lieu of issuing fractional shares, any holder of warrants who would otherwise have been entitled to receive fractional shares pursuant to the Offer will, after aggregating all such fractional shares of such holder, receive one additional whole Class A ordinary share in lieu of such fractional shares.

As part of the Offer, we are also soliciting from the holders of the public warrants their consent to the Warrant Amendment, which, if approved, will permit the Company to require that all warrants outstanding upon completion of the Offer be converted into Class A ordinary shares at a ratio of 0.2655 Class A ordinary shares per warrant, which is a ratio 10% less than the exchange ratio applicable to the Offer. The Warrant Amendment will permit us to eliminate all of the warrants that remain outstanding after the Offer is consummated. A copy of the Warrant Amendment is attached hereto as Annex A. We urge that you carefully read the Warrant Amendment in its entirety. Pursuant to the terms of the Warrant Agreement, the consent of holders of at least 50% of the number of the then outstanding public warrants and, solely with respect to any amendment to the terms of the private placement warrants or any provision of the Warrant Agreement with respect to the private placement warrants, the consent of holders of at least 50% of the number of the then outstanding private placement warrants is required to amend the Warrant Agreement.

Holders who tender consent warrants for exchange in the Offer will automatically be deemed, without any further action, to have given their consent to approval of the Warrant Amendment (effective upon our acceptance of the tendered warrants). The consent to the Warrant Amendment is a part of the Letter of Transmittal and Consent relating to the warrants.

You cannot tender any consent warrants for exchange in the Offer without giving your consent to the Warrant Amendment. Thus, before deciding whether to tender any consent warrants, you should be aware that a tender of warrants may result in the approval of the Warrant Amendment.

The Offer and Consent Solicitation is subject to the terms and conditions contained in this Prospectus/Offer to Exchange and the Letter of Transmittal and Consent.

You may tender some or all of your warrants into the Offer.

If you elect to tender warrants in the Offer and Consent Solicitation, please follow the instructions in this Prospectus/Offer to Exchange and the related documents, including the Letter of Transmittal and Consent.

If you tender warrants, you may withdraw your tendered warrants at any time before the Expiration Date and retain them on their current terms or amended terms if the Warrant Amendment is approved, by following the instructions herein. In addition, warrants that are not accepted by us for exchange by July 19, 2022 may thereafter be withdrawn by you until such time as the warrants are accepted by us for exchange.

Corporate Information

Babylon was incorporated under the laws of Jersey, Channel Islands, on April 11, 2014 with registered number 115471. The mailing address of Babylon's headquarters and principal executive offices is 1 Knightsbridge Green, London, SW1X 7QA, United Kingdom and Babylon's telephone number is +44 (0) 20 7100 0762.

Our website is www.babylonhealth.com. The information on, or that can be accessed through, our website is not part of this Prospectus/Offer to Exchange, and you should not consider information contained on our website in deciding whether to exchange your warrants for our Class A ordinary shares. Our Class A ordinary shares and public warrants trade on NYSE under the symbols "BBLN" and "BBLN.W" respectively.

Warrants Subject to the Offer

The warrants were issued in connection with the IPO. Each warrant entitles the holder to purchase one Class A ordinary share at a price of \$11.50 per share, subject to adjustment. The public warrants are quoted on NYSE under the symbol "BBLN.W." The AlbaCore Warrants are not subject to the Offer.

As of May 20, 2022, 14,558,313 warrants were outstanding, consisting of 8,624,980 public warrants and 5,933,333 private placement warrants. Pursuant to the Offer, we are offering up to an aggregate of 4,294,703 Class A ordinary shares in exchange for the warrants.

Offer Period

The Offer and Consent Solicitation will expire on the Expiration Date, which is Midnight (end of day), Eastern Standard Time, on June 17, 2022, or such later time and date to which we may extend. We expressly reserve the right, in our sole discretion, at any time or from time to time, to extend the period of time during which the Offer and Consent Solicitation is open. There can be no assurance that we will exercise our right to extend the Offer Period. During any extension, all warrant holders who previously tendered warrants will have a right to withdraw such previously tendered warrants until the Expiration Date, as extended. If we extend the Offer Period, we will make a public announcement of such extension by no later than 9:00 a.m., Eastern Standard Time, on the next business day following the Expiration Date as in effect immediately prior to such extension.

We may withdraw the Offer and Consent Solicitation only if the conditions to the Offer and Consent Solicitation are not satisfied or waived prior to the Expiration Date. Upon any such withdrawal, we are required by Rule 13e-4(f)(5) under the Exchange Act to promptly return the tendered warrants. We will announce our decision to withdraw the Offer and Consent Solicitation by disseminating notice by public announcement or otherwise as permitted by applicable law.

At the expiration of the Offer Period, the current terms of the warrants will continue to apply to any unexchanged warrants, or the amended terms if the Warrant Amendment is approved, until the warrants expire on October 21, 2026.

Amendments to the Offer and Consent Solicitation

We reserve the right at any time or from time to time, to amend the Offer and Consent Solicitation, including by increasing or (if the conditions to the Offer are not satisfied) decreasing the exchange ratio of Class A ordinary shares issued for every warrant exchanged or by changing the terms of the Warrant Amendment.

If we make a material change in the terms of the Offer and Consent Solicitation or the information concerning the Offer and Consent Solicitation, or if we waive a material condition of the Offer and Consent Solicitation, we will extend the Offer and Consent Solicitation to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the Exchange Act. These rules require that the minimum period during which an offer must remain open after material changes in the terms of the offer or information concerning the offer, other than a change in price or a change in percentage of securities sought, will depend upon the facts and circumstances, including the relative materiality of the changed terms or information.

If we increase or decrease the exchange ratio of our Class A ordinary shares issuable in exchange for a warrant, the amount of warrants sought for tender or the dealer manager's soliciting fee, and the Offer and Consent Solicitation is scheduled to expire at any

time earlier than the end of the tenth business day from the date that we first publish, send or give notice of such an increase or decrease, then we will extend the Offer and Consent Solicitation until the expiration of that ten business day period.

Other material amendments to the Offer and Consent Solicitation may require us to extend the Offer and Consent Solicitation for a minimum of five business days.

Partial Exchange Permitted

Our obligation to complete the Offer is not conditioned on the receipt of a minimum number of tendered warrants. If you choose to participate in the Offer, you may tender less than all of your warrants pursuant to the terms of the Offer. No fractional Class A ordinary shares will be issued pursuant to the Offer. In lieu of issuing fractional shares, any holder of warrants who would otherwise have been entitled to receive fractional shares pursuant to the Offer will, after aggregating all such fractional shares of such holder, receive one additional whole Class A ordinary share in lieu of such fractional shares.

Conditions to the Offer and Consent Solicitation

The Offer and Consent Solicitation are conditioned upon the following:

- the registration statement, of which this Prospectus/Offer to Exchange forms a part, shall have become effective under the Securities Act, and shall not be the subject of any stop order or proceeding seeking a stop order;
- no action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, domestic or foreign, shall have been threatened, instituted or pending before any court, authority, agency or tribunal that directly or indirectly challenges the making of the Offer, the tender of some or all of the warrants pursuant to the Offer or otherwise relates in any manner to the Offer;
- there shall not have been any action threatened, instituted, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offer or Consent Solicitation or us, by any court or any authority, agency or tribunal that, in our reasonable judgment, would or might, directly or indirectly, (i) make the acceptance for exchange of, or exchange for, some or all of the warrants illegal or otherwise restrict or prohibit completion of the Offer or Consent Solicitation, or (ii) delay or restrict our ability, or render us unable, to accept for exchange or exchange some or all of the warrants; and
- there shall not have occurred (i) any general suspension of, or limitation on prices for, trading in securities in U.S. or UK securities or financial markets; (ii) a declaration of a banking moratorium or any suspension of payments in respect to banks in the United States or the United Kingdom; (iii) any limitation (whether or not mandatory) by any government or governmental, regulatory or administrative authority, agency or instrumentality, domestic or foreign, or other event that, in our reasonable judgment, would or would be reasonably likely to affect the extension of credit by banks or other lending institutions; or (iv) a natural disaster, a significant worsening of the ongoing COVID-19 pandemic, an outbreak of a pandemic or contagious disease other than COVID-19, or a commencement or significant worsening of a war or armed hostilities or other national or international calamity, including but not limited to, catastrophic terrorist attacks against the United Kingdom, the United States or their respective citizens.

The Consent Solicitation is conditioned on our receiving the consent of holders of at least 50% of the number of the then outstanding public warrants (which is the minimum number required to amend the Warrant Agreement with respect to the public warrants), and the consent of at least 50% of the number of the then outstanding private placement warrants to approve the Warrant Amendment (which is the minimum number required to amend the Warrant Agreement with respect to the private placement warrants).

We will not complete the Offer and Consent Solicitation unless and until the registration statement described above is effective. If the registration statement is not effective at the Expiration Date, we may, in our discretion, extend, suspend or cancel the Offer and Consent Solicitation, and will inform warrant holders of such event. If we extend the Offer Period, we will make a public announcement of such extension and the new Expiration Date by no later than 9:00 a.m., Eastern Standard Time, on the next business day following the Expiration Date as in effect immediately prior to such extension.

In addition, as to any warrant holder, the Offer and Consent Solicitation is conditioned upon such warrant holder desiring to tender warrants in the Offer delivering to the exchange agent in a timely manner the holder's warrants to be tendered and any other required paperwork, all in accordance with the applicable procedures described in this Prospectus/Offer to Exchange and set forth in the Letter of Transmittal and Consent.

The foregoing conditions are solely for our benefit, and we may assert one or more of the conditions regardless of the circumstances giving rise to any such conditions. We may also, in our sole and absolute discretion, waive these conditions in whole or in part, subject to the potential requirement to disseminate additional information and extend the Offer Period. The determination by us as to whether any condition has been satisfied shall be conclusive and binding on all parties. The failure by us at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right, and each such right shall be deemed a continuing right which may be asserted at any time and from time to time prior to the Expiration Date.

We may withdraw the Offer and Consent Solicitation only if the conditions of the Offer and Consent Solicitation are not satisfied or waived prior to the Expiration Date. Promptly upon any such withdrawal, we will return the tendered warrants (and, with respect to the consent warrants, the related consent to the Warrant Amendment will be revoked). We will announce our decision to withdraw the Offer and Consent Solicitation by disseminating notice by public announcement or otherwise as permitted by applicable law.

No Recommendation; Warrant Holder's Own Decision

None of our affiliates, directors, officers or employees, or the information agent, the exchange agent or the dealer manager for the Offer and Consent Solicitation, is making any recommendations to any warrant holder as to whether to exchange their warrants and deliver their consent to the Warrant Amendment. Each warrant holder must make its own decision as to whether to tender warrants for exchange pursuant to the Offer and, with respect to the consent warrants, consent to the amendment of the Warrant Agreement pursuant to the Consent Solicitation.

Procedure for Tendering Warrants for Exchange and Consenting to the Warrant Amendment

Issuance of Class A ordinary shares upon exchange of warrants pursuant to the Offer and acceptance by us of warrants for exchange pursuant to the Offer and providing your consent to the Warrant Amendment will be made only if warrants are properly tendered pursuant to the procedures described below and set forth in the Letter of Transmittal and Consent. A tender of warrants pursuant to such procedures, if and when accepted by us, will constitute a binding agreement between the tendering holder of warrants and us upon the terms and subject to the conditions of the Offer and Consent Solicitation. The proper tender of your consent warrants will constitute a consent to the Warrant Amendment with respect to each consent warrant tendered.

A tender of warrants made pursuant to any method of delivery set forth herein will also constitute an agreement and acknowledgement by the tendering warrant holder that, among other things: (i) the warrant holder agrees to exchange the tendered warrants on the terms and conditions set forth in this Prospectus/Offer to Exchange and Letter of Transmittal and Consent, in each case as may be amended or supplemented prior to the Expiration Date; (ii) the warrant holder consents to the Warrant Amendment; (iii) the Offer is discretionary and may be extended, modified, suspended or terminated by us as provided herein; (iv) such warrant holder is voluntarily participating in the Offer; (v) the future value of our warrants is unknown and cannot be predicted with certainty; and (vi) such warrant holder has read this Prospectus/Offer to Exchange, Letter of Transmittal and Consent and Warrant Amendment.

Registered Holders of Warrants; Beneficial Owners of Warrants

For purposes of the tender procedures set forth below, the term "registered holder" means any person in whose name warrants are registered on our books or who is listed as a participant in a clearing agency's security position listing with respect to the warrants.

Persons whose warrants are held through a direct or indirect participant of The Depository Trust Company ("DTC"), such as a broker, dealer, commercial bank, trust company or other financial intermediary, are not considered registered holders of those warrants but are "beneficial owners." Beneficial owners cannot directly tender warrants for exchange pursuant to the Offer. Instead, a beneficial owner must instruct its broker, dealer, commercial bank, trust company or other financial intermediary to tender warrants for exchange on behalf of the beneficial owner. See "— Required Communications by Beneficial Owners."

Tendering Private Placement Warrants Using Letter of Transmittal and Consent

A registered holder of private placement warrants may tender warrants for exchange using a Letter of Transmittal and Consent in the form provided by us with this Prospectus/Offer to Exchange. A Letter of Transmittal is to be used only if delivery of private placement warrants is to be made by book-entry transfer to the exchange agent's account at DTC pursuant to the procedures set forth in "— Tendering Warrants Using Book-Entry Transfer"; provided, however, that it is not necessary to execute and deliver a Letter of Transmittal and Consent if instructions with respect to the tender of such private placement warrants through DTC's Automated Tender Offer Program ("ATOP"). If you are a registered holder of private placement warrants, unless you intend to tender those private placement warrants through ATOP, you should complete, execute and deliver a Letter of Transmittal and Consent to indicate the action you desire to take with respect to the Offer and Consent Solicitation.

In order for private placement warrants to be properly tendered for exchange pursuant to the Offer using a Letter of Transmittal and Consent, the registered holder of the private placement warrants being tendered must ensure that the exchange agent receives the following: (i) a properly completed and duly executed Letter of Transmittal and Consent, in accordance with the instructions of the Letter of Transmittal and Consent (including any required signature guarantees); (ii) delivery of the private placement warrants by book-entry transfer to the exchange agent's account at DTC; and (iii) any other documents required by the Letter of Transmittal and Consent.

In the Letter of Transmittal and Consent, the tendering registered private placement warrant holder must set forth: (i) its name and address; (ii) the number of private placement warrants being tendered by the holder for exchange; and (iii) certain other information specified in the form of Letter of Transmittal and Consent.

In certain cases, all signatures on the Letter of Transmittal and Consent must be guaranteed by an "Eligible Institution." See "— Signature Guarantees."

If the Letter of Transmittal and Consent is signed by someone other than the registered holder of the tendered private placement warrants (for example, if the registered holder has assigned the private placement warrants to a third-party), or if our Class A ordinary shares to be issued upon exchange of the tendered private placement warrants are to be issued in a name other than that of the registered holder of the tendered private placement warrants, the tendered private placement warrants must be properly accompanied by appropriate assignment documents, in either case signed exactly as the name(s) of the registered holder(s) appear on the private placement warrants, with the signature(s) on the private placement warrants or assignment documents guaranteed by an Eligible Institution.

Any private placement warrants duly tendered and delivered as described above shall be automatically cancelled upon the issuance of Class A ordinary shares in exchange for such private placement warrants as part of the completion of the Offer.

Signature Guarantees

In certain cases, all signatures on the Letter of Transmittal and Consent must be guaranteed by an "Eligible Institution." An "Eligible Institution" is a bank, broker dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 promulgated under the Exchange Act.

Signatures on the Letter of Transmittal and Consent need not be guaranteed by an Eligible Institution if (i) the Letter of Transmittal and Consent is signed by the registered holder of the private placement warrants tendered therewith exactly as the name of the registered holder appears on such warrants and such holder has not completed the box entitled "Special Issuance Instructions" or the box entitled "Special Delivery Instructions" in the Letter of Transmittal and Consent; or (ii) such private placement warrants are tendered for the account of an Eligible Institution. In all other cases, an Eligible Institution must guarantee all signatures on the Letter of Transmittal and Consent by completing and signing the table in the Letter of Transmittal and Consent entitled "Guarantee of Signature(s)."

Required Communications by Beneficial Owners

Persons whose warrants are held through a direct or indirect DTC participant, such as a broker, dealer, commercial bank, trust company or other financial intermediary, are not considered registered holders of those warrants, but are “beneficial owners,” and must instruct the broker, dealer, commercial bank, trust company or other financial intermediary to tender warrants on their behalf.

Tendering Warrants Using Book-Entry Transfer

To participate in the Offer and Consent Solicitation, holders of public warrants must comply with DTC’s ATOP procedures described below.

In addition, either:

- the Exchange Agent must receive, prior to the Expiration Date a properly transmitted Agent’s Message (as defined herein); or
- the Exchange Agent must receive, prior to the Expiration Date, as applicable, a timely confirmation of book-entry transfer of such public warrants into the Exchange Agent’s account at DTC according to the procedure for book-entry transfer described below.

Tenders of warrants pursuant to the procedures described above, and acceptance therefore by us, will constitute a binding agreement between the tendering holder and us upon the terms and subject to the conditions of the Offer and Consent Solicitation, which agreement will be governed by the laws of the State of New York.

No documents should be sent to us, the Dealer Manager or the Information Agent. Delivery of an Agent’s Message through ATOP is at the election and risk of the person delivering or transmitting, and delivery will be deemed made only when actually received by the exchange agent.

By tendering warrants pursuant to the Offer, you will be deemed to have agreed that the delivery and surrender of the warrants is not effective, and the risk of loss of the warrants does not pass to the exchange agent, until receipt by the exchange agent of the items listed above together with all accompanying evidences of authority and any other required documents in form satisfactory to us. In all cases, you should allow sufficient time to assure delivery to the exchange agent at or prior to the Expiration Date.

By tendering warrants pursuant to the Offer, you will be deemed to have made the representations and warranties set forth herein, including that you have full power and authority to tender, sell, exchange, assign and transfer the warrants tendered hereby, and that when such warrants are accepted for exchange by us, we will acquire good title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right. You will also be deemed to have agreed to, upon request, execute and deliver any additional document deemed by the exchange agent or by us to be necessary or desirable to complete the sale, assignment and transfer of the warrants tendered hereby.

The exchange agent has established an account for the warrants at DTC for purposes of the Offer and Consent Solicitation. Any financial institution that is a participant in DTC’s system may make book-entry delivery of warrants by causing DTC to transfer such warrants into the exchange agent’s account in accordance with ATOP. However, even though delivery of warrants may be effected through book-entry transfer into the exchange agent’s account at DTC, an “Agent’s Message” as described in the next paragraph, and any other required documentation, must in any case also be transmitted to and received by the exchange agent at its address set forth in this Prospectus/Offer to Exchange prior to the Expiration Date, or the guaranteed delivery procedures described under “— Guaranteed Delivery Procedures” must be followed.

DTC participants desiring to tender warrants for exchange pursuant to the Offer may do so through ATOP, and in that case the participant need not complete, execute and deliver a Letter of Transmittal and Consent, and holders of public warrants desiring to tender warrants for exchange pursuant to the Offer must do so through ATOP. DTC will verify the acceptance and execute a book-entry delivery of the tendered warrants to the exchange agent’s account at DTC. DTC will then send an “Agent’s Message” to the exchange agent for acceptance. Delivery of the Agent’s Message by DTC will satisfy the terms of the Offer and Consent Solicitation as set forth in this document, and that we may enforce such agreement against such participant. The term “Agent’s Message” means a message, transmitted by DTC to, and received by, the exchange agent and forming a part of a Book-Entry Confirmation, which states

that DTC has received an express acknowledgment from the participant in DTC tendering the warrants for exchange that such participant has received and agrees to be bound by the terms of the Offer and Consent Solicitation as set forth in this Prospectus/Offer to Exchange, and that we may enforce such agreement against the participant.

Any warrants duly tendered and delivered as described above shall be automatically cancelled upon the issuance of Class A ordinary shares in exchange for such warrants as part of the completion of the Offer.

Book-Entry Delivery Procedures for Tendering Warrants Held with DTC

To tender warrants on your behalf by a nominee with DTC, you must:

- inform your nominee of your interest in tendering your warrant pursuant to the Offer and Consent Solicitation; and
- instruct your nominee to tender all warrants you wish to be tendered in the Offer and Consent Solicitation into the exchange agent's account at DTC in accordance with DTC's procedure for transfer at or prior to the Expiration Date.

Any financial institution that is a nominee in DTC, including Euroclear and Clearstream, must tender warrants by effecting a book-entry transfer of warrants to be tendered in the Offer and Consent Solicitation into the account of the exchange agent at DTC by electronically transmitting its acceptance of such Offer and Consent Solicitation through the ATOP procedures for transfer. DTC will then verify the acceptance, execute a book-entry delivery to the exchange agent's account at DTC and send an Agent's Message to the exchange agent. An "agent's message" is a message, transmitted by DTC to, and received by, the exchange agent and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgement from an organization that participates in DTC (a "participant"), tendering warrants that the participant has received and that we may enforce the agreement against the participant. **Delivery of documents to DTC does not constitute delivery to the exchange agent.**

Delivery of a Letter of Transmittal and Consent or any other required documentation to DTC does not constitute delivery to the Exchange Agent. See "— Timing and Manner of Deliveries."

Guaranteed Delivery Procedures

If a registered holder of warrants desires to tender its warrants for exchange pursuant to the Offer, but (i) the procedure for book-entry transfer cannot be completed on a timely basis, or (ii) time will not permit all required documents to reach the exchange agent prior to the Expiration Date, the holder can still tender its warrants if all the following conditions are met:

- the tender is made by or through an Eligible Institution;
- the exchange agent receives by hand, mail, overnight courier, facsimile or electronic mail transmission, prior to the Expiration Date, a properly completed and duly executed Notice of Guaranteed Delivery in the form we have provided with this Prospectus/Offer to Exchange, with signatures guaranteed by an Eligible Institution; and
- a confirmation of a book-entry transfer into the exchange agent's account at DTC of all warrants delivered electronically, together with a properly completed and duly executed Letter of Transmittal and Consent with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message in accordance with ATOP), and any other documents required by the Letter of Transmittal and Consent, must be received by the exchange agent within two days that NYSE is open for trading after the date the exchange agent receives such Notice of Guaranteed Delivery.

In any case where the guaranteed delivery procedure is utilized for the tender of warrants pursuant to the Offer, the issuance of Class A ordinary shares for those warrants tendered for exchange pursuant to the Offer and accepted pursuant to the Offer will be made only if the exchange agent has timely received the applicable foregoing items.

Timing and Manner of Deliveries

UNLESS THE GUARANTEED DELIVERY PROCEDURES DESCRIBED ABOVE ARE FOLLOWED, WARRANTS WILL BE PROPERLY TENDERED ONLY IF, BY THE EXPIRATION DATE, THE EXCHANGE AGENT RECEIVES SUCH WARRANTS BY BOOK-ENTRY TRANSFER, TOGETHER WITH A PROPERLY COMPLETED AND DULY EXECUTED LETTER OF TRANSMITTAL AND CONSENT OR AN AGENT'S MESSAGE.

ALL DELIVERIES IN CONNECTION WITH THE OFFER AND CONSENT SOLICITATION, INCLUDING ANY LETTER OF TRANSMITTAL AND CONSENT AND THE TENDERED WARRANTS, MUST BE MADE TO THE EXCHANGE AGENT. NO DELIVERIES SHOULD BE MADE TO US. ANY DOCUMENTS DELIVERED TO US WILL NOT BE FORWARDED TO THE EXCHANGE AGENT AND THEREFORE WILL NOT BE DEEMED TO BE PROPERLY TENDERED. THE METHOD OF DELIVERY OF ALL REQUIRED DOCUMENTS IS AT THE OPTION AND RISK OF THE TENDERING WARRANT HOLDERS. IF DELIVERY IS BY MAIL, WE RECOMMEND REGISTERED MAIL WITH RETURN RECEIPT REQUESTED (PROPERLY INSURED). IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

Determination of Validity

All questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for exchange of any tender of warrants will be determined by us, in our sole discretion, and our determination will be final and binding. We reserve the absolute right to reject any or all tenders of warrants that we determine are not in proper form or reject tenders of warrants that may, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any defect or irregularity in any tender of any particular warrant, whether or not similar defects or irregularities are waived in the case of other tendered warrants. Neither we nor any other person will be under any duty to give notice of any defect or irregularity in tenders, nor shall any of us or them incur any liability for failure to give any such notice.

Fees and Commissions

Tendering warrant holders who tender warrants directly to the exchange agent will not be obligated to pay any charges or expenses of the exchange agent, the dealer manager or any brokerage commissions. Beneficial owners who hold warrants through a broker or bank should consult that institution as to whether or not such institution will charge the owner any service fees in connection with tendering warrants on behalf of the owner pursuant to the Offer and Consent Solicitation.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the transfer of warrants to us in the Offer. If transfer taxes are imposed for any other reason, the amount of those transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. Other reasons transfer taxes could be imposed include (i) if our Class A ordinary shares are to be registered or issued in the name of any person other than the person signing the Letter of Transmittal and Consent, or (ii) if tendered warrants are registered in the name of any person other than the person signing the Letter of Transmittal and Consent. If satisfactory evidence of payment of or exemption from those transfer taxes is not submitted with the Letter of Transmittal and Consent, the amount of those transfer taxes will be billed directly to the tendering holder and/or withheld from any payment due with respect to the warrants tendered by such holder.

Withdrawal Rights

By tendering warrants for exchange, a holder will be deemed to have validly delivered its consent to the Warrant Amendment. Tenders of warrants made pursuant to the Offer may be withdrawn at any time prior to the Expiration Date. Consents to the Warrant Amendment in connection with the Consent Solicitation may be revoked at any time before the Expiration Date by withdrawing the tender of your consent warrants. A valid withdrawal of tendered consent warrants before the Expiration Date will be deemed to be a concurrent revocation of the related consent to the Warrant Amendment. Tenders of warrants and consent to the Warrant Amendment may not be withdrawn after the Expiration Date. If the Offer Period is extended, you may withdraw your tendered warrants at any time until the expiration of such extended Offer Period. After the Offer Period expires, such tenders are irrevocable, provided, however,

that warrants that are not accepted by us for exchange by July 19, 2022 may thereafter be withdrawn by you until such time as the warrants are accepted by us for exchange.

To be effective, a written notice of withdrawal must be timely received by the exchange agent at its address identified in this Prospectus/Offer to Exchange. Any notice of withdrawal must specify the name of the person who tendered the warrants for which tenders are to be withdrawn and the number of warrants to be withdrawn. If the warrants to be withdrawn have been delivered to the exchange agent, a signed notice of withdrawal must be submitted prior to release of such warrants. In addition, such notice must specify the name of the registered holder (if different from that of the tendering warrant holder). A withdrawal may not be cancelled, and warrants for which tenders are withdrawn will thereafter be deemed not validly tendered for purposes of the Offer and Consent Solicitation. However, warrants for which tenders are withdrawn may be tendered again by following one of the procedures described above in the section entitled “— Procedure for Tendering Warrants for Exchange” at any time prior to the Expiration Date.

A beneficial owner of warrants desiring to withdraw tendered warrants previously delivered through DTC should contact the DTC participant through which such owner holds its warrants. In order to withdraw warrants previously tendered, a DTC participant may, prior to the Expiration Date, withdraw its instruction by (i) withdrawing its acceptance through DTC’s Participant Tender Offer Program (“PTOP”) function, or (ii) delivering to the exchange agent by mail, hand delivery or facsimile transmission, notice of withdrawal of such instruction. The notice of withdrawal must contain the name and number of the DTC participant. A withdrawal of an instruction must be executed by a DTC participant as such DTC participant’s name appears on its transmission through the PTOP function to which such withdrawal relates. If the tender being withdrawn was made through ATOP, it may only be withdrawn through PTOP, and not by hard copy delivery of withdrawal instructions. A DTC participant may withdraw a tendered warrant only if such withdrawal complies with the provisions described in this paragraph.

A holder who tendered its warrants other than through DTC should send written notice of withdrawal to the exchange agent specifying the name of the warrant holder who tendered the warrants being withdrawn. All signatures on a notice of withdrawal must be guaranteed by an Eligible Institution, as described above in the section entitled “— Procedure for Tendering Warrants for Exchange — Signature Guarantees”; provided, however, that signatures on the notice of withdrawal need not be guaranteed if the warrants being withdrawn are held for the account of an Eligible Institution. Withdrawal of a prior warrant tender will be effective upon receipt of the notice of withdrawal by the exchange agent. Selection of the method of notification is at the risk of the warrant holder, and notice of withdrawal must be timely received by the exchange agent.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by us, in our sole discretion, which determination shall be final and binding. Neither we nor any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal or incur any liability for failure to give any such notification.

Acceptance for Issuance of Shares

Upon the terms and subject to the conditions of the Offer and Consent Solicitation, we will accept for exchange warrants validly tendered until the Expiration Date, which is Midnight (end of day), Eastern Standard Time, on June 17, 2022, or such later time and date to which we may extend. Our Class A ordinary shares to be issued upon exchange of warrants pursuant to the Offer, along with written notice from Exchange Agent confirming the balance of any warrants not exchanged, will be delivered promptly following the Expiration Date. In all cases, warrants will only be accepted for exchange pursuant to the Offer after timely receipt by the exchange agent of (i) book-entry delivery of the tendered warrants, (ii) a properly completed and duly executed Letter of Transmittal and Consent, or compliance with ATOP where applicable, (iii) any other documentation required by the Letter of Transmittal and Consent, and (iv) any required signature guarantees.

For purposes of the Offer and Consent Solicitation, we will be deemed to have accepted for exchange warrants that are validly tendered and for which tenders are not withdrawn, unless we give written notice to the warrant holder of our non-acceptance.

Announcement of Results of the Offer and Consent Solicitation

We will announce the final results of the Offer and Consent Solicitation, including whether all of the conditions to the Offer and Consent Solicitation have been satisfied or waived and whether we will accept the tendered warrants for exchange, as promptly as practicable following the end of the Offer Period. The announcement will be made by a press release and by amendment to the Schedule TO we will file with the SEC in connection with the Offer and Consent Solicitation.

Background and Purpose of the Offer and Consent Solicitation

Our board of directors approved the Offer and Consent Solicitation on May 19, 2022. The purpose of the Offer and Consent Solicitation is to attempt to simplify our capital structure and reduce the potentially dilutive impact of the warrants, thereby providing us with more flexibility for financing our operations in the future. The warrants that are tendered for exchange pursuant to the Offer will be retired and cancelled automatically upon the issuance of Class A ordinary shares in exchange for such warrants pursuant to the Offer.

Agreements, Regulatory Requirements and Legal Proceedings

There are no present or proposed agreements, arrangements, understandings or relationships between us, and any of our directors, executive officers, affiliates or any other person relating, directly or indirectly, to the Offer and Consent Solicitation or to our securities that are the subject of the Offer and Consent Solicitation.

Except for the requirements of applicable federal and state securities laws, we know of no federal or state regulatory requirements to be complied with or federal or state regulatory approvals to be obtained by us in connection with the Offer and Consent Solicitation. There are no antitrust laws applicable to the Offer and Consent Solicitation. The margin requirements under Section 7 of the Exchange Act, and the related regulations thereunder, are inapplicable to the Offer and Consent Solicitation.

There are no pending legal proceedings relating to the Offer and Consent Solicitation.

Interests of Directors, Executive Officers and Others

Neither we nor any of our directors, executive officers or affiliates beneficially own any of the warrants.

We do not beneficially own any of the outstanding warrants. 683 Capital Partners, LP, Islet Master Fund, LP, Highmark Long/Short Equity LP, Integrated Core Strategies (US) LLC, ICS Opportunities, LTD., Highbridge SPAC Opportunity Fund, LP, Highbridge Tactical Credit Master Fund, L.P., LMR CCSA Master Fund Limited, LMR Master Fund Limited, CC ARB West LLC, CC Arbitrage, Ltd and Castle Creek SPAC Fund, LLC have agreed pursuant to the Tender and Support Agreement to tender their public warrants pursuant to the Offer, provided that each such person shall make such tender and consent conditioned on there being no amendment to the terms of the Offer as described in this Prospectus/Offer to Exchange that is materially adverse to such holder. None of such holders will receive any benefit by virtue of participation in the Offer or Consent Solicitation that is not shared on a pro rata basis with holders of the outstanding warrants exchanged pursuant to the Offer.

BUSINESS

Overview

We are a leading digital-first, value-based care company. Founded in 2013, our mission is to make high-quality healthcare accessible and affordable for everyone on Earth. We believe we are poised to reengineer the global healthcare market to better align system-wide incentives and to shift the focus from reactive sick care to preventative healthcare, resulting in better member health, improved member experience and reduced costs. To achieve this goal, we are leveraging our highly scalable, digital-first platform combined with high quality clinical operations and affiliated provider networks to provide an integrated, end-to-end healthcare solution. We combine artificial intelligence and broader technologies with human expertise to deliver modern healthcare.

We monetize our products and services in three primary ways:

- *Value-Based Care*, or VBC, in which we manage a defined subset or the entire medical costs of a member population and capture the cost savings. During the years ended December 31, 2021, 2020, and 2019, and the three months ended March 31, 2022 and 2021, 68.4%, 32.9%, and 0.0%, and 92.5% and 38.2%, respectively, of our revenue was derived from VBC arrangements.
- *Software Licensing*, in which we predominantly sell our digital suite of products to partners who may provide care through their own medical networks. During the years ended December 31, 2021, 2020, and 2019 and the three months ended March 31, 2022 and 2021, 18.6%, 31.0%, and 12.5%, and 2.9% and 50.5%, respectively, of our revenue was derived from software licensing.
- *Clinical Services*, in which our affiliated providers deliver medical consultations, typically on a FFS, or a combination of capitation fee and FFS basis under a risk-based agreement. During the years ended December 31, 2021, 2020, and 2019 and the three months ended March 31, 2022 and 2021, 13.0%, 36.1%, and 87.5%, and 4.6% and 11.3% respectively, of our revenue was derived from clinical services.

We believe the growing global healthcare market, which has been estimated at \$10 trillion and is expected to continue to grow in the coming decades, has been unable to balance the need for accessibility, quality and affordability. These challenges, facing healthcare systems in both developed and developing markets, have not been properly addressed by the current, largely reactive care delivery model, which is often country or even region specific. While this is generally referred to as “health care,” we consider it “sick care,” as we believe the traditional FFS model is designed to focus on treating patients when they are sick rather than helping them stay healthy. In an effort to address resource scarcity, new healthcare technologies have begun to emerge; however, we believe that existing digital tools, including telemedicine, simply shift the site of care but do not address the fundamental issues of when and how care is provided. The frustrations and limitations of “sick care” are spurring a movement towards VBC models, which offer a financial incentive to providers to lower the cost and improve the quality of healthcare. However, the traditional, non-digital-first, VBC model has yet to be implemented at scale, given the upfront human capital and physical infrastructure investment required with traditional care protocols.

We believe our solution reengineers the healthcare value chain by delivering a digital-first, integrated, end-to-end healthcare solution. Babylon 360 couples our digital platform with a VBC contract or other risk-based agreement with a health plan, healthcare provider or a government body and can provide managed care for our members across the care continuum. Under these agreements, we take financial responsibility for all or some of the surpluses or deficits in total actual costs under the agreement compared to our negotiated fixed per member per month, or capitation, allocation, cost estimate or similar compensation arrangement, and in some cases our financial responsibility for surpluses and deficits relative to the capitation allocation is deferred until an initial agreed upon period has elapsed. This approach aligns incentives to encourage better healthcare decision making while maintaining high clinical quality and highly-rated member experience. With Babylon 360, we make our digital-first holistic care solution available for a population of identified members. We seek to engage with our members to encourage sign-ups for and increase utilization of our platform, and when we achieve a suitable level of engagement, our digital-first approach enables our members to access the full spectrum of care services, from preventative care to consultation, treatment, rehabilitation and post-care, through our end-to-end digital platform. We believe that our integrated digital platform allows us to gather data and insights to continually improve our members’ experience and their care management.

We take a proactive approach to our Global Managed Care Members; (as defined below) health by actively engaging with such members through our digital platform, clinical operations and provider networks to:

- provide actionable insights and information about their well-being so that they can set their health goals;
- help such members to monitor their health on an ongoing basis;
- intervene early to provide the right care, medication and treatment, including by connecting patients with effective medical advice, including affiliated licensed physicians;
- design a clear clinical care plan as needed for recovery and rehabilitation; and
- transition rehabilitated patients from sick care to well care.

We believe that a majority of our Global Managed Care Members' needs can be addressed through our digital platform and, based on our experience in the U.K. with GP at Hand, approximately 1.5-in-10 members do need in-person care. When Global Managed Care Members require in-person care, we leverage our partner networks of medical professionals, existing health plan providers, and contracted physicians to provide in-person care, reducing our need to invest in resource-and capital-intensive infrastructure. In practice, this approach allows us to reduce costly Global Managed Care Members interactions with medical professionals and unnecessary acute or urgent care visits through early intervention, and proactively manage chronic conditions.

Leveraging the power of our digital-first approach, Global Managed Care Members have access to our solution to help keep them healthy and avoid emergent visits to lower the overall cost of their care. In addition, we also offer access to standalone services, including (i) software licensing through our Babylon Cloud Services offering, where we provide our digital solutions to customers that may provide care through their own medical networks and (ii) clinical services, where our affiliated providers deliver contracted medical consultations. See “—Our Go-to-Market Model — Software Licensing” and “—Our Go-to-Market Model — Clinical Services.”

As of December 31, 2021, our VBC, software licensing and/or clinical service offerings supported patients in 15 countries. We have scaled our VBC offering rapidly over the last year to become one of the largest VBC networks in the United States, with 166,518 U.S. VBC members as of December 31, 2021, and we expect to remain focused on U.S. growth. Across all of our geographies, results have been similar: our users gave us over 90% four-and five-star ratings in countries including the United Kingdom (95%), the United States (97%) and Rwanda (97%). Once a user has had a digital consultation with one of our clinicians, they have the ability to rate their experience between one and five stars, with five stars being the best and one star being the worst experience. The ratings in all regions are measured from the full year of 2021. The rating in the United States includes ratings from our FFS virtual care and Babylon VBC services.

We also have received a 96% quality score from the NHS on NHS Quality Outcome Framework (“QOF”) in 2019 and 2020. QOF is the main set of quantitative measures used by NHS and the independent quality regulator for England to assess and reward high quality. We achieved 369.1 points out of 379 points, or 97%, for the clinical domain, 93.5 points out of 106 points, or 88%, for the public health domain and 74 points out of 74 points, or 100%, for the Quality Indicator domain, receiving in total 536.6 points out of 559 points, or 96%.

Additionally, according to a peer reviewed study commissioned by us and published in the *Journal of Medical Internet Research*, we delivered up to 35% acute care cost savings for our GP at Hand members during the relevant period. The study compared spending per patient for Babylon GP at Hand to regional average spending over a period from April 1, 2018 to March 31, 2019 in North West London, where Babylon GP at Hand is based. Moreover, according to an NHS-commissioned report published by Ipsos MORI, which looked at the use of emergency room visits by patients during each of the 12-month periods before and after joining Babylon GP at Hand, we achieved 25% fewer emergency room visits among our GP at Hand members during the relevant period. While we have demonstrated cost savings and reduction of emergency visits in these sample studies, there is no guarantee we will be able to replicate this in the future.

When we enter into new VBC contracts, under our business model, we seek to shift VBC member interactions into our digital-first framework. As described further under “—Our Go-to-Market Model — Value Based Care Agreements” below, this process

extends over a period of months during which we incur substantial costs. Before we can interact with the VBC members, we need to ensure that sufficient capacity is established in our virtual network to support new member interactions, and must undertake initial outreach, including marketing (after any required review and approval of materials), community events, and outreach ambassadors to encourage sign-ups to the Babylon platform by our members. The ultimate goal of this initial engagement push is to schedule and complete a virtual consultation, at which point the Babylon team can continue to engage with the member regularly over time whether through interactions with our full range of digital care tools and or through additional virtual or in-person consultations with licensed medical professionals.

We believe that our member management capabilities and our members' health outcomes will improve and our cost of care delivery expenses will decrease when our members actively engage with our digital platform. Additionally, we expect to be able to rapidly scale and responsibly care for our growing member base with minimal incremental physical infrastructure. We are driving growth by expanding our existing service with our current customers into their wider operations and markets, converting more of our customers to the holistic Babylon 360 solution, and attracting new customers to the Babylon platform.

The Market: Key Challenges and Developments

In 2019, the global healthcare market was estimated to be a \$10 trillion industry, and it is expected to grow over the coming decades with the aging of the global population and the expansion of care around the world. However, we believe the global healthcare market remains beset by the following key issues that limit capacity and effectiveness of care in both developed and developing markets.

- **Accessibility.** Access to healthcare services is still restricted for many individuals globally. According to the WHO, more than half of the world's population is unable to obtain access to essential health services even in countries with well-established healthcare systems. Accessibility is also an issue in developed markets – for example, many Americans have limited access to primary care, so they rely on emergency departments for acute care. In 2018, there were an estimated 130 million emergency department visits in the United States, representing an overall average of 40 visits per 100 persons, and 87 visits per 100 persons in African American populations. We believe inequities in access to health services exist not just between, but also within, countries, as national averages can mask low levels of health service coverage in disadvantaged population groups.
- **Affordability.** Affordability of healthcare is a problem in developed and developing markets at both a system-wide and individual level. At a macro level, expenditures on healthcare in G7 countries have increased by 44% on average in the last decade, without accompanying improvement in health outcomes, according to OECD data. Individuals also struggle with high healthcare costs: according to the U.S. Centers for Disease Control and Prevention, approximately 14% of Americans report problems paying medical bills. Further, unaffordable healthcare begets inaccessibility – in a 2016 OECD study, over 22% of people in the United States reported skipping medical consultations due to cost, and 43% of low-income adults reported having unmet care needs due to cost.
- **Quality.** Consistent delivery of quality healthcare remains a challenge across geographies, and healthcare spend does not equate to improved health outcomes. According to a 2019 OECD study, while the United States spends more on healthcare as a share of its economy than any other country (16.9% of its GDP), it has lower life expectancy than the OECD country average. Further, in low-and middle-income countries, between 5.7 and 8.4 million deaths each year (representing up to 15% of overall deaths in such countries) are attributed to poor quality care. The inadequacy of traditional healthcare has not gone unnoticed by individuals. According to a 2021 Accenture report, only one out of three people said they did not have a negative experience with a medical provider, pharmacy or hospital, with people reporting a variety of negative healthcare experiences such as their visit was not efficient (22%) or the medical advice was not helpful (19%). Among those that had a negative experience, more than one-third reported switched providers or treatments or were less likely to seek medical care the next time they needed it. According to a 2019 Accenture report, the United States ranks low for patient satisfaction compared to other G-7 countries, with only a 30% satisfaction rating among healthcare participants. Efforts to address the challenges have led to important innovations in the healthcare industry; however, we believe they continue to have inherent limitations.
- **Digital Transformation of Healthcare.** We believe that patients, payers and governments are aligning on the need for cost containment through the adoption of digital solutions in the healthcare sector. Demand for and adoption of telemedicine

solutions has generally been accelerated by the COVID-19 pandemic as it has demonstrated its benefit and importance in reaching patients. According to McKinsey, COVID-19 has caused a massive acceleration in use of telehealth. Consumer adoption has skyrocketed, from 11% of U.S. consumers using telehealth in 2019 to 76% of survey respondents in May 2020 interested in using telehealth going forward. In the post-COVID-19 world, we believe this trend will continue due to the inherent structural benefits of virtual delivery of healthcare, including convenience and efficiency. However, we believe that in an effort to address resource scarcity, existing digital tools, including telemedicine consultations, are simply shifting the site of care, without addressing the fundamental issues of when and how care is provided.

- **Emergence of New Payment Models.** The challenges of accessibility, affordability and quality facing healthcare systems have not been effectively addressed by the current, largely reactive care delivery model, which we refer to as “sick care.” Healthcare providers, paid on a FFS basis, are rewarded for a higher volume of care rather than successful patient outcomes. This compensation model promotes expensive and more frequent interventions and treatments, leading to higher costs for those responsible for healthcare spend, such as governments, employers, and individuals. This has resulted in a movement towards VBC, which realigns incentives for healthcare providers, rewarding them for improving patient outcomes rather than increasing the volume of the services they provide; however, the VBC model has yet to be implemented at scale.

The Babylon Solution

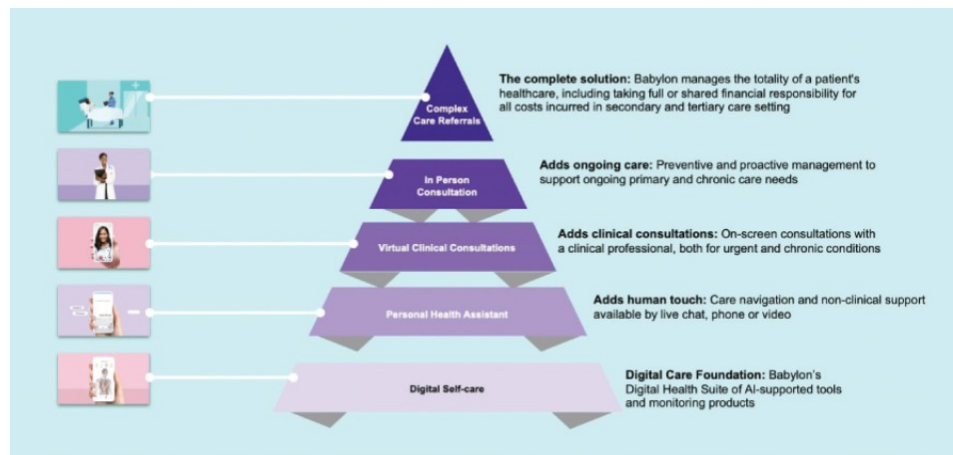
We believe our solution reengineers the healthcare value chain to simultaneously balance accessibility, affordability and quality by implementing the key attributes of digital health and value-based care.

- **Accessibility.** Our digital-first clinical platform makes information available to members so that they can monitor their health information on mobile devices, delivering digital-first care in countries as varied as the United States and Rwanda. We provide 24/7 digital-first access to medical professionals in the U.S. and the U.K., reducing barriers to care and improving timeliness of medical interventions. In 2021, we helped a patient every six seconds, with 5.2 million consultations and AI interactions.
- **Affordability.** Our technology platform improves productivity and reduces administrative burdens on medical professionals through the reallocation of tasks from clinicians to lower cost personnel, and the automation of a significant portion of back-office tasks, including post-appointment tasks, proactive care outreach activities (for GP at Hand), and onboarding and offboarding tasks. Simultaneously, our holistic care provision model allows us to actively monitor the health of our members and to provide them with targeted preventative and primary care when needed, reducing the need for expensive secondary and tertiary care. We believe that the combination of our technology platform and care provision model can dramatically reduce systemic costs. For example, in the United Kingdom in our partnership with the NHS, a peer reviewed study commissioned by us and published in the *Journal of Medical Internet Research* demonstrated that we delivered up to 35% acute care cost savings for our GP at Hand members during the relevant period from April 1, 2018 to March 31, 2019. In 2021, looking at the healthcare market generally, the healthcare expenditure per capita was \$4,429 in the United Kingdom and \$12,530 in the United States.
- **Quality.** Our platform delivers standardized treatment protocols, administrative practices, technology, and automation, such as care for acute and chronic conditions, including chronic pain, pregnancy, cardiovascular disease, diabetes, and numerous other health concerns in a longitudinal manner. This allows us and our affiliated healthcare providers to work from a standardized model of medical intervention, reduce variations in care, and deliver the same quality standards to all members. We believe this allows us to provide a better member experience and a higher standard of care. The quality delivered by our system has been confirmed by our members and customers; for example, in the United Kingdom, we received a 96% quality score from the NHS.

Babylon 360, our flagship holistic solution, combines our cutting-edge technologies with human clinical expertise and can provide managed care for our members across the care continuum. Our end-to-end care solution is facilitated through our Digital Health Suite, virtual care, in-person medical care, and post-care offerings. We believe that our platform empowers users, providers, payers and health systems to generate better health outcomes by addressing the entire care continuum model to better understand and serve their healthcare needs. By providing more care to members when they are healthy and creating clear and accessible solutions when they are sick, we believe we can avoid the significant expenses associated with late or avoidable hospital-based care. We believe

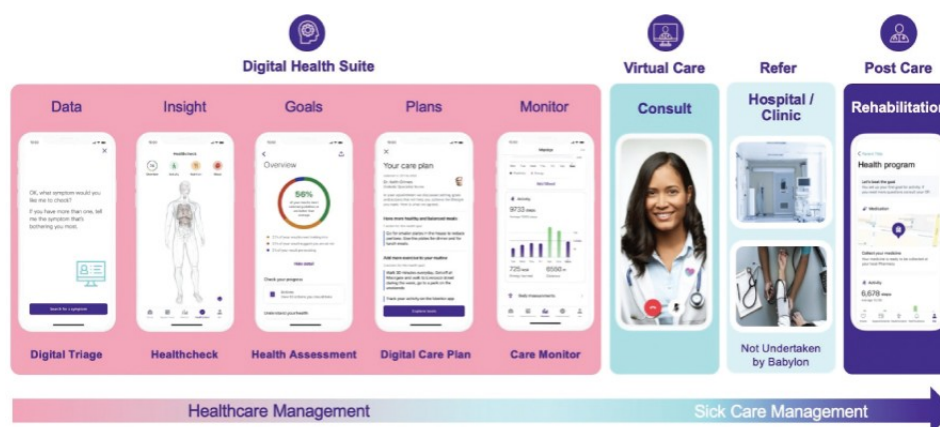
our platform disrupts the current state of care delivery and aligns the interests of our members and customers and simultaneously lowers costs.

When delivering Babylon 360, we and our affiliated providers are able to provide or assist in connecting a member with end-to-end care through the creation of a comprehensive, digital-first “care pyramid” tailored to the member’s specific needs and circumstances.



This pyramid is built on a mobile-native, digital self-care foundation that leverages a comprehensive, longitudinal view of a member’s specific circumstances to provide a range of AI-driven tools to help members create a set of health goals and to track their progress and achievement. This is complemented by our personal health assistant, which is available to help members with their care needs and for non-clinical support via chat or direct human interaction. When direct care is needed, it is first provided through virtual clinical consultations, accessible in the U.S. and the U.K. on a 24/7 basis, linking members with a clinical professional to address their urgent or chronic needs. While most member needs can be addressed with our digital platform and virtual care capabilities, when a member does require in-person care, we assist in connecting them with the appropriate caregiver for an in-person consultation. If a member’s care needs are more specialized or complex, we offer connections to secondary and tertiary care partners who work with us to provide the full spectrum of sick care. As members increase their digital engagement, they should be increasingly able to undertake self-care and self-monitoring and reduce the need for in-person care.

We believe our holistic care model, Babylon 360, is presented to the member in an intuitive and consumer-friendly way. When we deliver holistic care via Babylon 360, we aim to engage actively and frequently with members and provide the care they need at the point they need it, leveraging existing digital devices as the first point of call and utilizing in-person providers where needed.



- **When in good health**, the tools provided through our Digital Health Suite can provide members with insights and information about their well-being. For example, through Healthcheck, we offer an assessment to help our members understand their current health metrics and how they may change in the future. We can use some of the information from this tool to help risk stratify our member population. By understanding their specific information with Health Assessment, members are better able to set personalized health goals. Our Healthcheck tool then provides a report, including actionable items to help members achieve those health goals and to help track their progress and health information.
- **If members get sick**, the Digital Health Suite offers 24/7 access to Digital Triage tools including a Symptom Checker as well as access to clinical care, so members get the right information and care. Through our Symptom Checker, members answer questions about their symptoms and are directed to possibly matching conditions responsive to the information entered and potential next steps. A care team gives members a clear clinical care plan for treatment and recovery. Then, once the members are back on their feet, the care team goes back to helping members to monitor their health information.
- **Follow-up care** is delivered by affiliated providers, including medication management, transitions to the appropriate type of care, and rehabilitation. We provide recommendations for follow-up self-care to improve overall member outcomes and ensure that members maintain their health.

Our Product

Babylon can effectively engage, assess, plan, monitor, treat and support our members in the regions in which we operate around the world with our AI-supported platform, delivering meaningful benefits to our stakeholders. Our key product is Babylon 360, which combines our cutting-edge technologies with human clinical expertise and can provide managed care for our members across the care continuum.

The Babylon 360 journey starts with engagement and understanding a total picture of a member's health needs. We use multiple channels to reach out to our members, from emails to phone calls to in-person visits with community health workers, to encourage members to install the Babylon app on their smartphone (or USSD app on their feature phone for regions where smartphone penetration is weak) or to sign up via the web. Once members have installed the Babylon app, they may be (subject to compliance with applicable rules) engaged on an ongoing basis through multiple push-type notifications, emails and SMS which may prompt them to complete a health assessment and create a personalized care treatment plan unique to their needs. The in-app health assessment, coupled with existing patient electronic health record data, patient provided data, wearable data and clinical data, allows for a convenient way to have a holistic profile of our members and to measure aspects of risk to our members.

When feeling unwell or concerned about unusual symptoms, our members can instantly access our AI-supported Symptom Checker, which provides responsive and convenient information. Through our Symptom Checker, members answer questions about their symptoms and are directed to possible matching conditions responsive to the information entered and potential next steps associated with such conditions, including easily booking a telehealth appointment right from your phone. Information outcomes range on a continuum from hydrating with water to seeking follow-up care with a clinician or, in infrequent cases, an ER visit.

In the U.S. or the UK, if a member would like to see a clinician, our app can facilitate a prompt booking for a primary care, behavioral health or specialist's synchronous appointment, on a 24/7/365 basis. In the United States, approximately 85% of virtual provider appointments happen within 45 minutes of booking. However, many clinical needs do not require a synchronous appointment.

For clinicians, our platform enables more efficient workflows, thus saving valuable time and allowing clinicians to focus on what's really important – the members. Our custom-built, web-based Clinician Portal provides longitudinal data around members and allows clinicians to save time on arranging lab tests, issuing prescriptions, scheduling follow-up consultations and other frequent tasks through workflow automation. The workflow task-list helps the back-office team manage the transitions of care between providers. Steps are automated using robotic process automation and our proprietary workflows platform deeply integrated into all facets of our back office platform to reduce the operational overhead. For example, within our GP at Hand service, we use automation to assist a variety of our proactive care workflows. Our RPA solution fetches and prioritizes the eligible patients for proactive outreach, and then triggers the workflow platform which automatically manages and sends a set of communications, reminders and invites to the patient, reducing back-office administrative tasks and involving our clinicians only at the end of the workflow when providing care to the patient.

Future product development

We believe that continuous data assessment, risk calculation, and early intervention are key to crafting patient care plans and driving down costs of care. We have under development proprietary AI which enables ongoing monitoring of member data which automatically suggests to clinicians and members relevant goals and actions, while keeping the clinician in the loop to lead to better health outcomes. Once developed, our system detects abnormalities during the course of this continuous data assessment, and our team would be proactively alerted to intervene to evaluate and understand the root cause and respond via email, phone, or notifications.

We are aiming to further reduce the administrative burden for clinicians through the ongoing development of automated note taking and coding. A leading natural language processing engine is in beta test to auto-transcribe clinician interactions in real time and generate meaningful notes and summaries about interactions. In addition, we are deeply focused on automatically coding our patients' conditions to get the most accurate record of their care and conditions. We expect this to provide improved accountability and transparency with the goal of reducing costly errors and augmenting our data set to enable future AI solutions. Furthermore, we are very focused on coaching and enabling habit changes that lead to better health outcomes.

The features listed in this section are under active development and have not been commercialized as of the date of this Prospectus/Offer to Exchange. We cannot guarantee if or when the features will be available for use.

Our Strengths and Key Differentiators

Our goal is to provide a full spectrum of care services through a comprehensive digital-first platform powered by an AI-supported, cloud-based, integrated technology stack. Our key strengths and differentiators are:

- **Purpose-Built, Tech-Enabled & AI-Supported.** Our end-to-end healthcare platform is supported by AI, which we believe optimizes efficiency and improves outcomes across the entire care management value chain, from risk stratification to triage to care management. This digital-first, technology-forward approach has been our strategy from the outset and is intrinsically built into our care delivery solutions, in contrast to other care providers that have bolted technology capabilities onto a traditional care delivery model. We have heavily invested in our technology as well as in our team of highly experienced researchers, scientists and engineers since our founding in 2013, which we believe gives us a significant advantage over other care providers and will continue to progress our capabilities. We are also able to license our technology to third parties. Our

AI and automation reduce the human capital intensity of providing healthcare, while seeking to improve the quality of decision making and health outcomes, offering:

- Evidence-based insights, whole person care, and lifestyle and behavioral risk benchmarking for over 30 common diseases;
- A cloud-based, integrated self-care and clinical services platform, which allows us to deliver convenient, continuous and scalable care globally; and
- Integrated technology and virtual clinical operations, which automate low value tasks, allowing the focus to be on high value interactions and drive more efficiency than a normal physical primary care operation.
- **Proven & Highly-Scalable Care Delivery Model** Our digital-first model is highly scalable, which differentiates us from competitors. We believe traditional integrated care competitors who rely on a capital-intensive bricks-and-mortar-first model may have a reduced ability to expand to new markets and capture segment share beyond their near-term physical footprint. We are able to deliver fully-integrated, personalized healthcare and access across the entire care spectrum through mobile devices many individuals already own or access. This technology allows us to offer access to on-demand care, on a 24/7 basis, through our digital platform while leveraging existing, local healthcare infrastructure in markets where our affiliated providers deliver care. This is evidenced by the rapid go-to-market in Missouri through our partnership with Home State Health, a wholly-owned subsidiary of Centene Corporation, where, within three months of reaching substantially final agreed terms, we made our Babylon 360 solution accessible to approximately 17,000 members with limited incremental investment so that both Centene's existing local healthcare network and our technology platform were at their disposal. Additionally, because a population of members is assigned to us under our VBC contracts, we are able to focus our outreach efforts on engagement with our assigned members.
- **Proactively Delivering Mobile-Native Care to Members.** Our digital-first platform allows us to deliver access to integrated, personalized healthcare at scale through our app on the devices most individuals already own. This enables us to quickly, efficiently and effectively interact with members to provide support and care, ideally preventing a member from becoming sick. Upon commencing service under a new Babylon 360 contract, we quickly seek to make direct contact with each member covered under that contract to offer a digital assessment. If required, we also offer to connect members to an introductory video consultation with a clinician. Following member onboarding, we continue to provide proactive monitoring and communicate electronically through email and the Babylon app to drive member engagement. Our care teams proactively offer personalized healthcare plans for high risk members involving higher levels of interaction with their care team. Medium risk members also get personalized care plans with a lower number of interactions with the care team and a focus on healthy living coaching and education. Low-risk members are provided with resources for self-help and education about general wellness.
- **Deep Experience in Value-Based and Other Managed Care** We aim to improve the member experience and reduce the cost of care by prioritizing member centric care and incentivizing healthcare providers to keep their members healthy, which can lower healthcare costs over the member's lifetime. From our earliest work with customer groups including the NHS, which provides primary care at a fraction of the cost of what is typical in the United States, we have developed deep experience in the delivery of care within capitated systems. Through the creation of a proactive, digital-first care network, which can provide our members with a well-structured "Care Pyramid," we shift member interactions to virtual care and provide timely and targeted in-person care when needed. The goal of our Babylon 360 solution is to manage the totality of a member's healthcare. Babylon 360 couples our digital platform with a VBC contract or other risk-based agreement with a health plan, healthcare provider or a government body. Under these agreements, we take financial responsibility for all or some of the surpluses or deficits in total actual costs under the agreement compared to our negotiated fixed per member per month, or capitation allocation, cost estimate or similar compensation arrangement, and in some cases our financial responsibility for surpluses and deficits relative to the capitation allocation is deferred until an initial agreed upon period has elapsed. By significantly improving accessibility and availability of primary and urgent care, we believe it is possible to create significant downstream savings. For example, in the United Kingdom in our partnership with the NHS, a peer reviewed study commissioned by us and published in the *Journal of Medical Internet Research* demonstrated that we delivered up to 35% acute care cost savings for our GP at Hand members during the relevant period from April 1, 2018 to March 31, 2019.

Our Growth Strategy

We are pursuing the following strategies in order to expand access to high-quality, affordable healthcare:

- **Expand covered population and scope of services in existing markets** We have a significant opportunity to cover additional members in the markets we currently serve by both (i) signing contracts with new payers and enterprise customers and (ii) expanding the scope of services provided to our existing customer base. If we expand the scope of services we provide, for example, by upselling a clinical services contract to a VBC contract, we have the ability to significantly increase our revenue per member. We continue to demonstrate that our offerings are attractive and cost-saving for payers. In our partnership with the NHS, we have saved up to 35% of acute care hospital costs, while delivering high-quality healthcare to our GP at Hand members. For a description of the study done on our solution, see “— Overview.” We believe that these demonstrated savings will both attract new customers and convince existing licensing and FFS customers to upgrade to our VBC offering, Babylon 360, and we have already been successful in doing so – since the start of our expansion into the U.S. market, several customers have upgraded their contracts from initially planned clinical services provision to Babylon 360 contracts.
- **Expand to new markets with new and existing customers** Due to the scalability of our digital-first platform we are able to efficiently expand into new geographical markets, both within and outside the United States. We believe that our existing customer relationships present a particularly attractive growth opportunity. Currently, our focus is on the expansion within the U.S. market. In 2022, we are accelerating our growth in the U.S. by continuing to sell our Babylon Cloud Services and our Babylon 360 offerings. We are acquiring multiple new customers, diversifying our customer base, and targeting an increase in Medicare Advantage and commercial populations. We are also addressing new segments such as self-insured employers by establishing our own enterprise sales force, utilizing third party sales consultants, and leveraging Higi’s retail footprint. As a global operator, we continue to evaluate opportunities outside the United States. We deploy our technology in 15 countries and actively provide clinical services in three. We continue to capitalize on the deployable nature of our model and technology to pursue business opportunities, both in licensing and clinical care, in new markets with attractive economic opportunities.
- **Pursue strategic partnerships and acquisitions.** While we expect organic growth to be our primary driver, there may be complementary targets with the potential to make valuable additions to our existing platform, either through partnership or acquisition. Recent examples of this approach include our strategic partnership with Palantir, designed to utilize Palantir’s platform to accelerate delivery of digital-first, personalized care to Babylon’s members, and our acquisition of Higi, which augments our digital infrastructure through a bricks and mortar presence of FDA-cleared Smart Health Stations in retail chains such as Sam’s Club, Kroger, Rite Aid, and Publix, among others.
- **Continuing to invest our technology to improve our care capabilities** We have invested heavily in our technology platform since our founding and believe that it is both world-leading and vital to our continued success in the provision of digital-first care solutions. With this view, we continue to invest in our technology platform and seek to enhance our leadership position in clinically focused healthcare AI and other applications that can improve our members’ health and experience.

Our Technology

To date, Babylon has heavily invested in a proprietary healthcare delivery platform that we believe is member-friendly, reduces the administrative burden for our clinicians, and enables us to scale across geographies. Our solutions are powered by a cloud-enabled platform that is built to maximize interoperability, be accessible to individuals through all kinds of mobile devices, and leverage custom workflow platforms to optimize efficiency in clinicians’ back offices. We believe the key features of our technology platform are the following:

- **Proprietary.** Over the last decade, we have designed a proprietary platform on which we can drive the creation of cohesive, custom solutions supported by AI. In contrast, our competitors rely on many third-party solutions that are decoupled and disjointed, reducing the ability to leverage AI and data to drive overall efficiency and value for their members and providers. Our software is built in line with strong security and privacy controls, and our processes are externally audited for

compliance with required standards. We use highly agile software development methodologies to promote effective, metric-driven development while complying with our secure software development lifecycle.

- **Cloud Architecture.** Our globally accessible services are cloud enabled by design for maximum efficiency and scale. Our approach to delivery allows us to operate in multiple cloud regions around the world with a federated approach that enables unique data residency and data sovereignty requirements per country. Built from inception to be powered from the cloud, we aim to be cloud service provider-agnostic, enabling us to deploy our solutions more broadly and globally where there may be a gap in cloud provider coverage through various strategic partnerships.
- **Integration.** Using a standards-based, interoperable interface allows us to integrate seamlessly and efficiently with third party electronic medical records systems and other healthcare data providers. Leveraging a standards-based HL7-FHIR (Fast Healthcare Interoperability Resources) approach, we are able to ingest, process and store data from a wide variety of sources, creating a unified view of our members (while ensuring this is in compliance with privacy laws).
- **Widely Accessible.** We deliver our digital solutions to our members and providers via cutting-edge front-end technology through both web and smartphone applications. At the same time, we serve individuals with basic flip phones through a proprietary application in developing countries such as Rwanda, facilitating our mission of delivering affordable and accessible healthcare to all.
- **Optimizes Back Office Efficiency.** Leveraging open source and third-party technology, we have built a highly configurable platform that automates non-clinical tasks such as processing referrals and prescription management, reducing providers' administrative burden and increasing their operational efficiency. This platform approach allows us to leverage our data and AI strategy to deliver these "back office" workflow services, driving additional value for our members by mitigating friction and delays, which individuals typically face in traditional healthcare delivery models.

How We Leverage Artificial Intelligence

Underpinning our healthcare delivery platform is our bespoke AI solution that has been designed to help our members navigate their personal healthcare journeys and is currently deployed in our Symptom Checker and Healthcheck products, as well as our clinical portals to assist clinicians with some administrative functions. We believe that our member-centric approach, which considers our members' healthcare and sick-care, differentiates us from our competitors, whose solutions adopt a narrow, often impersonal approach that fails to consider the full spectrum of healthcare. Leveraging our team's deep experience in building intelligent healthcare systems, our AI architecture has been designed from the ground up over the last decade to deliver actionable insights and recommendations.

A core feature of this architecture is the inclusion, by design, of core principles such as interpretability and explainability. These features are critical when delivering insights through member-facing products since they provide transparency to our clinicians (via our "clinician-in-the-loop" platform) for them to understand the provenance of the data and parameters in our AI and to have the ability to independently assess the basis of our AI's conclusions. These principles, which are inherent features of causal approaches to AI, help overcome the "black-box" problem – the notion that an AI system can deliver insights, but is incapable of explaining how it has arrived at its conclusions. This capability provides our customers and clinicians with a critical layer of transparency on the insights provided to our members via products such as the Symptom Checker and Health Assessment.

Another key feature of our AI technology is its ability to quantify the uncertainty of its predictions. In contrast to the majority of "black-box" AI systems which tend towards making overly-confident predictions, uncertainty-aware AI systems are better equipped to quantify and assess how much additional information is required to make predictions with a specified level of confidence.

Additionally, our AI has been designed to be data-efficient and flexible with respect to the information it consumes, enabling us to rapidly adapt our models to new populations. Our AI systems leverage health records from multiple sources where available and in compliance with applicable privacy rules, but also permit other sources of evidence such as data, for example, clinician input and published studies, and medical knowledge, including from clinical guidelines and pathways, to be incorporated where data quality or abundance is a concern. For example, our systems benefit from feedback from our teams of local clinicians who review our AI systems' use of data in light of local beliefs, language and healthcare concerns. This approach has allowed us to adapt and rapidly

localize our AI models to account for differences in language, culture and disease burden across geographies, enabling us to serve populations globally.

Our Go-to-Market Model

Working with governments, payers and providers to deliver quality healthcare services globally, we monetize our platform in three primary ways – value-based care, software licensing, and clinical services.

Value-Based Care Agreements

Under VBC contracts, we manage the healthcare needs of our members in a centralized manner, where we negotiate a fixed per member per month (PMPM) or capitation allocation, often based on a percentage of the payer’s premium or MLR with the payer. We assume financial responsibility for member healthcare services, which means that, throughout the measurement period, the total actual medical costs are compared to the capitation allocation. At the end of the measurement period, Babylon will either be responsible for all or part of excess costs above the capitation allocation, or will receive all or part of any savings, as compared to the capitation allocation. We take financial responsibility for costs incurred for physician-based care, referred to as professional risk, and secondary and tertiary facility care, referred to as institutional risk (and together with professional risk, referred to as global risk). In some of our newer VBC contracts, our financial responsibility for surpluses or deficits relative to the capitation allocation is deferred until an initial agreed upon period has elapsed.

Through member engagement with our services, and while maintaining high clinical quality and excellent member experience, we seek to improve member healthcare while keeping the costs incurred for member healthcare below the capitation amount. Our cost savings are typically driven by improved management of chronic conditions and proactive, preventative care to keep members healthier thereby avoiding unnecessary emergency room visits and hospitalizations. Patients, payers and providers are encouraged to adopt our care pathways. We have acquired independent physician associations comprised of medical group members that have already entered into VBC contracts that utilize their physical networks, and we are transitioning the VBC members to our digital-first framework. As we shift VBC member interactions into our digital-first framework, we believe that our member management capabilities and our members’ health outcomes will improve and our cost of care delivery will decrease.

Each VBC contract is different in terms of structure and pricing due to state regulations, national health systems and payer negotiations. Before entering into a new contract, we analyze internal and external data on a given patient population, including, but not limited to, historical claims, population demographics, utilization and other key performance data. We perform an actuarial analysis and combine this information with inflation and local market adjustments. Because our business is to manage healthcare rather than act as a reinsurer, we also have “stop loss” insurance on all of our VBC contracts that generally is invoked when expenditures on any individual patient exceeds a predefined threshold in any given year. The amounts paid under VBC contracts per at-risk patient can be significantly higher than the fees for services provided under FFS arrangements. Consequently, when costs for providing service are effectively managed, the revenue and profit generation opportunities under VBC contracts are significantly more attractive than under FFS arrangements.

When we enter a contract with a new cohort, there are several substantial pillars to stand up before we can optimize our engagement with members. Commensurate with the number of new members in a specific cohort, we need to ensure that sufficient capacity is established in the virtual network to support new member interactions. There is also a staffing component to this initial infrastructure build-out, where medical professionals, support staff, and local outreach ambassadors need to be vetted, hired, and trained to the elevated standards we hold ourselves to. This process, necessary in any new state we enter, and required to be in place before we can interact with a single member, can take up to several months.

Once this infrastructure is established, we aim to encourage new members to sign-up for the platform, and, if they sign up, we can increase and optimize our engagement with them. The process begins with initial outreach, including marketing (after any required review and approval of materials), community events, and outreach ambassadors, all designed to drive sign-ups to and engagement with our digital platform, which can take up to three months. Following these initial stages, member sign-ups to our platform take place gradually over time. The ultimate goal of this initial engagement push is to schedule and complete a virtual consultation, at which point our team can continue to engage with the member regularly over time and establish ongoing care and high value interactions with our full range of digital care tools or through additional virtual or in-person consultations with licensed medical professionals.

When we convert someone to being a repeat user of our service, it has a meaningful impact on how that person chooses to navigate the healthcare system. For repeat users of our service, evidence indicates that Babylon is quickly becoming their gateway into the healthcare system, which enables us to improve their experience and better control cost of care. In Missouri, for example, we have seen encouraging results where more than half of patients that have completed their first appointment go on to have future appointments.

Understanding this process, and the time and costs associated with setting up new cohorts, is crucial to contextualize our cost of care and margins as we enter new states and sign on new cohorts. Nearly 40% of our U.S. VBC Members (as defined in “—*Classification of Our Members—U.S. VBC Members*” below) were new in the fourth quarter of 2021, and as of March 10, 2022, the weighted-average tenure of our U.S. VBC Members was less than 8 months, with our value-based care agreements in Missouri and California having the longest tenure at less than 18 months.

During the years ended December 31, 2021, 2020, and 2019, 68.4%, 32.9% and 0.0%, respectively, of our revenue was derived from value-based care arrangements. During the three months ended March 31, 2022, 92.5% and 38.2%, respectively, of our revenue was derived from value-based care arrangements. VBC is a more recent revenue stream for us, although we expect it to be an increasing proportion of our total revenue in future periods.

Software Licensing

Through our Babylon Cloud Services offering, we can license our digital platform to a broad spectrum of customers, including healthcare providers, payers, self-insured employers, retailers, pharmaceutical manufacturers, and telecommunications companies. Through our licensing activity, we can offer access to a range of digital platform options such as (i) the Symptom Checker and Health Graph tools, for use cases in which care can be de-escalated or referred, as necessary, to in person services; (ii) the entire Digital Health Suite of tools, which focuses on digitizing the front door of providers and payers; and (iii) delivering a bundle which incorporates a combination of the Digital Health Suite with chronic condition management and virtual care services to targeted populations. We believe that software licensing represents an effective way of leveraging our technology platform into customer segments or geographies where we do not currently have commercial operations or a near-term plan to market clinical services or VBC contracts. During the years ended December 31, 2021, 2020, and 2019, 18.6%, 31.0% and 12.5%, respectively, of our revenue was derived from software licensing. During the three months ended March 31, 2022 and 2021, 2.9% and 50.5%, respectively, of our revenue was derived from software licensing.

Clinical Services

We provide access to our digital platform to customers including health plans, enterprises that offer our platform to their employees, and directly to private users. Our clinical services offering is tailored to our customers’ needs, but can include access to our full range of digital care tools, including our app-based Digital Health Suite (which may be accessed as a per member per month fee and classified as licensing fee revenue), as well as access to consultations with licensed medical professionals. Our revenue model for clinical services is based on FFS fees or a combination of FFS and capitated fees under a risk-based agreement. Under our FFS arrangements, payers pay a specified amount for each virtual consultation or patient visit. As a result, FFS-based revenue is demand-driven and dependent on volume of virtual consultations or, in some cases, patient visits completed.

During the years ended December 31, 2021, 2020, and 2019, 13.0%, 36.1% and 87.5%, respectively, of our revenue was derived from clinical services. During the three months ended March 31, 2022 and 2021, 4.6% and 11.3% respectively, of our revenue was derived from clinical services. While clinical services are expected to continue to increase, we expect that growth in our other revenue streams will likely outpace it in future periods.

Classification of Our Members

Members

“members” refers to individuals globally who are covered by one of our value-based care agreements described under “—*Our Go-to-Market Model—Value-Based Care Agreements*” above or other risk-based agreements with a health plan, healthcare provider or a government body (including NHS bodies in England), or who have access to our digital platform through our software license agreements described under “—*Our Go-to-Market Model—Software Licensing*” or one of our clinical services offerings described

under “—Our Go-to-Market Model—Clinical Services” above. In some instances, “member” is used only to refer to those registered to use the Babylon app, and in others, it refers to those that are eligible under contract to use the Babylon app, whether or not they have registered to use the Babylon app.

U.S. VBC Members

“U.S. VBC Members” refers to individuals who are covered by one of our VBC contracts with a U.S. health plan or healthcare provider. Under these agreements, we take financial responsibility for all or some of the surpluses or deficits in total actual costs under the agreement compared to our negotiated fixed per member per month, or capitation, allocation. In some of our VBC contracts, our financial responsibility for these surpluses or deficits is deferred until an initial agreed upon period has elapsed.

Global Managed Care Members

“Global Managed Care Members” refers to individuals globally who are covered by one of our value-based care agreements or other risk-based agreements with a health plan, healthcare provider or a government body (including NHS bodies in England), under which we assume partial or full risk for the specified costs of members’ healthcare (which may be all-inclusive healthcare costs or more limited professional costs). Under these agreements, we take financial responsibility for all or some of the surpluses or deficits in total actual costs under the agreement compared to our negotiated PMPM or capitation allocation, cost estimate or similar compensation arrangement. Our U.S. VBC Members, Babylon GP at Hand members, and members covered by our agreement with RWT are all Global Managed Care Members.

Our Global Reach

As of December 31, 2021, our VBC, software licensing and/or clinical service offerings supported patients in 15 countries, as further described below.

United States

Since January 2020, we have grown to provide access to our VBC and clinical services offerings to 4.6 million members in eight states as of December 31, 2021, of which 166,518 were U.S. VBC Members. Our acquisitions of Higi and DayToDay have enabled us to expand the scope of our services and products.

We offer our members access to affiliated healthcare providers licensed in all 50 states, on a 24/7 basis.

During the years ended December 31, 2021, 2020 and 2019, 71.9%, 40.7%, and 0.0%, respectively, of our revenue was derived from our business in the United States.

Value-Based Care, Including Babylon 360

The expansion of our VBC offerings in the United States, including our digital-first Babylon 360 solution, is our primary focus for growth on a go-forward basis. We are driving such growth by expanding our existing service with our current health care plan customers into their wider operations and markets, converting more of our U.S. customers to the holistic Babylon 360 solution, and attracting new customers to the Babylon platform.

We offer our Babylon 360 solution to approximately 19,000 Home State Health Medicaid members through a VBC contract. This arrangement is a primary example of our core strategy in the United States – providing digital-first, value-based care at a pre-agreed capitation rate. After signing the VBC contract in the summer of 2020, we commenced offering service access in October 2020, with 36% of households registered with a goal towards improving healthcare accessibility for these members.

We entered into an agreement to make our Babylon 360 solution available to 15,000 Medicaid members in the state of New York and began deploying this solution in the third quarter of 2021. We entered into an additional agreement to support approximately 63,000 Medicaid members in Georgia and Mississippi and began executing on the agreement in the fourth quarter of 2021. At the end of 2021, we expanded our presence by an additional 14,000 Medicaid members in Georgia and 72,000 Medicaid members in Iowa, commencing services in January 2022.

We are also participating in the Direct Contracting Model with CMS by working with one of the Direct Contracting Entities, or DCE. The financial aspects of the Direct Contracting Model are set forth in an agreement between the DCE and CMS which commenced on January 1, 2022. Under our management services agreement with the DCE, we will provide crucial care management services to Medicare beneficiaries in California in a value-based care arrangement. CMS has the right to amend its agreement with the DCE without the consent of the DCE for good cause or as necessary to comply with applicable federal or state law, regulatory requirements, accreditation standards or licensing guidelines or rules. After January 1, 2023, CMS has indicated that it will be transitioning to the ACO REACH Model.

In addition, we have acquired VBC contracts. We are working on an ongoing transition plan to provide U.S. VBC Members covered by these VBC contracts with access to our digital-first Babylon 360 framework. Through two California-based independent physician associations, or IPAs – FCMG and Meritage Medical Network – that were acquired by an affiliated professional entity, we offer access to VBC services on a capitation basis by carrying global risk for Medicare Advantage members, and professional risk for Medi-Cal and commercial VBC members. As we shift interactions with these approximately 73,000 U.S. VBC Members into our digital-first Babylon 360 framework, we believe that our member management capabilities and our members' health outcomes will improve, and our cost of care delivery will decrease.

Clinical Services

We began delivering our solutions through our digital platform in the United States in January 2020 by providing access to our digital platform, including virtual clinical services, on a licensing and FFS basis to health plans across the United States. This business model is consistent with that of our agreement with Bupa in the United Kingdom, as described below. This model has been, and we believe will continue to be, a valuable entry point into delivering our holistic Babylon 360 solution to member populations we serve on a clinical FFS and licensing basis.

Higi

On May 15, 2020, we acquired 10.2% of the fully diluted capital stock of Higi. Through a series of investments, we then increased our shareholdings in Higi to 25.3% on a fully diluted basis. On December 7, 2021, we exercised our option to acquire the remaining equity interest in Higi pursuant to the Higi Acquisition Agreement. The closing of this acquisition occurred on December 31, 2021.

Higi provides digital healthcare services via a network of Smart Health Stations located in the United States, and makes health kiosks found in retail pharmacies and groceries that provide free screenings of blood pressure, weight, pulse and body mass index. Higi has manufactured various models of the Higi station after obtaining marketing authorization from the FDA. It is not a diagnostic device and only furnishes data so that users can consult their personal physician or other healthcare professional. The user can also choose to store or send the data to a personal physician or healthcare professional. The Higi station has received 510(k) clearance from the FDA.

The Higi acquisition is intended to increase our reach to users and our ability to provide clinical service offerings to our customers.

DayToDay

In October 2019, we purchased a majority stake in DayToDay. On November 16, 2021, we acquired the remaining equity stake in DayToDay.

DayToDay provides patients targeted education, communication and clinical support from a personal care team before or after clinical visits, hospitalizations, or surgeries through its mobile application and platform. The DayToDay acquisition is intended to bolster our product offering by providing patient management for acute care episodes.

United Kingdom

In the United Kingdom, we deliver our Babylon GP at Hand in England offering, providing primary medical services under a contract with the NHS, and provide clinical services through our agreement with Bupa, a private insurer, as well as through

agreements with employers for whom we provide employees access to our clinical services. We provide these services through a mix of FFS and capitation fees.

During the years ended December 31, 2021, 2020 and 2019, 27.6%, 55.6%, and 91.2%, respectively, of our revenue was derived from our business in the United Kingdom.

Babylon GP at Hand

Through our Babylon GP at Hand offering, which we started in 2017, we provide primary medical services for patients registered with Babylon GP at Hand or temporarily resident in the area and seeking primary medical care. Our reimbursement model is the same as other GPs in England that hold general medical services contracts and is based on the Carr-Hill formula – a capitation model primarily based on age and gender of the patient. Since 2017, we have grown our Babylon GP at Hand offering over fifty times, from 2,000 to 115,000 members, and from one location in London to seven physical locations in London and Birmingham. Today, anyone who lives or works within 30 minutes of one of our physical premises, irrespective of age and health, can register with Babylon GP at Hand. We have further improved accessibility of healthcare for our Babylon GP at Hand patients by providing digital consultation within two hours of a registered patient seeking an appointment compared to over a week, the average for an NHS GP appointment. At the same time, Babylon GP at Hand has received an overall “Good” rating from the CQC, the independent regulator of health and social care in England. CQC is responsible for inspecting health and social care providers in England and, based on its inspection, assigns one of four ratings, which are “Inadequate,” “Requires improvement,” “Good” and “Outstanding,” to five domains, including “Safe,” “Well-led,” “Responsive,” “Effective” and “Caring,” and an overall assessment covering all five domains. CQC also assigned an overall “Good” rating to Babylon Healthcare Services Limited, which is sub-contracted to deliver services to Babylon GP at Hand.

Additionally, CQC assigned Babylon Healthcare Services Limited an “Outstanding” rating in the “Well-led” domain. Babylon GP at Hand has over 94% four and five-star ratings from its members, with a 93% retention rate.

We employ doctors, nurses, prescribing pharmacists and other specialists in order to deliver this care to our membership. Our work with the NHS has demonstrated conclusive cost savings. The NHS’s own studies have shown that our GP at Hand member base has experienced reduced acute care costs by over 35% compared to a similar population.

Babylon GP at Hand is part of our clinical services offering.

Bupa

Bupa is the United Kingdom’s largest private health insurer, used by over two million people alongside the NHS. Bupa’s covered population has access to Babylon’s digital platform, for which we are paid a capitation fee per member. In addition, Bupa members can undertake virtual consultations with our doctors or healthcare professionals, for which we receive a FFS. Following a virtual consultation, if appropriate, we then refer these members into the secondary care system – either with the NHS or through Bupa’s private network. We do not operate any physical premises in order to deliver healthcare to these members.

Bupa is part of our clinical services offering.

RWT

The Royal Wolverhampton NHS Trust, or RWT, is a large acute and community care provider in the West Midlands, UK, with three hospitals and over twenty community healthcare sites. As of April 1, 2022, RWT will have eight GP practices in their own Primary Care Network (“PCN”). We have partnered with RWT to introduce Babylon 360 to the population covered by their PCN, providing technology and clinical services that we expect to expand over time. For this population, we and RWT share financial responsibility for some of the surpluses or deficits in total actual costs relative to a benchmark.

RWT is part of our clinical services offering.

Canada

In Canada, we deliver our Babylon Cloud Services offering via a software licensing agreement. We have entered into a seven-year agreement to license our white-labeled digital platform to TELUS Health, allowing TELUS to provide integrated clinical services to members through a TELUS-branded version of the Babylon digital platform.

Rest of the World

In furtherance of our global mission to provide accessible and affordable quality healthcare to everyone on Earth, we are continuing to expand our global reach, beginning in Southeast Asia and Rwanda.

Southeast Asia

In June 2018, we signed an agreement with Prudential, a leading provider of health insurance in Asia, to license our white-labeled digital platform to Prudential members through the Prudential-branded “Pulse” app. Since then, we have configured our digital platform, which is capable of operating in 12 languages in the region, to offer services across 11 countries in Southeast Asia, using 14 epidemiological models.

Rwanda

In Rwanda, we deliver clinical services on a FFS basis. Since commencing operations in Rwanda in 2019, we have scaled rapidly to cover 2.7 million users in Rwanda as of March 18, 2022, providing both physical and telemedicine consultations through our network of local doctors, clinical field workers and other healthcare professionals. Initial funding for this operation was provided in conjunction with the Bill & Melinda Gates Foundation and, following the initial period, the government of Rwanda signed a 10-year agreement with us for the provision of clinical services. While its revenue contribution is relatively small, we see Rwanda as a core part of our mission in order to deliver affordable and accessible healthcare to all, and in due course we expect to seek to expand our delivery further in Africa.

Sales and Marketing

We generally build our pipeline through a combination of responding to inbound inquiries, outbound sales and marketing efforts, including by email and through our website and social media, and existing customer relationships. While we do not generally participate in request-for-proposal (RFP) processes in our go-to-market activities due to our unique offering and competitive position, it is possible that these processes will become more prevalent in the future.

Our marketing strategy is focused on building brand awareness by highlighting our digital-first solution and demonstrating the return on investment we provide for our existing customers. Our business customers include healthcare providers, insurers, governments, and employers that sponsor employee memberships as part of their benefits packages.

Historically, we have relied on a limited number of customers for a substantial portion of our total revenue. For the years ended December 31, 2021, 2020, and 2019, three, four, and three customers, respectively, represented 10% or more of our total revenue. For the years ended December 31, 2021, 2020, and 2019, our top ten customers accounted for 92%, 90% and 99% of our revenue, respectively.

We also rely on our reputation and recommendations from key customers in order to promote our solution to potential new customers. The loss of any of our key customers, or a failure of some of them to renew or expand their agreements, could have a significant impact on our revenue, our reputation and our ability to obtain new customers.

Affiliated Physicians and Healthcare Professionals

The corporate practice of medicine prohibition exists in some form, by statute, regulation, board of medicine or attorney general guidance, or case law, in more than 30 U.S. states, all of which we operate in, though the broad variation between state application and enforcement of the doctrine makes an exact count difficult. Due to the prevalence of the corporate practice of medicine doctrine, including in the states where we predominantly conduct our business, we provide administrative and management services to affiliated

professional entities pursuant to which those entities reserve exclusive control and responsibility for all aspects of the practice of medicine and the delivery of medical services. We contract with such physician-owned entities through business support agreements for the provision of back office and administrative support services in exchange for a management fee. We have entered into option agreements or direct share transfer agreements with the owners of such affiliated entities to allow for timely succession planning. We expect that the relationships with these affiliated practices and their owner-physicians will continue, and currently have no reason to believe that they will not, although we cannot guarantee that they will. A material change in our relationship with these physician-owned entities, whether resulting from a dispute among the entities, a change in government regulation, or the loss of these affiliations, could impair our ability to provide services to our consumers and could have a material adverse effect on our business, financial condition and results of operations.

Competition

The healthcare industry and, to a lesser extent, the telemedicine and digital self-care industries in which we operate are highly competitive. We operate in multiple international markets and have demonstrated the ability to provide comprehensive, digital-first, technology-enabled care across the full healthcare value chain. We are not aware of any public company which compares precisely in terms of breadth and scope. Competitors in the market are generally focused on one specific slice of the healthcare spectrum, single chronic condition or a single mode of service (e.g., telemedicine) rather than delivering the entire healthcare needs of a member. These platforms may be technology-enabled, but typically have highly specific physical infrastructure, or are broad-based integrated care solutions that are difficult to scale.

We view as competitors those companies whose primary business is developing and marketing telemedicine platforms and services. Competition focuses on, among other factors, technology, breadth and depth of functionality, range of associated services, operational experience, customer support, extent of customer base, and reputation. The lack of AI and broader member-centric healthcare technology in the more traditional telehealth companies significantly reduces the actionability of the data collected by the provider and increases the difficulty of robotic process automation. We believe our digital-first approach is unique, enabling our members to easily access the advice, support and treatment they need using digital and online tools, and is fully integrated with our clinical operations and provider networks to provide an end-to-end healthcare solution. Furthermore, in our view, their limited ability to expand the value capture per customer in turn limits their total addressable market and future growth and valuation prospects.

In the health system market, healthcare systems could be considered competitors, but many have chosen to partner with us to integrate our capabilities into their own offerings.

While we do not believe there are currently any direct competitors with global reach that offer the full suite of solutions as we do, and we believe we are well positioned to execute our business model and reinvent healthcare with our digital-first approach, we could face significant competition from traditional health insurance companies in the future. The incumbent healthcare system and health insurance companies are larger than us and have significant competitive advantages over us, including increased name recognition, greater resources, additional access to capital (including utilizing such capital to acquire or partner with other companies or technologies) and a broader array of healthcare offerings than we currently offer. Moreover, as we expand into new lines of business and offer additional products beyond clinical care and self-care, we could face intense competition from traditional healthcare systems and health insurance companies that are already established, some of whom also utilize AI, telehealth, ePharma, virtual care delivery and next generation payer and provider models.

We also compete with new market entrants as well as large communications software players who offer an entry-level priced and simplified offering for telehealth. Competition may also increase from large technology companies, such as Apple, Amazon, Facebook, Verizon, or Microsoft, who may wish to develop their own telehealth solutions, as well as from large retailers like Kroger, CVS Health Corporation, Walgreens or Walmart. With the emergence of COVID-19, we have also seen increased competition from consumer-grade video solutions, such as Zoom Video and Twilio. We believe that the breadth of our existing client ecosystem, the depth of our technology platform, and our business-to-business focus on promoting existing healthcare brands and integrating freely with multiple platforms increases the likelihood that stakeholders seeking to develop telehealth solutions, both within and outside of healthcare, will choose to collaborate with us.

Competition is based on many factors, including reputation and experience, types of health services offered, pricing and other terms and conditions, customer service, relationships with public and private health insurance providers (including ease of doing business, service provided, and commission rates paid), size and financial strength ratings, among other considerations. We believe we

compete favorably across many of these factors and have developed a digital platform and business model that we believe will be difficult for companies in the healthcare and traditional FFS health insurance space to emulate.

Intellectual Property

The protection of our technology and intellectual property is an important aspect of our business. We intend to rely upon a combination of trademarks, trade secrets, copyrights, confidentiality procedures, contractual commitments, patents and other legal rights to establish and protect our intellectual property. We generally enter into confidentiality agreements and invention of work product assignment agreements with our employees and consultants to control access to, and clarify ownership of, our proprietary information.

Our material intellectual property includes (without limitation) core items of our software, such as our Digital Health Suite mobile app and its features, including our AI-enabled products such as the Symptom Checker and Health Assessment (which are also licensed to certain customers to integrate into their own products). Our material intellectual property also includes certain AI technologies underlying the Symptom Checker and Health Assessment products. We rely upon a combination of trade secrets, copyrights, patents and other legal rights to protect these software products and related technologies.

The use of patent protection, with a focus on the United States, is part of our intellectual property strategy. As of March 15, 2022, we own 17 granted U.S. utility patents, excluding the patents granted to Higi (as described in the next paragraph), and one granted European patent (validated in the United Kingdom), and have 22 U.S. utility patent applications pending, excluding the DayToDay patent application pending (as described in the next paragraph), five of which have been accepted for grant by the U.S. Patent and Trademark Office but are currently proceeding through grant formalities. These granted patents and applications primarily relate to our AI technologies in the fields of probabilistic reasoning and decision-making and natural language processing for healthcare. Some of these technologies are used in our AI-enabled products such as the Symptom Checker, including its medical reasoning and decision-making and conversational features, to facilitate an improved understanding of our members.

In addition, as of March 15, 2022, Higi owns five granted U.S. utility patents, primarily relating to systems for measuring blood pressure, and six granted U.S. design patents relating to the designs of several components of Higi's health assessment kiosks, and DayToDay has one U.S. utility patent application pending relating to systems and methods for dynamic and tailored care management.

We rely on trademarks to protect the Babylon brand. As of March 15, 2022, we hold 79 foreign registered trademarks and two registered U.S. trademarks (excluding the Higi and DayToDay U.S. trademarks described below), and we have 14 trademark applications pending, three of which are U.S. trademark applications. Our registered trademark portfolio primarily seeks to protect the name BABYLON and our heart logo for relevant goods and services. In addition, as of March 15, 2022, Higi holds four registered U.S. trademarks (including in respect of the name HIGI) and DayToDay holds one registered U.S. trademark (in respect of the name DAYTODAY).

We continually review our development efforts to assess the existence and patentability of new intellectual property. Intellectual property laws, procedures, and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed, or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States, and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology.

Commitment to Environmental, Social and Governance Leadership

We believe that leadership in environment, social and governance ("ESG") issues is central to our mission of putting accessible, affordable, and quality health services in the hands of everyone on Earth. Having a positive impact on our employees, customers, partners and the environment, with leadership that is accountable to our stakeholders, is critically important to our business.

We have examined and taken steps to address the ESG risks and opportunities of our operations, products and services. As our ESG efforts progress, we plan to report how we oversee and manage ESG issues and evaluate our ESG objectives by using industry-specific frameworks such as the Sustainability Accounting Standards Board standards (promulgated by the Value Reporting Foundation) and elements of the United Nations Sustainable Development Goals.

We organize our ESG initiatives into three pillars—the Environmental Pillar, Social Pillar and Governance Pillar—each of which contains focus areas for our attention and action.

Our Environmental Pillar is focused on our commitment to being net zero by 2030, doing our part in reversing the deleterious impacts of climate change on the health of our planet and people. Our first step, has been to measure our global Scope 1, 2 and 3 greenhouse gas emissions to set a benchmark and we have published our greenhouse emissions data and interim reduction targets, which have been approved by the Carbon Trust. We are now aiming for accreditation under ISO14001 Environmental Management Systems and for our Energy Savings Opportunity Scheme (ESOS) to reduce emissions through practical actions. We solidified our net zero commitment by becoming a member of Tech Zero, a climate action group that is a partner to the United Nations' Race to Zero campaign, established to promote a healthy, resilient, zero carbon recovery.

Our business mission is intrinsically tied to our Social Pillar: making high-quality healthcare accessible and affordable for everyone.

- **Addressing Healthcare Inequalities.** Underpinning our mission is a commitment to addressing inequalities in healthcare faced by those with low incomes and who live in low resource settings. Whether it is partnering with the Rwandan government to help fulfill its pledge to provide universal healthcare access, or expanding to offer value-based care to Medicaid recipients, we remove barriers to healthcare by customizing our model and services to meet the unique needs of our members.
- **Talent Attraction, Engagement and Retention.** Our ability to attract a skilled workforce of engineers, mathematicians, scientists and healthcare practitioners, and a diverse workforce reflective of our members, is critical to meeting our mission and achieving results for our members, healthcare partners, shareholders and other stakeholders. Reward at Babylon ensures that we all share in our collective success and align long-term incentives through bonus and stock awards or options. We extend our mission to our employees, encouraging healthy lifestyles, emotional and physical well-being and a work-life balance through flexible work arrangements, healthy lifestyle perks, such as free yoga classes and healthy snacks, and health and well-being support from health advocates, mental health first aiders and well-being circles. Our Be Brilliant performance management framework ensures at least bi-annual performance reviews and career pathway mapping.
- **Diversity, Equity and Inclusion.** With employees hailing from some 60 countries, Babylon's diversity is a cornerstone of our culture. Our Diversity, Equity, and Inclusion ("DEI") program is incorporated across organizational departments, levels, and activities. Our Power of Diversity Resource Groups, which include Black Alliance Network, Women in Tech Health, LGBT Allies, and Interfaith, provide support to members and an avenue for groups to advise senior stakeholders on DEI and business direction goals. Each group is provided an executive sponsor and budget to deliver events and educational programs throughout the year. Our corporate holiday calendar and events are inclusive of a range of identities and backgrounds, such as the inclusion of a variety of religious holidays such as Eid al-Fitr, Diwali, Christmas and others. Our DEI engagement scores have demonstrated our efforts are working, with our most recent score being 8.1 out of 10.
- **Data Privacy and Cybersecurity.** We know that our success is predicated on members trusting us to responsibly manage their most sensitive data and keep it safe and secure. Our data privacy and information security organizations work with business units from design to delivery, keeping our members in mind at every step. Our information security team and is led by our Vice President of Information Security, who reports directly to our CTO. Our Information Security Management System has achieved ISO 27001 and SOC 2 Type II certification, and we achieved HITUST certification at the end of 2021. The team's primary focus is securing our platforms through which most of our services are delivered, alongside strengthening our data-centric security approach. Our mindset of "security by design" means that security is considered a quality aspect of our product, embedded in product design from the outset, rather than added as an overlay post-design. Our aim is to create products that are resilient in the face of escalating global cybersecurity threats.

Our Data Privacy team is led by our Data Protection Officer who ultimately reports to the CFO. The team helps us to uphold members' right to privacy and control of their data. We seek to provide transparency and visibility into our data collection and use activities, such as product improvement and marketing. We are also mindful of our key stakeholders, who reside around the world, and therefore, we strive to identify and comply with applicable cross-border regulations, such as HIPAA, the DPA 2018 and GDPR, keeping current through horizon scanning and risk register maintenance.

Our Governance Pillar is focused on our commitments to ethics and enterprise risk management.

- **Ethical Conduct.** We uphold the highest standards of ethical business conduct, integrity and responsibility by ensuring employees strictly adhere to our policies that include our Code of Ethics and Conduct, Global Anti-Bribery and Anti-Corruption Policy, and Corporate Whistleblower Policy.
- **Board Oversight of ESG.** Oversight provided by the board of directors and committees is focused on cybersecurity, clinical governance, and other key risk and compliance issues. Our Global Risk and Compliance (“GRC”) Framework, overseen by a GRC team, is integral to our enterprise risk management efforts. A GRC team committee meets quarterly and reports to our audit committee.

All of our actions and each of our ESG pillars are underpinned by our vision to be a leading digital-first, value-based care company where healthcare revolves around the patient.

Employees

For the year ended December 31, 2021, our global average headcount was 2,573. For the years ended December 31, 2020 and 2019, our global average headcount was 2,108 and 1,556, respectively. None of our employees in the United States are represented by unions or party to collective bargaining agreements. We consider our relationship with our employees to be good and have not experienced interruptions to operations due to labor disagreements.

Properties

Our corporate headquarters are currently located at 1 Knightsbridge Green, London SW1X 7QA, United Kingdom, for which the term of our lease expires in September 2024. This consists of over 63,000 square feet of office space, which includes an approximately 5,000 square foot roof terrace. Babylon GP at Hand also provides clinical services from six leased premises in the U.K.

In the United States, Babylon has a number of premises agreements with flexible workspace providers, including in Palo Alto, California, Brooklyn, New York and Austin, Texas. The Austin workspace has closed as we have signed a sublease for a new permanent Austin office, which consists of over 35,000 square feet of office space, with an expiration date of March 31, 2029. We are in the process of building out the office space.

In addition, as a result of the acquisitions of DayToDay, Meritage and FCMG and Higi, we now lease smaller premises in Boston, Massachusetts, Chicago, Illinois and Fresno and Novato, California.

We also lease smaller premises in Rwanda and Singapore, and due to the acquisition of DayToDay, have flexible workspace arrangements in three cities in India.

We believe that our leased properties and flexible workspace arrangements are generally suitable to meet our needs for the foreseeable future. In addition, to the extent we require additional space in the future, we believe that it would be readily available on commercially reasonable terms. At present there are no plans to significantly upgrade any existing premises, other than the build out of our Austin office.

The majority of property, plant and equipment is made up of healthcare stations found in retail pharmacies and groceries that provide free screenings of blood pressure, weight, pulse and body mass index. These devices were acquired in the acquisition of Higi. The remaining property, plant and equipment is related to computer equipment, fixtures and fittings, and leasehold improvements

Regulatory Environment

The healthcare industry and the practice of medicine are governed by an extensive and complex framework of federal and state laws, which continue to evolve and change over time. The costs and resources necessary to comply with these laws are significant. Our profitability depends in part upon our ability, and that of our affiliated providers and independent contractors, to operate in compliance with applicable laws and to maintain all applicable licenses. A review of our operations by regulatory authorities could result in determinations that could adversely affect our operations, or the healthcare legal or regulatory environment could change in

ways that restrict or otherwise impact our operations. To the extent that any of our employees or third-party contractors engages in any misconduct or activity in violation of an applicable law, we may be subject to increased liability under the law or increased government scrutiny. If any action is instituted against us, and we are not successful in defending ourselves or asserting our rights, such action could have a significant impact on our business, including the imposition of significant fines or other sanctions. Our operations may be adversely affected or disrupted due to restrictions imposed on third parties. Complying with any new legislation and regulations could be time-intensive and expensive, resulting in a material adverse effect on our business.

As a digital health or a telehealth platform company, our operations are subject to United States federal, state and local and international regulation in the jurisdictions in which we do business. Those laws and rules continue to evolve, and we therefore devote significant resources to monitoring developments in healthcare and medical practice regulation. As the applicable laws and rules change, we are likely to make conforming modifications in our business processes from time to time. In some jurisdictions where we operate, neither our current nor our anticipated business model has been the subject of formal judicial or administrative interpretation. We cannot be certain that a review of our business by courts or regulatory authorities will not result in determinations that could adversely affect our operations or that the healthcare regulatory environment will not change in a way that impacts our operations.

In response to the COVID-19 pandemic, in the United States, state and federal regulatory authorities temporarily loosened or waived certain regulatory requirements in order to increase the availability of telehealth services for the COVID-19 public health emergency. For example, many state governors issued executive orders permitting physicians and other healthcare professionals licensed in other states to practice in their state without any additional licensure or by using a temporary, expedited or abbreviated licensure or registration process. In addition, changes were made to the Medicare and Medicaid programs (through legislative changes, and the exercise of regulatory discretion and authority) to increase access to telehealth services by, among other things, increasing reimbursement, permitting the enrollment of out of state providers and eliminating prior authorization requirements. It is uncertain how long these COVID-19 related regulatory changes will remain in effect and whether they will continue beyond this public health emergency period.

We believe that a return to the status quo would not have a materially negative impact on any commercial agreements we entered into during the years ended December 31, 2021, 2020, and 2019. Each of these agreements has a defined term and virtually none allow for immediate termination for convenience by the customer in question. For many healthcare companies engaging in telehealth, the most significant potential concern about returning to the status quo is that restrictions on the reimbursement of telehealth visits to Medicare beneficiaries could be re-imposed.

We do not believe that the visit volume on our platform or visit revenue will materially decrease following a return to the status quo from a regulatory perspective.

Medical Provider Licensing, Practice of Medicine and Related Laws

The delivery of health care services is subject to state, federal, and local certification and licensing laws, regulations, approvals and standards, relating to, among other things, the standard or adequacy of medical care, the practice of medicine (including the provision of remote care), equipment, personnel, operating policies and procedures, and the prerequisites for the prescription of medication and ordering of tests. The application of some of these laws to telehealth is unclear and subject to differing interpretations.

Physicians who provide professional medical services to a patient via telehealth must, in most instances, hold a valid license to practice medicine in the state or local jurisdiction in which the patient is located. We have established systems to confirm our affiliated physicians are appropriately licensed under applicable state or local law and that their provision of telehealth to members is delivered in compliance with applicable rules governing telehealth, although these subjects necessarily depend in some instances on collection of accurate information from patients. Depending on the jurisdiction, failure to comply with these laws and regulations could result in licensure actions against the physicians, our services being found to be non-reimbursable, or prior payments being subject to recoupment, an interruption of the services we deliver, and/or civil, criminal or administrative penalties.

Corporate Practice of Medicine Laws in the United States; Fee Splitting

State corporate practice laws prohibit lay entities (i.e., entities that are not owned by a licensed healthcare professional, like us), from practicing medicine. To comply with the requirements of these prohibitions, we contract with affiliated physician organizations

to provide health care services to customers and members. Under these arrangements, our platform is used by the affiliated physician organizations to facilitate the delivery of telehealth services by the affiliated physician organizations and their patients in accordance with the customer and member contracts. Under these arrangements we also provide our affiliated physician organizations with billing, scheduling and a wide range of other administrative and management services, and they pay us for those services via management and other service fees. These arrangements are also subject to state fee splitting and state and federal anti-kickback and similar laws that restrict or define the kinds of financial relationships we can have with our affiliated physician organizations.

State corporate practice of medicine and fee splitting laws and rules vary from state to state, and from federal anti-kickback prohibitions. In addition, these requirements are subject to interpretation and enforcement by state regulators. Some of these requirements may apply to us even if we do not have a physical presence in the state, based solely on our engagement of a provider licensed in the state or the provision of telehealth to a resident of the state. Thus, regulatory authorities or other parties, including our providers, may assert that, despite these arrangements, we are engaged in the prohibited corporate practice of medicine or that our contractual arrangements with affiliated physician groups constitute unlawful fee splitting. In such event, failure to comply could lead to significant adverse judicial or administrative action against us and/or our affiliated providers, civil, criminal or administrative penalties, receipt of cease and desist orders from state regulators, loss of provider licenses, the need to make changes to the terms of engagement of our providers that interfere with our business, and other materially adverse consequences.

HIPAA, GDPR and Other Privacy and Security Laws and Regulations

In the U.S., numerous state and federal laws and regulations govern the collection, dissemination, use, privacy, confidentiality, security, availability, integrity, and other processing of protected health information, or PHI, and personally identifiable information, or PII. In the U.K., this is known as “personal data” and “special category data” (the latter includes health data which attracts stronger protections under the U.K. privacy laws). These laws and regulations include HIPAA. HIPAA establishes a set of national privacy and security standards for the protection of PHI by health plans, healthcare clearinghouses and certain healthcare providers, referred to as covered entities, and the business associates with whom such covered entities contract for services, as well as their covered subcontractors. Our U.S. entities that directly provide healthcare services are covered entities under HIPAA. Our U.S. entities are both covered entities under HIPAA and business associates under HIPAA. We execute business associate agreements with our customers that process PHI.

HIPAA requires covered entities and business associates to develop and maintain policies and procedures with respect to the use, disclosure and protection of PHI, including the adoption of administrative, physical and technical safeguards to protect such information. HIPAA also implemented the use of standard transaction code sets and standard identifiers that covered entities must use when submitting or receiving certain electronic healthcare transactions, including activities associated with the billing and collection of healthcare claims.

HIPAA imposes mandatory penalties for certain violations. Entities that are found to be in violation of HIPAA as the result of a breach of unsecured PHI, a complaint about privacy practices or an audit by HHS may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. However, a single breach incident can result in violations of multiple standards. HIPAA also authorizes state attorneys general to file lawsuits on behalf of their residents. Courts may award damages, costs and attorneys’ fees related to violations of HIPAA in such cases. While HIPAA does not create a private right of action allowing individuals to sue us in civil court for violations of HIPAA, its standards have been used as the basis for duty of care in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI.

In addition, HIPAA mandates that the Secretary of HHS conduct periodic compliance audits of HIPAA covered entities and business associates for compliance with HIPAA. It also tasks HHS with establishing a methodology whereby harmed individuals who were the victims of breaches of unsecured PHI may receive a percentage of the civil monetary penalty fine paid by the violator.

HIPAA further requires that patients be notified of any unauthorized acquisition, access, use or disclosure of their PHI that compromises the privacy or security of such information, with certain exceptions related to unintentional or inadvertent use or disclosure by employees or authorized individuals. HIPAA specifies that such notifications must be made “without unreasonable delay and in no case later than 60 calendar days after discovery of the breach.” If a breach affects 500 patients or more, it must be reported to HHS without unreasonable delay, and HHS will post the name of the breaching entity on its public website. Breaches affecting 500

patients or more in the same state or jurisdiction must also be reported to the local media. If a breach involves fewer than 500 people, the covered entity must record it in a log and notify HHS at least annually.

In addition to HIPAA, numerous other federal, state, and foreign laws and regulations protect the confidentiality, privacy, availability, integrity and security of PHI and other types of PII. These laws and regulations in many cases are more restrictive than, and may not be preempted by HIPAA. These laws and regulations can be uncertain, contradictory, and subject to change or differing interpretations, and we expect new laws, rules and regulations regarding privacy, data protection, and information security to be proposed and enacted in the future.

For example, the recently enacted CCPA provides new privacy rights for California residents. The enforcement of the CCPA by the California Attorney General commenced July 1, 2020. We were required to modify our data processing practices and policies and to incur costs and expenses in connection with our compliance with the CCPA. The CCPA also provides for civil penalties and a private right of action for violations, which may increase our compliance costs and potential liability. Additionally, the California Privacy Rights Act (“CPRA”) recently passed in California. The CPRA significantly amends the CCPA and will generally go into effect on January 1, 2023, but creates certain obligations relating to consumer data collected as of January 1, 2022. We continue to monitor developments related to the CPRA, and anticipate needing to incur additional costs and expenses associated with compliance with CPRA compliance. Similar laws have passed in Virginia and Colorado, and have been proposed in other states and at the federal level, reflecting a trend toward more stringent privacy legislation in the United States. Many obligations under legislative proposals remain uncertain, and we cannot fully predict their impact on our business. If we fail to comply with any of these laws or standards, we may be subject to investigations, enforcement actions, civil litigation, fines and other penalties, all of which may generate negative publicity and have a negative impact on our business.

Further, the FTC and many state Attorneys General continue to enforce federal and state consumer protection laws against companies for online collection, use, dissemination and security practices that appear to be unfair or deceptive. For example, according to the FTC, failing to take appropriate steps to keep consumers’ personal information secure can constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The FTC expects a company’s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities.

Outside of the United States, we, along with a significant number of our customers, are subject to laws, rules, regulations, guidance and industry standards related to data privacy and cyber security, and restrictions or technological requirements regarding the collection, use, storage, protection, retention or transfer of data. For example, the GDPR and, now that the U.K. has exited the EU, the DPA 2018 and the UK GDPR, contain numerous requirements and changes from previous EU law, including more robust obligations on data processors and data controllers and heavier documentation requirements for data protection compliance programs. Specifically, the numerous privacy-related changes for companies operating in the EU and the U.K. were introduced, including greater control over personal data by data subjects (e.g., the “right to be forgotten”), increased data portability for EU and UK consumers, data breach notification requirements (which differ to those listed under HIPAA above and increased fines). In particular, under the GDPR, the Data Protection Act 2018 and the UK GDPR, fines of up to €20 million (£17.5 million in the U.K.) or up to 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for certain violations. The EU and UK fining regimes run in parallel and we may be exposed to fines in both jurisdictions arising from the same infringement.

The GDPR and the UK GDPR requirements apply not only to third-party transactions and European consumers, but also to transfers of information between us and our subsidiaries, including employee information. The European Commission has adopted an adequacy decision in favor of the UK, enabling data transfers from EU member states to the UK without additional safeguards. However, the UK adequacy decision will automatically expire in June 2025 unless the European Commission re-assesses and renews/ extends that decision, and remains under review by the Commission during this period. In September 2021, the UK government launched a consultation on its proposals for wide-ranging reform of UK data protection laws following Brexit. There is a risk that any material changes which are made to the UK data protection regime could result in the Commission reviewing the UK adequacy decision, and the UK losing its adequacy decision if the Commission deems the UK to no longer provide adequate protection for personal data. These changes will lead to additional costs and increase our overall risk exposure. Depending on the contractual relationship with our relevant counterparty, we are required to comply with the GDPR, the UK GDPR and the DPA 2018 as a “Data Controller” and a “Data Processor” as appropriate. In 2018, we appointed a Data Protection Officer to oversee and supervise our compliance with GDPR and the DPA 2018 data protection regulations. As a result of case law and regulatory changes in relation to

transfers of personal data outside of the United Kingdom and Europe (particularly those transfers to the United States), we have made considerable changes to our contractual data transfer template agreements and data transfer risk assessments.

Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA and the United Kingdom to the United States. Most recently, on July 16, 2020, the Court of Justice of the European Union (“CJEU”) invalidated the EU-US Privacy Shield Framework (“Privacy Shield”) under which personal data could be transferred from the EEA to US entities who had self-certified under the Privacy Shield scheme. While the CJEU upheld the adequacy of the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism, and potential alternative to the Privacy Shield), it made clear that reliance on them alone may not necessarily be sufficient in all circumstances. Use of the standard contractual clauses must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals and additional measures and/or contractual provisions may need to be put in place. The European Commission has published revised standard contractual clauses for data transfers from the EEA: the revised clauses have been mandatory for relevant transfers since September 27, 2021; existing standard contractual clauses arrangements must be migrated to the revised clauses by December 27, 2022. We will be required to implement the revised standard contractual clauses, in relation to relevant existing contracts and certain additional contracts and arrangements, within the relevant time frames. The United Kingdom’s Information Commissioner’s Office has published new data transfer standard contracts for transfers from the UK under the UK GDPR. This new documentation will be mandatory for relevant data transfers from September 21, 2022; existing standard contractual clauses arrangements must be migrated to the new documentation by March 21, 2024. We will be required to implement the latest UK data transfer documentation for data transfers subject to the UK GDPR, in relation to relevant existing contracts and certain additional contracts and arrangements, within the relevant time frames.

These recent developments may require us to review and amend the legal mechanisms by which we make and/or receive personal data transfers to/ in the U.S. The developments also create uncertainty and increase the risk around our international operations. European court and regulatory decisions subsequent to the CJEU decision of July 16, 2020 have taken a restrictive approach to international data transfers. For example, the Austrian and the French data protection supervisory authorities, as well as the European Data Protection Supervisor, have recently ruled that use of Google Analytics by European website operators involves the unlawful transfer of personal data to the United States; a number of other EU supervisory authorities are expected to take a similar approach which may impact other business tools that we use. As the enforcement landscape further develops, and supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the standard contractual clauses cannot be used, we could suffer additional costs, complaints and/or regulatory investigations or fines, have to stop using certain tools and vendors and make other operational changes, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

Globally, governments and agencies have adopted and could in the future adopt, modify, apply or enforce laws, policies, regulations, and standards covering user privacy, data security, technologies such as cookies that are used to collect, store and/or process data, online, the use of data to inform marketing, the taxation of products and services, unfair and deceptive practices, and the collection (including the collection of information), use, processing, transfer, storage and/or disclosure of data associated with unique individual internet users. For example, in addition to the GDPR, the European Commission has another draft regulation in the approval process that focuses on a person’s right to conduct a private life. The proposed legislation, known as the Regulation of Privacy and Electronic Communications (the “ePrivacy Regulation”) would replace the current ePrivacy Directive. Originally planned to be adopted and implemented at the same time as the GDPR, the ePrivacy Regulation is still being negotiated. Most recently, on February 10, 2021, the Council of the EU agreed on its version of the draft ePrivacy Regulation. If adopted, the earliest date for entry into force is in 2023, with broad potential impacts on the use of internet-based services and tracking technologies, such as cookies. Aspects of the ePrivacy Regulation remain for negotiation between the European Commission, the European Parliament and the Council. We expect to incur additional costs to comply with the requirements of the ePrivacy Regulation as it is finalized for implementation. In the U.K., a well-known privacy campaigning organization is driving a cookie compliance campaign. They also submitted complaints against hundreds of companies and their website ePrivacy (namely cookie) practices, challenging whether or not they give users the option to consent to the placement of certain cookies. This campaign could lead to higher risk of individual claims, regulatory authority scrutiny, and ultimately enforcement action. More generally, new laws, regulations, or legislative actions regarding data privacy and security (together with applicable industry standards) may increase the costs of doing business and could have a material adverse impact on our operations and cash flows.

While we have taken steps to mitigate the impact of the GDPR, the DPA 2018, and the UK GDPR on us and despite our ongoing efforts to bring practices into compliance, we may not be successful either due to various factors within our control, such as limited financial or human resources, or other factors outside our control. It is also possible that local data protection authorities may have different interpretations of the GDPR or other data protection laws, leading to potential inconsistencies amongst various EU member states or between the UK and one or more countries in the EEA. Any failure or perceived failure (including as a result of deficiencies in our policies, procedures, or measures relating to privacy, data protection, data security, marketing, or customer communications) by us to comply with laws, regulations, policies, legal or contractual obligations, industry standards, or regulatory guidance relating to privacy, data protection, or data security, may result in regulatory investigations and other proceedings, and enforcement actions, litigation, fines and penalties or adverse publicity, as well as claims, complaints, and litigation and other proceedings from private actors, and resulting damages and other liabilities, and could cause our customers lose trust in us, which could have an adverse effect on our reputation and business.

This complex, dynamic legal landscape regarding privacy, data protection, and information security creates significant compliance issues for us and our customers and potentially exposes us to additional expense, adverse publicity and liability. While we have implemented measures in an effort to comply with applicable laws and regulations relating to privacy, data protection, and data security, some PHI and other PII or confidential information is transmitted to us or processed by third parties and service providers, who may not implement adequate security and privacy measures, and it is possible that laws, rules and regulations relating to privacy, data protection, or information security may be interpreted and applied in a manner that is inconsistent with our practices or those of third parties. If we or these third parties are accused of having violated such laws, rules or regulations, it could result in claims, proceedings, regulatory investigations and other proceedings, damages, liabilities, and government-imposed fines, penalties (including audits and enforcement actions to stop data processing activities), orders requiring that we or these third parties change our or their practices, or criminal charges, which could adversely affect our business. Complying with these various laws and regulations could cause us to incur substantial costs or require us to change our business practices, systems and compliance procedures in a manner adverse to our business.

We expect that there will continue to be new proposed laws, regulations and industry standards relating to privacy, data protection, marketing, consumer communications and data security in the United States, the EU and other jurisdictions, and we cannot determine the impact such future laws, regulations and standards may have on our business. Future laws, regulations, standards and other obligations or any changed interpretation of existing laws or regulations could impair our ability to develop and market new services and maintain and grow our customer base and increase revenue.

Other U.S. Healthcare Laws

The U.S. healthcare industry is heavily regulated and closely scrutinized by federal, state and local governments. Comprehensive statutes and regulations govern the manner in which we provide and bill for services and collect reimbursement from governmental programs and private payers, our contractual relationships with our providers, vendors and customers, our marketing activities and other aspects of our operations. Of particular importance are:

- the federal physician self-referral law, commonly referred to as the Stark Law, that, subject to limited exceptions, prohibits physicians from referring Medicare or Medicaid patients to an entity for the provision of certain “designated health services” if the physician or a member of such physician’s immediate family has a direct or indirect financial relationship (including an ownership interest or a compensation arrangement) with the entity, and prohibit the entity from billing Medicare or Medicaid for such designated health services;
- the federal Anti-Kickback Statute that prohibits the knowing and willful offer, payment, solicitation or receipt of any bribe, kickback, rebate or other remuneration (i) in return for referring or to induce the referral of an individual for the furnishing, or arranging for the furnishing, of items or services paid for in whole or in part by any federal health care program, such as Medicare and Medicaid, and (ii) ordering, leasing, purchasing or recommending or arranging for the ordering, purchasing or leasing of items, services, good, or facility paid for in whole or in part by any federal health care program, such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;

- the criminal healthcare fraud provisions of HIPAA and related rules that prohibit knowingly and willfully executing a scheme or artifice to defraud any healthcare benefit program or falsifying, concealing or covering up a material fact or making any material false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- the federal False Claims Act that imposes civil liability on individuals or entities that, among other things, knowingly submit false or fraudulent claims for payment to the government, or knowingly make, or cause to be made, a false statement in order to have a false claim paid, or retain identified Medicare or Medicaid overpayments and allows for qui tam or whistleblower suits by private individuals on behalf of the government;
- various federal healthcare-focused criminal laws that impose criminal liability for intentionally submitting false or fraudulent claims, or making false statements, to the government;
- reassignment of payment rules that prohibit certain types of billing and collection practices in connection with claims payable by the Medicare or Medicaid programs;
- similar state law provisions pertaining to anti-kickback, self-referral and false claims issues, some of which may apply to items or services reimbursed by any payer, including patients and commercial insurers;
- state laws that prohibit general business corporations, such as us, from practicing medicine, controlling physicians' medical decisions or engaging in some practices such as splitting fees with physicians;
- state laws, regulations, interpretative guidance, and policies requiring certain modality and other actions to establish a provider-patient relationship, deliver care, or prescribe medications as part of a telehealth service;
- state laws, regulations and policies relating to licensure and the practice of telehealth services across state lines;
- state laws, regulations, interpretative guidance, and policies regarding the dispensing or delivery of medications and devices;
- state laws, regulations, interpretative guidance, and policies regarding reporting requirements and patient consent, education, and follow-up related to treatment, including treatment and education for certain specific topics, such as, contraception, HIV and other STIs and state reporting for HIV, STIs, and infectious diseases;
- laws that regulate debt collection practices as applied to our debt collection practices;
- a provision of the Social Security Act that imposes penalties on healthcare providers who fail to disclose, or refund known overpayments;
- federal and state laws that prohibit providers from billing and receiving payment from Medicare and Medicaid for services unless the services are medically necessary, adequately and accurately documented, and billed using codes that accurately reflect the type and level of services rendered;
- federal and state laws and policies that require healthcare providers to maintain licensure, certification or accreditation to enroll and participate in the Medicare and Medicaid programs, to report certain changes in their operations to the agencies that administer these programs; and
- with respect to medical devices such as our Higi Smart Health Stations, FDA authority over medical device marketing, including assessment and oversight of safety and effectiveness and over "promotional labeling," and FTC authority over "advertising."

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. We have implemented a compliance

program to maintain compliance with these laws, however instances of non-compliance may prove costly. Failure to comply with these laws and other laws can result in civil and criminal penalties such as fines, damages, overpayment, recoupment, imprisonment, loss of enrollment status and exclusion from the Medicare and Medicaid programs. Medicare and Medicaid programs represent a large portion of our revenue in the United States and exclusion from future participation in these programs would significantly reduce our revenue for years to come. The risk of our being found in violation of these laws and regulations is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are sometimes open to a variety of interpretations. Our failure to accurately anticipate the application of these laws and regulations to our business or any other failure to comply with regulatory requirements could create liability for us and negatively affect our business. Any action against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business and result in adverse publicity.

To enforce compliance with the federal laws, the DOJ and the OIG have recently increased their scrutiny of healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Dealing with investigations can be time- and resource-consuming and can divert management's attention from the business. Any such investigation or settlement could increase our costs or otherwise have an adverse effect on our business. In addition, because of the potential for large monetary exposure under the federal False Claims Act, which provides for treble damages and penalties of \$11,803 to \$23,607 per false claim or statement, healthcare providers often resolve allegations without admissions of liability for significant and material amounts to avoid the uncertainty of treble damages that may be awarded in litigation proceedings. Such settlements often contain additional compliance and reporting requirements as part of a consent decree, settlement agreement or corporate integrity agreement. Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial resources to investigating healthcare providers' compliance with the healthcare reimbursement rules and fraud and abuse laws.

The laws, regulations and standards governing the provision of healthcare services may change significantly in the future. We cannot assure you that any new or changed healthcare laws, regulations or standards will not materially adversely affect our business. We cannot assure you that a review of our business by judicial, law enforcement, regulatory or accreditation authorities will not result in a determination that could adversely affect our operations.

Additionally, the healthcare industry is subject to antitrust scrutiny. The federal government and most states have enacted antitrust laws that prohibit certain types of conduct deemed to be anti-competitive. The FTC, the Antitrust Division of the DOJ and state Attorneys General actively review and, in some cases, take enforcement action against business conduct and acquisitions in the healthcare industry. Private parties harmed by alleged anti-competitive conduct can also bring antitrust suits. Violations of antitrust laws may be punishable by substantial penalties, including significant monetary fines and treble damages, civil penalties, criminal sanctions and consent decrees and injunctions prohibiting certain activities or requiring divestiture or discontinuance of business operations. If antitrust enforcement authorities conclude that we violate any antitrust laws, we could be subject to enforcement actions that could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Healthcare Regulation Worldwide

United Kingdom

The regulator of health services at a system level in England is the CQC which is an executive non-departmental public body of the Department of Health and Social Care of the U.K. Any provider of certain regulated healthcare activities in England must be registered with the CQC, and it is an offense for an unregistered person to provide such services. The CQC monitors, inspects and regulates such providers to make sure they meet fundamental standards of quality and safety and it publishes what it finds, including performance ratings to help people choose care including the standards set out in the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 and Quality Commission (Registration) Regulations 2009, each as amended from time to time.

Where a CQC inspection finds deficiencies in the service provision, it will make recommendations for improvement and the CQC generally aims to work in cooperation with healthcare providers to ensure voluntary compliance. However, where this is not possible, the CQC has powers to take enforcement action, including:

- issuing requirement notices or warning notices to set out what improvements a provider must make;
- making changes to a provider's registration to limit what they may do;

- issuing cautions or fines; and/or
- prosecuting cases where people are harmed or placed in danger of harm.

On July 6, 2021, a new Health and Care Bill was published setting out key legislative proposals to reform the delivery and organization of health services in England, promote integrated services, and ensure a focus on improving health rather than simply providing health care services. Several of this Health and Care Bill's proposals have been informed by NHS's recommendations and its purpose is to enable increased sharing and more effective use of data across the health and adult social care system. The proposed legislation contains new powers for the U.K. Secretary of State over the health and care system, and targeted changes to public health, social care, and quality and safety matters. The provisions contained in the Health and Care Bill allow NHS Digital to require information from private health care providers and enable a consistent approach to the use of data supporting improved safety and quality across private and NHS health services. The Health and Care Bill is currently being debated in the U.K. Parliament and if passed in 2022, service providers will need to comply with relevant requirements.

The MHRA regulates the elements of our products which are categorized as medical devices. See “*Medical Device Regulation—U.K. Medical Device Regulation*” below.

Canada

The healthcare regulatory requirements in Canada apply primarily to individual practitioners rather than at a system level to service providers. Within primary care, the main requirement is that the individual practitioner is in good standing with the relevant provincial professional regulatory body (generally the provincial College of Physicians). As a healthcare services and technology provider, we are not subject to such regulatory oversight.

Rwanda

Our services in Rwanda are regulated by the Rwandan Ministry of Health, both through its overall responsibility for healthcare provision within Rwanda and through contractual mechanisms contained within its contract with us.

Medical Device Regulation

Some of our digital software products are considered medical devices in the United Kingdom and the European Union. Specifically, our Symptom Checker (“Triage”) and our Health Assessment tool (“Healthcheck”) are registered as medical devices with the MHRA and the Irish Health Products Regulatory Authority. Both products are placed on the U.K. and EU market bearing the European Conformity Marking (“CE mark”), indicating conformity to EU medical device legislation; both current products are placed on the market under Council Directive 93/42/EEC (the “EU Medical Devices Directive”). However, neither Triage nor Healthcheck has been independently assessed and certified by a notified body. Triage and Healthcheck are considered Class I medical devices falling under Rule 12 of Annex IX of the EU Medical Devices Directive. We are seeking EU certification from a notified body for Triage under the EU Medical Devices Regulation (Regulation No. 2017/745).

Our current digital software products are not considered medical devices in other jurisdictions where the products are marketed, including Malaysia, Hong Kong, Singapore, Indonesia, Vietnam, Thailand, Philippines, Taiwan, Cambodia, Laos, Myanmar, Canada and Rwanda. Babylon has confirmed the regulatory position in these jurisdictions with local regulatory experts or regulators.

United States Medical Device Regulation

The FDA has authority to regulate medical devices, which are subject to extensive and rigorous regulation including with respect to their design, development, manufacturing, testing, labeling, packaging, safety, efficacy, premarket review, marketing, sales, distribution, import and export. A “device” is broadly defined under the FDCA to mean an instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent, or other similar or related article, including a component part or accessory which is, among other things, intended for use in the diagnosis of diseases or other conditions or in the cure, mitigation, treatment or prevention of disease, or which is intended to affect the structure or function of the body and does not achieve its primary intended purpose through chemical action and is not dependent upon being metabolized for the achievement of such purpose. The FDA considers certain software functions with these intended uses to constitute devices. However, the 21st Century Cures Act amended the FDCA to

exclude from the definition of a “device” certain types of software, including software used for administrative support of a healthcare facility; software intended for maintaining or encouraging a healthy lifestyle and unrelated to the diagnosis, cure, mitigation, prevention, or treatment of a disease or condition; certain software intended to transfer, store, convert formats, or display the equivalent of paper medical charts; and software designed for transferring, storing, or displaying medical device data or in vitro diagnostic data; and certain clinical decision support software.

In addition, the FDA has issued guidance establishing certain policies pursuant to which it has indicated it will exercise enforcement discretion and will not apply its regulatory authorities with respect to certain kinds of software that may otherwise fall within the definition of a device. For example, the FDA has established a compliance policy for certain products that may fall within the definition of a device, but that are intended for only “general wellness use” and present a low risk to the safety of users and other persons. The FDA defines a “general wellness use” to be (i) an intended use that relates to maintaining or encouraging a general state of health or a healthy activity, or (ii) an intended use that relates the role of healthy lifestyle with helping to reduce the risk or impact of certain chronic diseases or conditions and where it is well understood and accepted that healthy lifestyle choices may play an important role in health outcomes for the disease or condition. For such low-risk products, the FDA does not intend to examine whether the product constitutes a medical device, and if the product is a medical device, whether the product complies with the premarket review and post-market regulatory requirements of the FDCA. As such, if a medical device falls within the definition of a “low risk general wellness product,” the product may be subject to enforcement discretion under the FDA’s compliance policy for such products, meaning that the FDA will not enforce its medical device authorities with respect to that product. In addition, the FDA has established an enforcement discretion policy for certain mobile medical apps that otherwise fall within the definition of a medical device but do not pose a risk to patient safety in the event of a failure to function as intended.

Medical devices that do not fall within enforcement discretion policies may be subject to the requirement for premarket review by the FDA through either FDA clearance of a 510(k) premarket notification, *de novo* classification, or approval of a premarket approval application (“PMA”). Under the FDCA, medical devices are classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk associated with each medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness. Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA’s General Controls for medical devices, which include compliance with the applicable portions of the FDA’s Quality System Regulation (“QSR”), facility registration and product listing, reporting of adverse medical events, and truthful and non-misleading labeling, advertising, and promotional materials. Class II devices are subject to the FDA’s general controls, and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, post-market surveillance, patient registries, and FDA guidance documents. While most Class I devices are exempt from the 510(k) premarket notification requirement, manufacturers of most Class II devices are required to submit to the FDA a premarket notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. The FDA’s permission to commercially distribute a device subject to a 510(k) premarket notification is generally known as 510(k) clearance. Devices deemed by the FDA to pose the greatest risks, such as life-sustaining, life-supporting or some implantable devices, or devices that have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring approval of a PMA. Manufacturers of medical devices placed into Class III can also request a risk-based classification determination for the device in accordance with the *de novo* process, which is a route to market for novel medical devices that are low-to-moderate risk and do not have an appropriate predicate device.

After a device is authorized for marketing, numerous and pervasive regulatory requirements continue to apply. These include:

- establishment registration and device listing with the FDA;
- QSR requirements, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the design and manufacturing process;
- labeling and marketing regulations, which require that promotion is truthful, not misleading, fairly balanced and provide adequate directions for use and that all claims are substantiated, and also prohibit the promotion of products for unapproved or “off-label” uses and impose other restrictions on labeling; FDA guidance on off-label dissemination of information and responding to unsolicited requests for information;
- clearance or approval of product modifications to 510(k)-cleared devices that could significantly affect safety or effectiveness or that would constitute a major change in intended use of one of our cleared devices;

- medical device reporting regulations, which require that a manufacturer report to the FDA if a device it markets may have caused or contributed to a death or serious injury, or has malfunctioned and the device or a similar device that it markets would be likely to cause or contribute to a death or serious injury, if the malfunction were to recur;
- correction, removal and recall reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health;
- complying with requirements governing Unique Device Identifiers on devices and also requiring the submission of certain information about each device to the FDA's Global Unique Device Identification Database;
- the FDA's recall authority, whereby the agency can order device manufacturers to recall from the market a product that is in violation of governing laws and regulations; and
- post-market surveillance activities and regulations, which apply when deemed by the FDA to be necessary to protect the public health or to provide additional safety and effectiveness data for the device.

Manufacturers of medical device products marketed in the United States are required to comply with the applicable portions of the QSR, which cover the methods and the facilities and controls for the design, manufacture, testing, production, processes, controls, quality assurance, labeling, packaging, distribution, installation and servicing of finished devices intended for human use. The QSR also requires, among other things, maintenance of a device master file, device history file, and complaint files. Device manufacturers are also subject to periodic scheduled or unscheduled inspections by the FDA. The FDA has broad regulatory compliance and enforcement powers.

If the FDA determines that we have failed to comply with applicable regulatory requirements, including a determination that our software products require prior FDA clearance or approval to be legally marketed in the United States, it can take a variety of compliance or enforcement actions, which may result in any of the following sanctions: warning letters, untitled letters, fines, injunctions, consent decrees and civil penalties; recalls, withdrawals, or administrative detention or seizure of our products; operating restrictions or partial suspension or total shutdown of production; refusing or delaying requests for marketing authorization of new products or modified products; withdrawing marketing authorizations that have already been granted; refusal to grant export or import approvals for our products; or criminal prosecution.

Regulation of Medical Devices in the European Union

The EU has adopted specific directives and regulations regulating the design, manufacture, clinical investigation, conformity assessment, labeling and adverse event reporting for medical devices. Until May 25, 2021, medical devices were regulated by the EU Medical Devices Directive which has been repealed and replaced by the EU Medical Devices Regulation. Our products have been certified under the EU Medical Devices Directive whose regime is described below. However, as of May 26, 2021, some of the EU Medical Devices Regulation requirements apply in place of the corresponding requirements of the EU Medical Devices Directive with regard to registration of economic operators and of devices, post-market surveillance and vigilance requirements. Pursuing marketing of medical devices in the EU will notably require that our devices be certified under the new regime set forth in the EU Medical Devices Regulation when our current certificates expire.

Medical Devices Directive

Under the EU Medical Devices Directive, all medical devices placed on the market in the EU must meet the relevant essential requirements laid down in Annex I to the EU Medical Devices Directive, including the requirement that a medical device must be designed and manufactured in such a way that it will not compromise the clinical condition or safety of patients, or the safety and health of users and others. In addition, the device must achieve the performance intended by the manufacturer and be designed, manufactured, and packaged in a suitable manner. The European Commission has adopted various standards applicable to medical devices. These include standards governing common requirements, such as sterilization and safety of medical electrical equipment and product standards for certain types of medical devices. There are also harmonized standards relating to design and manufacture. While not mandatory, compliance with these standards is viewed as the easiest way to satisfy the essential requirements as a practical matter as it creates a rebuttable presumption that the device satisfies that essential requirement.

To demonstrate compliance with the essential requirements laid down in Annex I to the EU Medical Devices Directive, medical device manufacturers must undergo a conformity assessment procedure, which varies according to the type of medical device and its (risk) classification. As a general rule, demonstration of conformity of medical devices and their manufacturers with the essential requirements must be based, among other things, on the evaluation of clinical data supporting the safety and performance of the products during normal conditions of use. Specifically, a manufacturer must demonstrate that the device achieves its intended performance during normal conditions of use, that the known and foreseeable risks, and any adverse events, are minimized and acceptable when weighed against the benefits of its intended performance, and that any claims made about the performance and safety of the device are supported by suitable evidence. Except for low-risk medical devices (Class I non-sterile, non-measuring devices), where the manufacturer can self-assess the conformity of its products with the essential requirements (except for any parts which relate to sterility or metrology), a conformity assessment procedure requires the intervention of a notified body. Notified bodies are independent organizations designated by EU member states to assess the conformity of devices before being placed on the market. A notified body would typically audit and examine a product's technical dossiers and the manufacturers' quality system (the notified body must presume that quality systems which implement the relevant harmonized standards – which is ISO 13485:2016 for Medical Devices Quality Management Systems – conform to these requirements). If satisfied that the relevant product conforms to the relevant essential requirements, the notified body issues a certificate of conformity, which the manufacturer uses as a basis for its own declaration of conformity. The manufacturer may then apply the CE mark to the device, which allows the device to be placed on the market throughout the EU.

Throughout the term of the certificate of conformity, the manufacturer will be subject to periodic surveillance audits to verify continued compliance with the applicable requirements. In particular, there will be a new audit by the notified body before it will renew the relevant certificate(s).

Medical Devices Regulation

The regulatory landscape related to medical devices in the EU recently evolved. On April 5, 2017, the EU Medical Devices Regulation was adopted with the aim of ensuring better protection of public health and patient safety. The EU Medical Devices Regulation establishes a uniform, transparent, predictable and sustainable regulatory framework across the EU for medical devices and ensure a high level of safety and health while supporting innovation. Unlike the EU Medical Devices Directive, the EU Medical Devices Regulation is directly applicable in EU member states without the need for member states to implement into national law. This aims at increasing harmonization across the EU.

The EU Medical Devices Regulation became effective on May 26, 2021. The new Regulation among other things:

- strengthens the rules on placing devices on the market (e.g., reclassification of certain devices and wider scope than the EU Medical Devices Directive) and reinforces surveillance once they are available;
- establishes explicit provisions on manufacturers' responsibilities for the follow-up of the quality, performance and safety of devices placed on the market;
- establishes explicit provisions on importers' and distributors' obligations and responsibilities;
- imposes an obligation to identify a responsible person who is ultimately responsible for all aspects of compliance with the requirements of the new regulation;
- improves the traceability of medical devices throughout the supply chain to the end-user or patient through the introduction of a unique identification number, to increase the ability of manufacturers and regulatory authorities to trace specific devices through the supply chain and to facilitate the prompt and efficient recall of medical devices that have been found to present a safety risk;
- sets up a central database (Eudamed) to provide patients, healthcare professionals and the public with comprehensive information on products available in the EU; and

- strengthens rules for the assessment of certain high-risk devices, such as implants, which may have to undergo a clinical evaluation consultation procedure by experts before they are placed on the market.

Devices lawfully placed on the market pursuant to the EU Medical Devices Directive prior to May 26, 2021 may generally continue to be made available on the market or put into service until May 26, 2025, provided that the requirements of the transitional provisions are fulfilled. In particular, the certificate in question must still be valid. However, even in this case, manufacturers must comply with a number of new or reinforced requirements set forth in the EU Medical Devices Regulation, in particular the obligations described below.

The EU Medical Devices Regulation requires that before placing a device, other than a custom-made device, on the market, manufacturers (as well as other economic operators such as authorized representatives and importers) must register by submitting identification information to the electronic system (Eudamed), unless they have already registered. The information to be submitted by manufacturers (and authorized representatives) also includes the name, address and contact details of the person or persons responsible for regulatory compliance. The new Regulation also requires that before placing a device, other than a custom-made device, on the market, manufacturers must assign a unique identifier to the device and provide it along with other core data to the unique device identifier (“UDI”) database. These new requirements aim at ensuring better identification and traceability of the devices. Each device – and as applicable, each package – will have a UDI composed of two parts: a device identifier (“UDI-DI”) specific to a device, and a production identifier (“UDI-PI”) to identify the unit producing the device. Manufacturers are also notably responsible for entering the necessary data on Eudamed, which includes the UDI database, and for keeping it up to date. The obligations for registration in Eudamed will become applicable at a later date (as Eudamed is not yet fully functional). Until Eudamed is fully functional, the corresponding provisions of the EU Medical Devices Directive continue to apply for the purpose of meeting the obligations laid down in the provisions regarding exchange of information, including, and in particular, information regarding registration of devices and economic operators.

All manufacturers placing medical devices on the market in the EU must comply with the EU medical device vigilance system which has been reinforced by the EU Medical Devices Regulation. Under this system, serious incidents and Field Safety Corrective Actions (“FSCAs”) must be reported to the relevant authorities of the EU member states. These reports will have to be submitted through Eudamed – once functional – and aim to ensure that, in addition to reporting to the relevant authorities of the EU member states, other actors such as the economic operators in the supply chain will also be informed. Until Eudamed is fully functional, the corresponding provisions of the EU Medical Devices Directive continue to apply. A serious incident is defined as any malfunction or deterioration in the characteristics or performance of a device made available on the market, including use-error due to ergonomic features, as well as any inadequacy in the information supplied by the manufacturer and any undesirable side-effect, which, directly or indirectly, might have led or might lead to the death of a patient or user or of other persons or to a temporary or permanent serious deterioration of a patient’s, user’s or other person’s state of health or a serious public health threat. Manufacturers are required to take FSCAs defined as any corrective action for technical or medical reasons to prevent or reduce a risk of a serious incident associated with the use of a medical device that is made available on the market. An FSCA may include the recall, modification, exchange, destruction or retrofitting of the device. FSCAs must be communicated by the manufacturer or its legal representative to its customers and/or to the end users of the device through Field Safety Notices. For similar serious incidents that occur with the same device or device type and for which the root cause has been identified or a FSCA implemented or where the incidents are common and well documented, manufacturers may provide periodic summary reports instead of individual serious incident reports.

The advertising and promotion of medical devices is subject to some general principles set forth in EU legislation. According to the EU Medical Devices Regulation, only devices that are CE-marked may be marketed and advertised in the EU in accordance with their intended purpose. Directive 2006/114/EC concerning misleading and comparative advertising and Directive 2005/29/EC on unfair commercial practices, while not specific to the advertising of medical devices, also apply to the advertising thereof and contain general rules, for example, requiring that advertisements are evidenced, balanced and not misleading. Specific requirements are defined at a national level. EU member states’ laws related to the advertising and promotion of medical devices, which vary between jurisdictions, may limit or restrict the advertising and promotion of products to the general public and may impose limitations on promotional activities with healthcare professionals.

Many EU member states have adopted specific anti-gift statutes that further limit commercial practices for medical devices, in particular vis-à-vis healthcare professionals and organizations. Additionally, there has been a recent trend of increased regulation of payments and transfers of value provided to healthcare professionals or entities and many EU member states have adopted national

“Sunshine Acts” which impose reporting and transparency requirements (often on an annual basis), similar to the requirements in the United States, on medical device manufacturers. Certain countries also mandate implementation of commercial compliance programs.

The aforementioned EU rules are generally applicable in the EEA, which consists of the 27 EU Member States plus Norway, Liechtenstein and Iceland.

U.K. Medical Device Regulation

Since January 1, 2021, the MHRA has become the sovereign regulatory authority responsible for Great Britain (i.e., England, Wales and Scotland) medical device market according to the requirements provided in the Medical Devices Regulations 2002 (SI 2002 No 618, as amended) that sought to give effect to the three pre-existing EU directives governing active implantable medical devices, general medical devices and in vitro diagnostic medical devices whereas Northern Ireland continues to be governed by EU rules according to the Northern Ireland Protocol. Following the end of the Brexit transitional period on January 1, 2021, new regulations require medical devices to be registered with the MHRA (but manufacturers were given a grace period of four to 12 months to comply with the new registration process) before being placed on Great Britain market. The MHRA only registers devices where the manufacturer or their U.K. Responsible Person has a registered place of business in the U.K. Manufacturers based outside the U.K. need to appoint a U.K. Responsible Person that has a registered place of business in the U.K. to register devices with the MHRA in line with the grace periods. Additionally, U.K.-based notified bodies, which were designated to independently assess the conformity of certain products requiring CE marking before being placed on the EU market, are now no longer established in the EU, and accordingly, the conformity assessments carried out by such U.K. bodies, including those assessments carried out prior to January 1, 2021, are no longer valid for the EU compliance regime. Manufacturers whose products currently rely on third-party conformity assessments carried out by U.K. notified bodies now require new conformity assessments to be carried out by EU-based notified bodies in order to ensure continuing compliance with the EU regime and to continue to place those products on the EU market. By July 1, 2023, in Great Britain, all medical devices will require a UKCA (“UK Conformity Assessed”) mark but CE marks issued by EU notified bodies will remain valid until this time. Manufacturers may choose to use the UKCA mark on a voluntary basis until June 30, 2023. However, UKCA marking will not be recognized in the EU. The rules for placing medical devices on the market in Northern Ireland, which is part of the U.K., differ from those in the rest of the UK. Compliance with this legislation is a prerequisite to be able to affix the UKCA mark to our products, without which they cannot be sold or marketed in Great Britain.

An MHRA public consultation was opened until the end of November 2021 on the post-Brexit regulatory framework for medical devices and diagnostics. MHRA seeks to amend the U.K. Medical Devices Regulations 2002 (which are based on EU legislation, primarily the EU Medical Devices Directive, the EU Active Implantable Medical Devices Directive and the EU In Vitro Diagnostic Medical Devices Directive), in particular to create a new access pathways to support innovation, create an innovative framework for regulating software and artificial intelligence as medical devices, reform in vitro diagnostic medical devices regulation, and foster sustainability through the reuse and remanufacture of medical devices. The regime is expected to come into force in July 2023, coinciding with the end of the acceptance period for EU CE marks in Great Britain, subject to appropriate transitional arrangements. The consultation indicated that the MHRA will publish guidance in relation to the changes to the regulatory framework and may rely more heavily on guidance to add flexibility to the regime.

In addition, the trade deal between the U.K. and the EU generally provides for cooperation and exchange of information between the parties in the areas of product safety and compliance, including market surveillance, enforcement activities and measures, standardization-related activities, exchanges of officials, and coordinated product recalls. As such, processes for compliance and reporting should reflect requirements from regulatory authorities.

Under the terms of the Northern Ireland Protocol, Northern Ireland follows EU rules on medical devices and devices marketed in Northern Ireland require assessment according to the EU regulatory regime. Such assessment may be conducted by an EU notified body, in which case a CE mark is required before placing the device on the market in the EU or Northern Ireland. Alternatively, if a U.K. notified body conducts such assessment, a ‘UKNI’ mark applied and the device may only be placed on the market in Northern Ireland and not the EU.

ISO 13485

Regulatory requirements are increasingly stringent throughout every step of a product’s life cycle, including service and delivery. Increasingly, organizations in the industry are expected to demonstrate their quality management processes and ensure best practice in

everything they do. ISO 13485, issued by the International Organization for Standardization, or ISO, is the medical device industry's internationally agreed standard, setting out the requirements for a quality management system specific to the medical devices industry.

Our quality management system, in which our medical devices have been developed, has been independently assessed and certified by a notified body to EN ISO 13485:2016 standard.

DCB 0129/0160 (National Health Service U.K. standards for design and implementation of digital health technologies)

DCB 0129 is the clinical risk management standard with which manufacturers of health IT systems and apps need to comply. The standard is governed by NHS Digital and compliance is mandatory under the U.K. Health and Social Care Act 2012. Digital health technology can introduce as well as mitigate clinical risk. NHS Digital requires that organizations who manufacture health IT systems and apps undertake a formal risk assessment and evidence the measures which have been put in place to mitigate risk. Proactively demonstrating that a product is safe helps to protect from litigation and visibly demonstrates best-practice to customers. To comply with the standard, we undertake a formal risk assessment on the product and produce three documents summarizing the outcome: the Clinical Risk Management Plan, Hazard Log and Clinical Safety Case Report.

International Regulation

We expect over time to continue to expand our operations in foreign countries through growth and acquisitions. In such a case, our international operations will be subject to different, and sometimes more stringent, legal and regulatory requirements, which vary widely by jurisdiction, including anti-corruption laws; economic sanctions laws; various privacy, insurance, tax, tariff and trade laws and regulations; corporate governance, privacy, data protection, data mining, data transfer, labor and employment, intellectual property, consumer protection and investment laws and regulations; discriminatory licensing procedures; required localization of records and funds; and limitations on dividends and repatriation of capital.

Our operations are subject to anti-corruption laws, including the U.K. Bribery Act 2010, or the Bribery Act, the U.S. Foreign Corrupt Practices Act of 1977, as amended, or FCPA, the U.S. domestic bribery statute at 18 U.S.C. §201, the U.S. Travel Act, and other anti-corruption laws and anti-money laundering laws that apply in countries where we do business. The Bribery Act, the FCPA and these other anti-corruption laws generally prohibit us and our employees, agents, representatives, business partners, and third-party intermediaries from authorizing, promising, offering, or providing, directly or indirectly, improper or prohibited payments, or anything else of value, to recipients in the public or private sector in order to obtain or retain business or gain some other business advantage. The expansion of our operations into foreign countries increases our exposure to these anti-corruption, anti-bribery and anti-money laundering laws.

We sometimes leverage third parties to sell our products and conduct our business abroad. Under the Bribery Act, we may also be liable for failing to prevent a person associated with us from committing a bribery offense. We, our employees, agents, representatives, business partners and our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and may be held liable for the corrupt or other illegal activities of these employees, agents, representatives, business partners or third-party intermediaries even if we do not explicitly authorize those activities. While we have mechanisms to identify high-risk individuals and entities before contracting with them, we operate in a number of jurisdictions that pose a high risk of potential Bribery Act or FCPA violations. We cannot assure you that all of our employees, agents, representatives, business partners or third-party intermediaries will not take actions that violate applicable law, for which we may be ultimately held responsible. As we increase our international sales and business, our risks under these laws may increase.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of the United Kingdom and the United States, and authorities in the European Union, including applicable export control regulations, economic sanctions and embargoes on certain countries and persons, anti-money laundering laws, import and customs requirements and currency exchange regulations. We may not be completely effective in ensuring our compliance with all such applicable laws, which could result in our being subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses. Likewise, any investigation of any potential violations of such laws by United Kingdom, United States or other authorities could also have an adverse impact on our reputation, our business, results of operations and financial condition.

We and our products in many cases are subject to U.S. import and export controls and trade and economic sanctions regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control. These laws prohibit the shipment or provision of certain products and solutions to certain countries, governments and persons targeted by U.S. sanctions. Exports of our products and services must be made in compliance with these laws and regulations when applicable. If in the future we are found to be in violation of U.S. sanctions or export control laws, it could result in civil and criminal penalties, including loss of export privileges and substantial fines for us and for the individuals working for us.

In addition, various countries regulate the import and export of certain encryption and other technology, including import and export permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our solution or permit the use of our platform in those countries.

Changes in our solution, or future changes in export and import regulations, may prevent our customers with international operations from deploying our platform globally or, in some cases, prevent the export or import of our solution to certain countries, governments or persons altogether. Any change in export or import regulations, economic sanctions or related legislation or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell subscriptions to our platform to, existing or potential customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell our solution would likely adversely affect our business, financial condition and results of operations.

In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

Legal Proceedings

We are a party to various lawsuits, claims, regulatory investigations and other legal proceedings that arise in the ordinary course of our business. While the outcomes of these matters are uncertain, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements for the three months ended March 31, 2022 and March 31, 2021, and our audited consolidated financial statements, including the notes thereto, for the years ended December 31, 2021, 2020 and 2019 included elsewhere in this Prospectus/Offer to Exchange. Discussion is based on our financial information prepared in accordance with IFRS as issued by the IASB, which may differ in material respects from generally accepted accounting principles in other jurisdictions, including U.S. GAAP. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations and intentions. Our future results and financial condition may differ materially from those we currently anticipate as a result of the factors we describe under sections titled "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors."

Overview

We are a leading digital-first, value-based care company. Founded in 2013, our mission is to make high-quality healthcare accessible and affordable for everyone on Earth. We believe we are poised to reengineer the global healthcare market to better align system-wide incentives and to shift the focus from reactive sick care to preventative healthcare, resulting in better member health, improved member experience and reduced costs. To achieve this goal, we are leveraging our highly scalable, digital-first platform combined with high quality clinical operations and affiliated provider networks to provide an integrated, end-to-end healthcare solution. We combine artificial intelligence and broader technologies with human expertise to deliver modern healthcare.

We monetize our products and services in three primary ways:

- *Value-Based Care*, or VBC, in which we manage a defined subset or the entire medical costs of a member population and capture the cost savings. During the years ended December 31, 2021, 2020, and 2019, and the three months ended March 31, 2022 and 2021, 68.4%, 32.9%, and 0.0%, and 92.5% and 38.2%, respectively, of our revenue was derived from VBC arrangements.
- *Software Licensing*, in which we predominantly sell our digital suite of products to partners who may provide care through their own medical networks. During the years ended December 31, 2021, 2020, and 2019 and the three months ended March 31, 2022 and 2021, 18.6%, 31.0%, and 12.5%, and 2.9% and 50.5%, respectively, of our revenue was derived from software licensing.
- *Clinical Services*, in which our affiliated providers deliver medical consultations, typically on a FFS, or a combination of capitation fee and FFS basis under a risk-based agreement. During the years ended December 31, 2021, 2020, and 2019 and the three months ended March 31, 2022 and 2021, 13.0%, 36.1%, and 87.5%, and 4.6% and 11.3% respectively, of our revenue was derived from clinical services.

As of March 31, 2022, our VBC, software licensing and/or clinical service offerings supported patients in 15 countries. We have scaled our VBC offering rapidly over the last year to become one of the largest VBC networks in the United States, with 270,711 U.S. VBC members as of March 31, 2022, and we expect to remain focused on U.S. growth. Our company has developed as follows:

- 2013: Founded by our Chief Executive Officer, Dr. Ali Parsadoust.
- 2014: Became the first digital-first health service provider to be registered with the Care Quality Commission ("CQC"), the healthcare services regulator and inspector in England. In response to primary care doctor shortages in the United Kingdom, Babylon contracted with the NHS to offer a technology platform to improve accessibility to primary care and to doctors, proving out the ability to tackle accessibility with high quality in a very advanced U.K. healthcare market.
- 2015: Began providing clinical services through our virtual care platform, offering diagnoses, advice and treatments via medical professionals to patients on a remote basis.

- 2016: First expanded outside the United Kingdom, launching in Rwanda. We sought to prove our model in a more challenging environment and partnered with the Bill and Melinda Gates Foundation and the government of Rwanda, a country with limited resources and infrastructure for healthcare.
- 2017: Made our technology available for licensing to corporate and institutional clients.
- 2018: Launched our agreement with Prudential in Asia, and since then have been rolling out our Symptom Checker and Health Assessment solutions across 11 countries in Asia.
- 2018: Launched our partnership with TELUS Health (“TELUS”) in Canada, the Canadian parent holding company of various telecommunication and other subsidiaries. TELUS agreed to use our platform to deliver digital health services across Canada through a joint venture named Babylon Health Canada Limited. We sold Babylon Health Canada Limited to TELUS in January 2021 and entered into a seven-year agreement to license our white-labeled digital platform to TELUS Health, allowing TELUS Health to provide integrated clinical services to members through a TELUS-branded version of the Babylon digital platform.
- 2020: Entered the U.S. market with a clinical services network and formed our first end-to-end digital, integrated VBC service, Babylon 360. Babylon 360 has since expanded in the U.S. and is being introduced in the U.K. through our agreement with Royal Wolverhampton NHS Trust (“RWT”).
- 2021: Became a public company in the United States, with our Class A ordinary shares and warrants listed on the NYSE, upon completing a merger (the “Business Combination”) with Alkuri, on October 21, 2021. In addition, we completed a private placement of our Class A ordinary shares to certain investors for an aggregate purchase price of \$224 million (the “PIPE Investment”).

We have also completed certain investments and acquisitions in recent years that have helped improve our ability to deliver our products in services:

- **DayToDay.** In October 2019, we purchased a majority stake in Health Innovators Inc. (d/b/a DayToDay) (“DayToDay”). On December 20, 2021, we issued 247,112 Class A Ordinary Shares to the owners of DayToDay, pursuant to a Stock Purchase Agreement, dated as of September 27, 2021, as consideration for our purchase, on November 16, 2021, of the remaining equity stake in DayToDay. The DayToDay acquisition is intended to bolster our product offering by providing patient management for acute care episodes.
- **Higi.** On May 15, 2020, we acquired 10.2% of the fully diluted capital stock of Higi SH Holdings Inc. (“Higi”). Higi. Through a series of investments, we then increased our shareholdings in Higi to 25.3% on a fully diluted basis. On December 7, 2021, we exercised our option to acquire the remaining equity interest in Higi pursuant to the Second Amended and Restated Agreement and Plan of Merger, dated October 29, 2021 (the “Higi Acquisition Agreement”). Higi Acquisition Agreement. The closing of this acquisition occurred on December 31, 2021. The exercise price of the option to acquire the remaining Higi equity stake included the payment of \$4.6 million in cash and the issuance of 3,412,107 Class A ordinary shares at the closing, the payment of \$5.4 million at the closing to satisfy the principal and interest payable by a subsidiary of Higi pursuant to a promissory note in favor of ALP Partners Limited, an entity owned by our founder and Chief Executive Officer, the future payment of up to \$0.3 million and issuance of up to 490,782 additional Class A ordinary shares after the expiration of a 15-month indemnification holdback period, and the issuance of 1,980,000 restricted stock units for Higi continuing employees and consultants in respect of Class A ordinary shares, of which 1,167,669 were vested at closing. The Higi shareholders who received our shares are subject to a lockup and were granted certain registration rights. Higi provides digital healthcare services via a network of Smart Health Stations located in the United States, and makes health kiosks found in retail pharmacies and grocery stores that provide free screenings of blood pressure, weight, pulse and body mass index. The Higi acquisition is intended to increase our reach to users and our ability to provide clinical service offerings to our customers.
- **Fresno Health Care.** In October 2020, we acquired certain portions of the Fresno Health Care business of FirstChoice Medical Group (“FCMG”) for \$25.7 million. This acquisition was intended to advance the growth of our value-based care

services, by transitioning members to digital-first tools that will enable members to access our virtual care network in conjunction with the existing physical access to services.

- **Babylon Health Canada Limited.** On January 14, 2021 we entered into a Share Purchase Agreement (“SPA”) with TELUS for the sale of the Babylon Health Canada Limited business. The entire issued share capital of Babylon Health Canada Limited was transferred to TELUS for a base price of CAD\$1.8 million, which has been adjusted for working capital and net indebtedness. A further CAD\$3.5 million payment was made by TELUS that was attributable to a partial repayment of an intercompany loan due from Babylon Canada to Babylon Partners Limited. The remaining amount of the intercompany loan was forgiven immediately prior to the execution of the SPA.
- **Meritage Medical Network.** In April 2021, we acquired Meritage for \$31.0 million. This acquisition was intended to expand the growth of our value-based care services, by transitioning over 20,000 Medicare Advantage and Commercial Health Maintenance Organization (“HMO”) patients within the Meritage network to digital-first tools that will enable members to access our virtual care network in conjunction with the existing physical access to services.

We have experienced rapid revenue growth in the past two years in particular as we have recently expanded our VBC offerings. Our Revenue was \$266.4 million and \$71.3 million, our Clinical care delivery expense was \$23.9 million and \$11.8 million, our Claims expense was \$247.6 million and \$23.9 million, our Platform & application expenses were \$16.7 million and \$6.4 million, our Research & development expenses were \$10.1 million and \$10.4 million, and our Operating loss was \$90.1 million and \$12.8 million, for the three months ended March 31, 2022 and 2021, respectively. Our loss was \$91.4 million and \$10.8 million, our EBITDA was \$(75.5) million and \$(4.0) million, and our Adjusted EBITDA was \$(72.2) million and \$(4.6) million, for the three months ended March 31, 2022 and 2021, respectively. EBITDA and Adjusted EBITDA are non-IFRS measures. For a description of how we calculate EBITDA and Adjusted EBITDA, a reconciliation to the most directly comparable IFRS measure, and the limitations of these non-IFRS financial measures, see “*Key Business and Financial Metrics—EBITDA and Adjusted EBITDA.*”

Our Revenue was \$322.9 million, \$79.3 million, and \$16.0 million, our Clinical care delivery expense was \$76.4 million, \$42.1 million, and \$19.8 million, our Claims expense was \$213.3 million, \$25.1 million and \$0 million, our Platform & application expenses were \$42.8 million, \$38.1 million, and \$23.6 million, our Research & development expenses were \$47.5 million, \$54.7 million, and \$51.2 million, and our Operating loss was \$402.5 million, \$175.5 million, and \$162.8 million for the years ended December 31, 2021, 2020, and 2019, respectively. Our loss was \$374.5 million, \$188.0 million, and \$140.3 million, our EBITDA was \$(327.0) million, \$(165.0) million, and \$(143.2) million, and our Adjusted EBITDA was \$(174.1) million, \$(146.2) million, and \$(152.4) million for the years ended December 31, 2021, 2020, and 2019, respectively. EBITDA and Adjusted EBITDA are non-IFRS measures. For a description of how we calculate EBITDA and Adjusted EBITDA, a reconciliation to the most directly comparable IFRS measure, and the limitations of these non-IFRS financial measures, see “*Key Business and Financial Metrics—EBITDA and Adjusted EBITDA.*”

Impact of the COVID-19 Pandemic

The rapid spread of COVID-19 around the world (the “Pandemic”) has altered the behavior of businesses and people, with significant negative effects on national, state and local economies, the duration of which remains unknown at this time. Many state governors issued executive orders permitting physicians and other healthcare professionals licensed in other states to practice in their state without any additional licensure or by using a temporary, expedited or abbreviated licensure or registration process. In addition, changes were made to the Medicare and Medicaid programs (through legislative changes, and the exercise of regulatory discretion and authority) to increase access to telehealth services by, among other things, increasing reimbursement, permitting the enrollment of out of state providers and eliminating prior authorization requirements. It is uncertain how long these COVID-19 related regulatory changes will remain in effect and whether they will continue beyond this public health emergency period.

It is not currently possible to predict the ultimate financial impact of COVID-19 on our business, results of operations and financial condition. Key factors will include the extent to which changes in the behavior of people during the Pandemic result in a permanent change in their behavior, a longer-term reversion back to pre-Pandemic behaviors or a significant immediate reversion in behaviors as the impacts of the Pandemic become more manageable because of global vaccination programs.

Merger Agreement

In June 2021, we entered into a Merger Agreement, by and among Alkuri, Babylon and certain other parties which, among other things, provides for the Business Combination, in which our merger subsidiary merged with and into Alkuri, with Alkuri surviving as a wholly-owned subsidiary of Babylon. Following the consummation of the Business Combination, our Class A ordinary shares have been traded on the NYSE, and we are required to develop the functions and resources necessary to operate as a public company, including employee-related costs and equity compensation, which has resulted in increased operating expenses when compared to the prior period and may continue to increase.

Key Business and Financial Metrics

We review a number of operating and financial metrics, including the following key metrics and non-IFRS measures, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions. Governmental and other economic factors affecting our operations are discussed in “*Business*.”

	For the Three Months Ended		For the Year Ended December 31,		
	March 31,				
	2022	2021	2021	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue:					
Value-based care	246,575	27,259	220,852	26,038	—
Software licensing	7,756	35,964	60,052	24,603	2,002
Clinical services	12,115	8,070	42,017	28,631	14,032
Total revenue	266,446	71,293	322,921	79,272	16,034
Clinical care delivery expense	(23,927)	(11,823)	(70,047)	(42,134)	(19,810)
Claims expense	(247,552)	(23,917)	(219,625)	(25,120)	—
Platform & application expenses	(16,703)	(6,434)	(42,829)	(38,137)	(23,569)
Research & development expenses	(10,057)	(10,390)	(47,534)	(54,711)	(51,205)
Sales, general & administrative expenses	(58,310)	(31,479)	(196,673)	(94,681)	(84,270)
Loss for the financial period	(91,357)	(10,847)	(374,511)	(188,030)	(140,287)
EBITDA	(75,517)	(4,013)	(327,016)	(164,984)	(143,249)
Adjusted EBITDA	(72,243)	(4,555)	(174,137)	(146,155)	(152,358)

The breakout of U.S. VBC Members by health insurance program type, and information about the number of Global managed care members, is shown below:

	March 31,		December 31,		
	2022	2021	2021	2020	2019
Medicaid	83 %	88 %	84 %	88 %	—
Medicare	11 %	12 %	7 %	12 %	—
Commercial	6 %	—	9 %	—	—
Total U.S. VBC Members	270,711	66,335	166,518	66,481	—
Global Managed Care Members	442,362	161,241	335,738	155,511	70,326

Our key business and financial metrics are explained in detail below.

Revenues

Revenue is derived from capitation revenue under our VBC contracts with U.S. health plans and healthcare providers, Software licensing revenue from technology licensing agreements for the use of our digital healthcare platform, and clinical service revenue from the provision of clinical services.

Value-Based Care Revenue. Value-based care revenue consists primarily of capitation revenue for the delivery of VBC services under VBC contracts with U.S. health plans and healthcare providers. Under VBC contracts, we manage the healthcare needs of our

members in a centralized manner, where we negotiate a PMPM or capitation allocation, often based on a percentage of the payer's premium or Medical Loss Ratio ("MLR") with the payer. We assume financial responsibility for member healthcare services, which means that, throughout the measurement period, the total actual medical costs are compared to the capitation allocation. At the end of the measurement period, we will either be responsible for all or part of excess costs above the capitation allocation, or will receive all or part of any savings, as compared to the capitation allocation. In some of our newer VBC contracts, our financial responsibility for these surpluses or deficits relative to the capitation allocation is deferred until an initial agreed upon period has elapsed. Capitation revenue under VBC contracts is not dependent upon the volume of specific care services provided, nor the utilization of our digital healthcare platform.

A small portion of the capitation revenue received under VBC contracts is variable, as the contracts contain provisions for performance-based incentives, performance guarantees and risk shares where amounts received are dependent upon factors such as quality metrics, member-specific attributes, and healthcare service costs. Capitation revenue is estimated using the most likely amount methodology and amounts are only included in revenue to the extent that it is highly probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. Such uncertainties may only be resolved several months after the end of the reporting period because of the availability of sufficient reliable data relating to factors such as quality metrics, member specific attributes and healthcare service costs. Subsequent changes in capitation fees and the amount of capitation revenue to be recognized by us are reflected in subsequent periods. The amount of variable capitation revenue recognized is expected to increase as the number of members we provide VBC services to increases.

Software Licensing Revenue. Software licensing revenue relates to a business customer obtaining a right to use and/or access our digital services. Where we have determined that the customer obtains a right to access our artificial intelligence ("AI") services, we recognize revenue on a straight-line basis over the contractual term beginning when the customer has access to the service. Where we identify that the customer obtains a right to use license, we recognize revenue from the license upfront at the point in time at which the license is granted and the software is made available to the customer. In these licensing arrangements, we primarily provide digital services to corporate entities, and these corporate entities are considered our customers since the contract is for services that represent our ordinary business.

Clinical Services Revenue. Clinical services revenue is represented by our provision of clinical services to business and private users. Clinical service fees are fee-for-service ("FFS") fees or a combination of FFS and capitation fees, including per-member-per-month ("PMPM") subscription fees for the provision of virtual consultations. PMPM subscription fees give members access to our clinical services over the contractual period as set forth in the arrangement and may be allocated to Software licensing revenue for Clinical services revenues recognized for virtual consultations through software licensing arrangements. FFS revenue is based on contracted rates determined in agreed-upon compensation schedules.

Clinical Care Delivery Expense

Clinical care delivery expense includes the internal costs that we incur in the provision of healthcare services to patients, which is substantially composed of employee-related expenses such as salaries and wages for Babylon healthcare professionals. Other costs within Clinical care delivery expense include operating costs incurred for the delivery of healthcare services to patients, such as occupancy, medical supplies, and other support-related costs.

Claims Expense

Claims expense includes the costs of healthcare services rendered by third parties on behalf of patients which the Company is contractually obligated to pay, which includes estimates for medical expenses incurred but not yet paid ("IBNP") using actuarial processes that are applied on a systematic and consistent basis. This process includes the development of estimates using historical claims experience and actuarial models when sufficient claims history is available from health plans and payors. Claims expense also includes other external costs incurred in the delivery of healthcare services including insurance.

Platform & Application Expenses

Platform & application expenses are costs of revenue related to our digital healthcare platform. These costs primarily include employee-related salaries, benefits, stock-based compensation, as well as contractor and consultant expenses, for individuals that are engaged in providing professional services related to support and maintenance of the digital healthcare platform, as well as third-party

application costs, hosting services and other direct costs. It also includes amortization of capitalized development costs, including related amortization of tax credits. We expect our Platform & application expenses to increase commensurate with increased maintenance attributable to new contracts and continuing development of our technology platform.

Research & Development Expenses

Research & development expenses primarily include employee-related salaries, benefits, stock-based compensation, as well as contractor and consultant expenses for individuals that are engaged in performing activities to develop and enhance our digital healthcare platform as well as third-party application costs, hosting services and other indirect costs. It includes research costs and development costs that do not meet the criteria for capitalization and are expensed as incurred. We expect our Research & development expenses to continue to remain consistent with historical expense levels.

Sales, General & Administrative Expenses

Sales, general & administrative expenses include employee-related expenses, contractors and consultants' expense, stock-based compensation, property and facility related expenses, directors and officers insurance, IT and hosting, marketing, training and recruiting expenses. Enterprise IT and hosting costs are primarily software subscriptions, domain and hosting costs. Our Sales, general & administrative expenses also include depreciation of property, fixtures and fittings and amortization of acquired intangible assets. We expect our Sales, general & administrative expenses to increase for the foreseeable future due to costs that we incur as a new public company, as well as other costs associated with continuing to grow our business. Our Sales, general & administrative expenses may fluctuate as a percentage of our total revenue from period to period due to the nature and timing of expenses, as well as increases in Sales, general & administrative expenses that we have incurred to operate as a public company. However, we expect Sales, general & administrative expenses to decline as a percentage of revenue over time through leverage of certain costs within Sales, general & administrative costs that are scalable relative to increases in revenue.

EBITDA and Adjusted EBITDA

In addition to our financial results reported in accordance with IFRS, we believe that EBITDA and Adjusted EBITDA, both of which are non-IFRS financial measures, are useful in evaluating the performance of our business. We define EBITDA as profit (loss) for the financial period, adjusted for depreciation, amortization, net finance income (costs), and income taxes. We define Adjusted EBITDA as profit (loss) for the financial year, adjusted for depreciation, amortization, net finance income (costs), income taxes, share-based compensation, impairment expenses, foreign exchange gains or losses, gains (losses) on sale of subsidiaries, recapitalization transaction expense, change in fair value of warrant liabilities and gains (losses) on remeasurement of equity interests.

We believe that EBITDA and Adjusted EBITDA are useful metrics for investors to understand and evaluate our operating results and ongoing profitability because they permit investors to evaluate our recurring profitability from our ongoing operating activities. EBITDA and Adjusted EBITDA have certain limitations, and you should not consider them in isolation or as a substitute for analysis of our results of operations as reported under IFRS. We caution investors that amounts presented in accordance with our definitions of EBITDA and Adjusted EBITDA may not be comparable to similar measures disclosed by other companies, because some companies calculate EBITDA and Adjusted EBITDA differently or not at all, limiting their usefulness as direct comparative measures.

The following table presents a reconciliation of EBITDA and Adjusted EBITDA from the most comparable IFRS measure, loss for the financial period, for the years ended December 31, 2021, 2020, and 2019 and for the three months ended March 31, 2022 and 2021:

	For the Three Months Ended March 31,		For the Year Ended December 31,		
	2022	2021	2021	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Loss for the financial period	(91,357)	(10,847)	(374,511)	(188,030)	(140,287)
<i>Adjustments to EBITDA:</i>					
Depreciation and amortization expenses	9,458	5,848	35,004	14,487	2,496
Finance costs and income	6,373	978	13,965	3,920	101
Tax (benefit) / provision	9	8	(1,474)	4,639	(5,559)
EBITDA	(75,517)	(4,013)	(327,016)	(164,984)	(143,249)
<i>Adjustments to Adjusted EBITDA:</i>					
Recapitalization transaction expense	—	—	148,722	—	—
Share-based compensation	8,402	2,802	46,307	9,557	7,966
Change in fair value of warrant liabilities	(5,575)	—	(27,811)	—	—
Gain on remeasurement of equity interest	—	—	(10,495)	—	—
Gain on sale of subsidiary	—	(3,917)	(3,917)	—	—
Impairment expense	—	—	941	6,436	—
Exchange gain / (loss)	447	573	(868)	2,836	(17,075)
Adjusted EBITDA	(72,243)	(4,555)	(174,137)	(146,155)	(152,358)

Results of Operations – Three Months Ended March 31, 2022 Compared to the Three Months Ended March 31, 2021

The results of operations presented below should be reviewed in conjunction with the unaudited Condensed Consolidated Financial Statements. The following table presents data from our unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Loss for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,		Variance	
	2022	2021	\$	%
	\$'000	\$'000	\$'000	
Revenue:				
Value-based care	246,575	27,259	219,316	804.6 %
Software licensing	7,756	35,964	(28,208)	(78.4) %
Clinical services	12,115	8,070	4,045	50.1 %
Total revenue	266,446	71,293	195,153	273.7 %
Clinical care delivery expense	(23,927)	(11,823)	(12,104)	102.4 %
Claims expense	(247,552)	(23,917)	(223,635)	935.0 %
Platform & application expenses	(16,703)	(6,434)	(10,269)	159.6 %
Research & development expenses	(10,057)	(10,390)	333	(3.2) %
Sales, general & administrative expenses	(58,310)	(31,479)	(26,831)	85.2 %
Operating loss	(90,103)	(12,750)	(77,353)	606.7 %
Finance costs	(6,628)	(992)	(5,636)	568.1 %
Finance income	255	14	241	1,721.4 %
Change in fair value of warrant liabilities	5,575	—	5,575	NM
Exchange (loss) / gain	(447)	(573)	126	(22.0) %
Net finance (expense) income	(1,245)	(1,551)	306	(19.7) %
Gain on sale of subsidiary	—	3,917	(3,917)	(100.0) %
Share of loss of equity-accounted investees	—	(455)	455	(100.0) %
Loss before taxation	(91,348)	(10,839)	(80,509)	742.8 %
Tax (provision) benefit	(9)	(8)	(1)	12.5 %
Loss for the financial period	(91,357)	(10,847)	(80,510)	742.2 %

The following table sets forth our results of operations as a percentage of total revenue for each period presented preceding:

	Three Months Ended March 31,	
	2022 %	2021 %
Revenue:		
Value-based care	92.5 %	38.2 %
Software licensing	2.9 %	50.5 %
Clinical services	4.6 %	11.3 %
Total revenue	100.0 %	100.0 %
Clinical care delivery expense	(9.0)%	(16.6)%
Claims expense	(92.9)%	(33.5)%
Platform & application expenses	(6.3)%	(9.0)%
Research & development expenses	(3.8)%	(14.6)%
Sales, general & administrative expenses	(21.9)%	(44.2)%
Operating loss	(33.8) %	(17.9) %
Finance costs	(2.5)%	(1.4)%
Finance income	0.1 %	— %
Change in fair value of warrant liabilities	2.1 %	— %
Exchange (loss) / gain	(0.2) %	(0.8) %
Net finance (expense) income	(0.5) %	(2.2) %
Gain on sale of subsidiary	— %	5.5 %
Share of loss of equity-accounted investees	— %	(0.6) %
Loss before taxation	(34.3) %	(15.2) %
Tax (provision) benefit	— %	— %
Loss for the financial period	(34.3) %	(15.2) %

Revenues

	Three Months Ended March 31,		Variance	
	2022 \$'000	2021 \$'000	\$ \$'000	%
Revenue:				
Value-based care	246,575	27,259	219,316	804.6 %
Software licensing	7,756	35,964	(28,208)	(78.4) %
Clinical services	12,115	8,070	4,045	50.1 %
Total revenue	266,446	71,293	195,153	273.7 %

Total revenue increased by \$195.2 million from \$71.3 million for the three months ended March 31, 2021 to \$266.4 million for the three months ended March 31, 2022, largely due to the expansion of the Value-based care revenue stream in the United States, including revenue from the acquisition of Meritage Medical Network in April 2021 and revenue from new VBC contracts. In addition, revenue from Software licensing decreased by \$28.2 million, primarily attributable to the execution of a one-time software licensing agreement with TELUS, concurrent with the sale of Babylon Health Canada Limited to TELUS in January 2021.

Total Value-based care revenue increased by \$219.3 million from \$27.3 million for the three months ended March 31, 2021 to \$246.6 million for the three months ended March 31, 2022. The increase in revenue from Value-based care of \$219.3 million is attributable to the expansion of our related product offerings in the United States, of which \$27.4 million relates to revenue from the acquisition of Meritage Medical Network in April 2021. In addition, \$186.6 million of the increase in VBC revenue relates to new VBC contracts with various health plans between March 31, 2021 and March 31, 2022, which increased the number of members covered under VBC contracts from 66 thousand as of March 31, 2021 to 271 thousand as of March 31, 2022.

Total Software licensing revenue decreased by \$28.2 million from \$36.0 million for the three months ended March 31, 2021 to \$7.8 million for the three months ended March 31, 2022. The decrease in revenue from Software licensing of \$28.2 million is primarily attributable to upfront revenue recognized in connection with the TELUS license of \$28.4 million in January 2021.

Total Clinical services revenue increased by \$4.0 million from \$8.1 million for the three months ended March 31, 2021 to \$12.1 million for three months ended March 31, 2022. The increase in Clinical services revenue is primarily attributable to increased virtual consultations on our digital healthcare platform following the expansion of our digital healthcare platform in the United States throughout 2021 and continuing into 2022.

Clinical Care Delivery Expense

	Three Months Ended March 31,		Variance	
	2022	2021	\$	%
	\$'000	\$'000	\$'000	
Clinical care delivery expense	(23,927)	(11,823)	(12,104)	102.4 %

Clinical care delivery expense increased by \$12.1 million from \$11.8 million for the three months ended March 31, 2021 to \$23.9 million for the three months ended March 31, 2022. Clinical care delivery expense as a percentage of revenues was 9.0% for the three months ended March 31, 2022 and 16.6% for the three months ended March 31, 2021. The increase in Clinical care delivery expense is primarily attributable to an increase in wages and salaries of \$11.7 million attributable to the expansion of our VBC product offerings in new geographic areas and additional healthcare providers to support the increased U.S. VBC Members. The decrease in Clinical care delivery expense as a percentage of revenue is due to leverage from the scale of our operations through our digital healthcare platform as we add new U.S. VBC Members. Share-based compensation expense of \$0.4 million has been included in Clinical care delivery expense for the three months ended March 31, 2022.

Claims Expense

	Three Months Ended March 31,		Variance	
	2022	2021	\$	%
	\$'000	\$'000	\$'000	
Claims expense	(247,552)	(23,917)	(223,635)	935.0 %

Claims expense increased by \$223.6 million from \$23.9 million for the three months ended March 31, 2021 to \$247.6 million for the three months ended March 31, 2022. Claims expense as a percentage of revenues was 92.9% for the three months ended March 31, 2022 and 33.5% for the three months ended March 31, 2021. The increase in Claims expense is primarily attributable to the expansion of our VBC product offerings in the United States, which largely contributed to the increase in U.S. VBC members from 66 thousand as of March 31, 2021 to 271 thousand as of March 31, 2022. The increase in Claims expense as a percentage of revenues was largely attributable to the change in the sales mix, with Value-based care revenues increasing as a percentage of total revenues.

Platform & Application Expenses

	Three Months Ended March 31,		Variance	
	2022	2021	\$	%
	\$'000	\$'000	\$'000	
Platform & application expenses	(16,703)	(6,434)	(10,269)	159.6 %

Platform & application expenses increased by \$10.3 million from \$6.4 million for the three months ended March 31, 2021 to \$16.7 million for the three months ended March 31, 2022. The increase in Platform & application expenses is primarily attributable to an increase in IT and hosting costs of \$2.8 million due to an increased proportion of these costs being attributable to our digital healthcare platform and an increase in platform costs of \$2.2 million. The remaining increase is attributable to increased personnel costs. Share-based compensation expense of \$0.3 million has been included in Platform & application expenses for the three months ended March 31, 2022.

Research & Development Expenses

	Three Months Ended March 31,		Variance	
	2022	2021	\$	%
	\$'000	\$'000	\$'000	
Research & development expenses	(10,057)	(10,390)	333	(3.2)%

Research & development expenses decreased by \$0.3 million from \$10.4 million for the three months ended March 31, 2021 to \$10.1 million for the three months ended March 31, 2022. The decrease in Research & development expenses is primarily attributable to a decrease in our employee headcount related to our Research & development activities contributing to a decline of \$0.7 million in wages and salaries and a decline of \$0.3 million in social security and pension contributions. This decrease was partially offset by an increase in contractor and consultant expense of \$0.6 million that was incurred to compensate for the temporary decrease in employee headcount. Share-based compensation expense of \$1.4 million has been included in Research & development expenses for the three months ended March 31, 2022.

Sales, General & Administrative Expenses

	Three Months Ended March 31,		Variance	
	2022	2021	\$	%
	\$'000	\$'000	\$'000	
Sales, general & administrative expenses	(58,310)	(31,479)	(26,831)	85.2 %

Sales, general & administrative expenses increased by \$26.8 million from \$31.5 million for the three months ended March 31, 2021 to \$58.3 million for the three months ended March 31, 2022. The increase in Sales, general & administrative expenses is primarily attributable to an increase in employee benefits expense of \$15.0 million, primarily attributable to an increase in share-based compensation expense and wages and salaries of \$13.9 million. The increase in share-based compensation expense was primarily related to a higher number of RSUs granted to employees in the fourth quarter of 2021 with higher grant date fair values than previously granted equity awards. In addition, there was an increase in employee headcount and corresponding employee benefits expense across general & administrative departments as we began to operate as a public company. Another contributing factor to the increase in Sales, general & administrative expense was an increase in depreciation and amortization of \$2.7 million, related to intangibles acquired in acquisitions that closed in April 2021. Further, professional fees and insurance increased by \$2.3 million and \$3.7 million, respectively, primarily related to increased expenses associated with operating as a public company. Share-based compensation expense of \$6.4 million has been included in Sales, general & administrative expense for the three months ended March 31, 2022.

Finance Costs

	Three Months Ended March 31,		Variance	
	2022	2021	\$	%
	\$'000	\$'000	\$'000	
Finance costs	(6,628)	(992)	(5,636)	568.1 %

Finance costs increased by \$5.6 million from \$1.0 million for the three months ended March 31, 2021 to \$6.6 million for the three months ended March 31, 2022. The increase in Finance costs is primarily attributable to \$5.2 million of interest expense recognized on loans during the current period. There were no loans held during the prior period.

Change in Fair Value of Warrant Liabilities

	Three Months Ended March 31,		Variance	
	2022	2021	\$	%
	\$'000	\$'000	\$'000	
Change in Fair Value of Warrant Liabilities	5,575	—	5,575	NM

Change in fair value of warrant liabilities resulted in income of \$5.6 million during the three months ended March 31, 2022, whereas we did not have warrants outstanding in the three months ended March 31, 2021. The non-cash Change in fair value of warrant liabilities is primarily related to the classification of warrants as liabilities at fair value upon issuance, with resulting changes in fair value recorded in the Condensed Consolidated Statement of Profit or Loss.

Exchange (Loss) / Gain

	Three Months Ended March 31,		Variance	
	2022	2021	\$	%
	\$'000	\$'000	\$'000	
Exchange (loss) / gain	(447)	(573)	126	(22.0)%

Exchange loss decreased by \$0.1 million from a loss of \$0.6 million for the three months ended March 31, 2021 to a loss of \$0.4 million for the three months ended March 31, 2022. The key driver of the exchange loss was the strengthening of the U.S. Dollar against the Pound Sterling during each respective period.

Gain on Sale of Subsidiary

	Three Months Ended March 31,		Variance	
	2022	2021	\$	%
	\$'000	\$'000	\$'000	
Gain on sale of subsidiary	—	3,917	(3,917)	(100.0)%

Gain on sale of subsidiary decreased by \$3.9 million for the three months ended March 31, 2022 compared to the three months ended March 31, 2021. The activity in the prior period is related to the sale of Babylon Health Canada Limited to TELUS. There was no such activity in the current period.

Results of Operations – Year Ended December 31, 2021 Compared to the Year Ended December 31, 2020

The results of operations presented below should be reviewed in conjunction with our audited consolidated financial statements included elsewhere in this Prospectus/Offer to Exchange. The following table presents data from our audited Consolidated Statement of Profit and Loss for the years ended December 31, 2021 and 2020:

	Year Ended December 31,		Variance	
	2021	2020*	\$	%
	\$'000	\$'000	\$'000	
Revenue:				
Value-based care	220,852	26,038	194,814	748.2 %
Software licensing	60,052	24,603	35,449	144.1 %
Clinical services	42,017	28,631	13,386	46.8 %
Total revenue	322,921	79,272	243,649	307.4 %
Clinical care delivery expense	(70,047)	(42,134)	(27,913)	66.2%
Claims expense	(219,625)	(25,120)	(194,505)	774.3 %
Platform & application expenses	(42,829)	(38,137)	(4,692)	12.3 %
Research & development expenses	(47,534)	(54,711)	7,177	(13.1)%
Sales, general & administrative expenses	(196,673)	(94,681)	(101,992)	107.7 %
Recapitalization transaction expense	(148,722)	—	(148,722)	NM
Operating loss	(402,509)	(175,511)	(226,998)	129.3 %
Finance costs	(14,291)	(4,530)	(9,761)	215.5 %
Finance income	326	610	(284)	(46.6)%
Change in fair value of warrant liabilities	27,811	—	27,811	NM
Exchange gain / (loss)	868	(2,836)	3,704	(130.6)%
Net finance income (expense)	14,714	(6,756)	21,470	(317.8)%
Gain on sale of subsidiary	3,917	—	3,917	NM
Gain on remeasurement of equity interest	10,495	—	10,495	NM
Share of loss of equity-accounted investees	(2,602)	(1,124)	(1,478)	131.5 %
Loss before taxation	(375,985)	(183,391)	(192,594)	105.0 %
Tax benefit (provision)	1,474	(4,639)	6,113	(131.8)%
Loss for the financial period	(374,511)	(188,030)	(186,481)	99.2 %

*Restate to reflect reclassification of certain expense items described in Note 2 to the consolidated financial statements.

The following table sets forth our results of operations as a percentage of total revenue for each period presented preceding:

	Year Ended December 31,	
	2021	2020
Revenue:		
Value-based care	68.4 %	32.9 %
Software licensing	18.6 %	31.0 %
Clinical services	13.0 %	36.1 %
Total revenue	100.0 %	100.0 %
Clinical care delivery expense	(21.7)%	(53.2)%
Claims expense	(68.0)%	(31.7)%
Platform & application expenses	(13.3)%	(48.1)%
Research & development expenses	(14.7)%	(69.0)%
Sales, general & administrative expenses	(60.9)%	(119.4)%
Recapitalization transaction expense	(46.1)%	— %
Operating loss	(124.6) %	(221.4) %
Finance costs	(4.4)%	(5.7)%
Finance income	0.1 %	0.8 %
Change in fair value of warrant liabilities	8.6 %	— %
Exchange gain / (loss)	0.3 %	(3.6) %
Net finance income (expense)	4.6 %	(8.5) %
Gain on sale of subsidiary	1.2 %	— %
Gain on remeasurement of equity interest	3.3 %	— %
Share of loss of equity-accounted investees	(0.8)%	(1.4)%
Loss before taxation	(116.4) %	(231.3) %
Tax benefit (provision)	0.5 %	(5.9) %
Loss for the financial period	(116.0) %	(237.2) %

Revenues

	Year Ended December 31,		Variance	
	2021	2020	\$	%
	\$'000	\$'000	\$'000	
Revenue:				
Value-based care	220,852	26,038	194,814	748.2 %
Software licensing	60,052	24,603	35,449	144.1 %
Clinical services	42,017	28,631	13,386	46.8 %
Total revenue	322,921	79,272	243,649	307.4 %

Total revenue increased by \$243.6 million from \$79.3 million for the year ended December 31, 2020 to \$322.9 million for the year ended December 31, 2021, largely due to the expansion of the value-based care revenue stream in the United States, including the full year contribution of revenues from the acquisition of FCMG in October 2020 and nine months of revenue from the acquisition of Meritage Medical Network in April 2021. In addition, revenue from Software licensing increased by \$35.4 million, primarily attributable to the execution of a software licensing agreement with TELUS, concurrent with the sale of Babylon Health Canada Limited to TELUS in January 2021.

Total Value-based care revenue increased by \$194.8 million from \$26.0 million for the year ended December 31, 2020 to \$220.9 million for the year ended December 31, 2021. The increase in revenue from Value-based care of \$194.8 million is attributable to the expansion of our related product offerings in the United States, of which \$94.6 million relates to the full-year impact of revenue from the acquisition of FCMG closed in October 2020 and Meritage Medical Network in April 2021. In addition, \$66.7 million of the increase in VBC revenue relates to new VBC contracts with various health plans in 2021, which increased the number of members covered under VBC contracts from 66,000 as of December 31, 2020 to 167,000 as of December 31, 2021, and \$31.7 million relates to the inclusion of a full-year contribution of revenue from VBC contracts that were new in 2020.

Total Software licensing revenue increased by \$35.4 million from \$24.6 million for the year ended December 31, 2020 to \$60.1 million for the year ended December 31, 2021. The increase in revenue from Software licensing of \$35.4 million is primarily attributable to upfront revenue recognized in connection with the TELUS license of \$28.4 million, with the remainder of the increase in Software licensing revenue attributable to the recognition of deferred revenue from the TELUS software license throughout the remainder of the year.

Total Clinical services revenue increased by \$13.4 million from \$28.6 million for the year ended December 31, 2020 to \$42.0 million for year ended December 31, 2021. The increase in Clinical services revenue is primarily attributable increased virtual consultations on our digital healthcare platform following the expansion of our digital healthcare platform in the United States throughout 2021.

Clinical Care Delivery Expense

	Year Ended December 31,		Variance	
	2021	2020	\$	%
	\$'000	\$'000	\$'000	
Clinical care delivery expense	(70,047)	(42,134)	(27,913)	66.2 %

Clinical care delivery expense increased by \$27.9 million from \$42.1 million for the year ended December 31, 2020 to \$70.0 million for the year ended December 31, 2021. Clinical care delivery expense as a percentage of revenues was 21.7% for the year ended December 31, 2021 and 53.2% for the year ended December 31, 2020. The increase in Clinical care delivery expense is primarily attributable to an increase in wages and salaries of \$23.4 million attributable to the expansion of our VBC product offerings in new geographic areas and additional healthcare providers to support the increased U.S. VBC Members. The decrease in Clinical care delivery expense as a percentage of revenue is due to leverage from the scale of our operations through our digital healthcare platform as we add new U.S. VBC Members. Share-based compensation expense of \$1.1 million has been included in Clinical care delivery expense for the year ended December 31, 2021.

Claims Expense

	Year Ended December 31,		Variance	
	2021	2020	\$	%
	\$'000	\$'000	\$'000	
Claims expense	(219,625)	(25,120)	(194,505)	774.3 %

Claims expense increased by \$194.5 million from \$25.1 million for the year ended December 31, 2020 to \$219.6 million for the year ended December 31, 2021. Claims expense as a percentage of revenues was 68.0% for the year ended December 31, 2021 and 31.7% for the year ended December 31, 2020. The increase in Claims expense is primarily attributable to the expansion of our VBC product offerings in the United States, which largely contributed to the increase in U.S. VBC members from 66 thousand as of December 31, 2020 to 167 thousand as of December 31, 2021. The increase in Claims expense as a percentage of revenues was largely attributable to the change in the sales mix, with Value-based care revenues increasing as a percentage of total revenues.

Research & Development Expenses

	Year Ended December 31,		Variance	
	2021	2020	\$	%
	\$'000	\$'000	\$'000	
Research & development expenses	(47,534)	(54,711)	7,177	(13.1) %

Research & development expenses decreased by \$7.2 million from \$54.7 million for the year ended December 31, 2020 to \$47.5 million for the year ended December 31, 2021. The decrease in Research & development expenses is primarily attributable to a decrease in our employee headcount related to our Research & development activities contributing to a decline of \$10.5 million in related employee benefits expense. This decrease was partially offset by an increase in contractor and consultant expense of \$3.3 million that was incurred to compensate for the temporary decrease in employee headcount. Share-based compensation expense of \$7.2 million has been included in Research & development expense for the year ended December 31, 2021.

Sales, General & Administrative Expenses

	Year Ended December 31,		Variance	
	2021	2020	\$	%
	\$'000	\$'000	\$'000	
Sales, general & administrative expenses	(196,673)	(94,681)	(101,992)	107.7 %

Sales, general & administrative expenses increased by \$102.0 million from \$94.7 million for the year ended December 31, 2020 to \$196.7 million for the year ended December 31, 2021. The increase in Sales, general & administrative expenses is primarily attributable to an increase in employee benefits expense of \$65.7 million, primarily attributable to an increase in share-based compensation expense and salaries and wages of \$58.4 million, primarily related to a higher number of RSUs granted to employees in the fourth quarter of 2021 with higher grant date fair values than previously granted equity awards, as well as hiring across general & administrative departments as we began to operate as a public company. Share-based compensation expense of \$37.2 million is included within employee benefits expense for the year ended December 31, 2021. The remainder of the difference in Sales, general & administrative expense is attributable to an increase in depreciation and amortization of \$12.8 million, related to intangibles acquired in acquisitions that closed in October 2020 and April 2021, and an increase in professional fees and insurance of \$10.6 million and \$5.4 million, respectively, primarily related to increased expenses associated with operating as a public company.

Recapitalization Transaction Expense

	Year Ended December 31,		Variance	
	2021	2020	\$	%
	\$'000	\$'000	\$'000	
Recapitalization transaction expense	(148,722)	—	(148,722)	NM

The non-cash Recapitalization transaction expense of \$148.7 million is the calculated value of the expense related to the Business Combination Closing. Recapitalization transaction expense is the calculated value of the fair value of shares issued to investors in Alkuri and warrants assumed, in excess of the fair value of the net assets acquired in the transaction upon the Business Combination Closing.

Change in Fair Value of Warrant Liabilities

	Year Ended December 31,		Variance	
	2021	2020	\$	%
	\$'000	\$'000	\$'000	
Change in fair value of warrant liabilities	27,811	—	27,811	NM

Change in fair value of warrant liabilities resulted in income of \$27.8 million during the year ended December 31, 2021, whereas we did not have warrants outstanding in the year ended December 31, 2020. The non-cash Change in fair value of warrant liabilities is primarily related to the classification of warrants as liabilities at fair value upon issuance, with resulting changes in fair value recorded in the Consolidated Statement of Profit or Loss. During the fourth quarter of 2021, we assumed warrants upon consummation of the Business Combination and issued additional warrants in connection with the \$200.0 million debt offering which closed in November 2021. The amount recorded in Change in fair value of warrant liabilities primarily related to the decline in fair value of warrants upon issuance during the fourth quarter of 2021 through December 31, 2021.

Exchange Gain / (Loss)

	Year Ended December 31,		Variance	
	2021	2020	\$	%
	\$'000	\$'000	\$'000	
Exchange gain / (loss)	868	(2,836)	3,704	(130.6)%

Exchange loss decreased by \$3.7 million from a loss of \$2.8 million for the year ended December 31, 2020 to a gain of \$0.9 million for the year ended December 31, 2021. The key driver of the reduction in the exchange loss was the strengthening of the Pound Sterling against the U.S. Dollar.

Gain on Sale of Subsidiary

	Year Ended December 31,		Variance	
	2021	2020	\$	%
	\$'000	\$'000	\$'000	
Gain on sale of subsidiary	3,917	—	3,917	NM

Gain on sale of subsidiary increased by \$3.9 million for the year ended December 31, 2021 compared to the year ended December 31, 2020. The activity in the current period is related to the sale of Babylon Health Canada Limited to TELUS as discussed in Note 7 to the Consolidated Financial Statements. There was no such activity in the prior period.

Gain on Remeasurement of Equity Interest

	Year Ended December 31,		Variance	
	2021	2020	\$	%
	\$'000	\$'000	\$'000	
Gain on remeasurement of equity interest	10,495	—	10,495	NM

Gain on remeasurement of equity interest increased by \$10.5 million for the year ended December 31, 2021 compared to the year ended December 31, 2020. The Gain on remeasurement of equity interest relates to the non-cash gain recognized for the increase in our historical investment upon the acquisition and consolidation of Higi, which occurred in the fourth quarter of 2021.

Tax Benefit (Provision)

	Year Ended December 31,		Variance	
	2021	2020	\$	%
	\$'000	\$'000	\$'000	
Tax benefit (provision)	1,474	(4,639)	6,113	(131.8)%

Tax provision for the year decreased by \$6.1 million from a Tax provision of \$4.6 million for the year ended December 31, 2020 to a Tax benefit for the year of \$1.5 million for the year ended December 31, 2021. The Tax benefit for the year ended December 31, 2021 primarily related to the post-acquisition movement of deferred income taxes recognized in purchase accounting related to acquisitions that closed during 2021. The Tax provision in the prior year was primarily related to the reversal of previously recognized tax benefits related to U.K. tax credits for qualifying R&D activities in prior years, which are amortized over the useful life of the related capitalized development costs as a reduction to Platform and application expenses.

Results of Operations - Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

The results of operations presented below should be reviewed in conjunction with our audited consolidated financial statements included in this Prospectus/Offer to Exchange. The following table presents data from our audited Consolidated Statements of Profit and Loss for the years ended December 31, 2020 and 2019:

	Year Ended December 31,		Variance	
	2020*	2019*	\$	%
	\$'000	\$'000	\$'000	
Revenue:				
Value-based care	26,038	—	26,038	NM
Software licensing	24,603	2,002	22,601	1128.9 %
Clinical services	28,631	14,032	14,599	104.0 %
Total revenue	79,272	16,034	63,238	394.4 %
Clinical care delivery expense	(42,134)	(19,810)	(22,324)	112.7 %
Claims expense	(25,120)	—	(25,120)	NM
Platform & application expenses	(38,137)	(23,569)	(14,568)	61.8 %
Research & development expenses	(54,711)	(51,205)	(3,506)	6.8 %
Sales, general & administrative expenses	(94,681)	(84,270)	(10,411)	12.4 %
Operating loss	(175,511)	(162,820)	(12,691)	7.8 %
Finance costs	(4,530)	(1,116)	(3,414)	305.9 %
Finance income	610	1,015	(405)	(39.9)%
Exchange (loss) / gain	(2,836)	17,075	(19,911)	(116.6)%
Net finance (expense) income	(6,756)	16,974	(23,730)	(139.8)%
Share of loss of equity-accounted investees	(1,124)	—	(1,124)	NM
Loss before taxation	(183,391)	(145,846)	(37,545)	25.7 %
Tax (provision) benefit	(4,639)	5,559	(10,198)	(183.5)%
Loss for the financial period	(188,030)	(140,287)	(47,743)	34.0 %

* Restated to reflect reclassification of certain expense items described in Note 2 to the consolidated financial statements.

The following table sets forth our results of operations as a percentage of total revenue for each period presented preceding:

	Year Ended December 31,	
	2020	2019
Revenue:		
Value-based care	32.8 %	— %
Software licensing	31.0 %	12.5 %
Clinical services	36.1 %	87.5 %
Total revenue	100.0 %	100.0 %
Clinical care delivery expense	(53.2)%	(123.5)%
Claims expense	(31.7)%	—%
Platform & application expenses	(48.1)%	(147.0)%
Research & development expenses	(69.0)%	(319.4)%
Sales, general & administrative expenses	(119.4)%	(525.6)%
Operating loss	(221.4)%	(1,015.5) %
Finance costs	(5.7)%	(7.0)%
Finance income	0.8 %	6.3 %
Exchange (loss) / gain	(3.6)%	106.5 %
Net finance (expense) income	(8.5)%	105.9 %
Share of loss of equity-accounted investees	(1.4)%	— %
Loss before taxation	(231.3)%	(909.6)%
Tax (provision) benefit	(5.9)%	34.7 %
Loss for the financial period	(237.2)%	(874.9)%

Revenues

	Year Ended December 31,		Variance	
	2020	2019	\$	%
	\$'000	\$'000	\$'000	
Revenue:				
Value-based care	26,038	—	26,038	NM
Software licensing	24,603	2,002	22,601	1128.9 %
Clinical services	28,631	14,032	14,599	104.0 %
Total revenue	79,272	16,034	63,238	394.4 %

Total revenues increased to \$79.3 million for the year ended December 31, 2020 compared to \$16.0 million for the year ended December 31, 2019 largely due to the expansion of the provision of licensing services into new regions, particularly as we expanded into Asia, growth in our clinical services and the commencement of the provision of value-based care services.

Value-based care revenue commenced in 2020 following the launch of the Babylon 360 product in October 2020 in the United States.

Variable revenue recognized from performance-based incentives, performance guarantees and risk shares were not material in 2020. We review our VBC contracts to assess whether any of them should be considered onerous contracts by applying the industry-based guidance on premium deficiency reserves. None of our contracts were determined to be onerous contracts as of December 31, 2020 or December 31, 2019.

Total Software licensing revenue increased for the year ended December 31, 2020 by \$22.6 million compared to the year ended December 31, 2019. \$12.7 million of the increase was due to the launch of our digital services in seven Asian countries during 2020. In addition to geographic expansion, we also licensed the COVID-19 care assistant within the United Kingdom. In addition, licensing revenue increased by \$4.1 million related to the COVID-19 symptom checker that was utilized across NHS trusts in Birmingham and Wolverhampton that was not deployed in 2019. We expect the demand for digital services to continue to grow even after the COVID-19 pandemic abates. Finally, \$4.9 million of the increase came from an increase in new users in the United States.

Total Clinical services revenue increased for the year ended December 31, 2020 by \$14.6 million compared to the year ended December 31, 2019. \$1.2 million of the increase was due to the launch of our FFS offerings in various locations in the United States providing both general medicine and behavioral health virtual appointments. \$3.8 million of the increase was due to U.K. market organic membership growth in the Babylon GP at Hand population. In addition, an increase in private appointments contributed an additional \$6.6 million in 2020 versus 2019. The remaining growth was contributed by Canada and Rwanda services that continued to grow driven by demand for appointments.

Clinical Care Delivery Expense

	Year Ended December 31,		Variance	
	2020	2019	\$	%
	\$'000	\$'000	\$'000	
Clinical care delivery expense	(42,134)	(19,810)	(22,324)	112.7 %

Clinical care delivery expense increased by \$22.3 million from \$19.8 million for the year ended December 31, 2019 to \$42.1 million for the year ended December 31, 2020. The increase in Clinical care delivery expense is primarily attributable to an increase in wages and salaries of \$18.6 million as a result of increased demand for clinical services and the launch of value-based care. In the U.S., costs increased as a result of launching a 24-hour virtual clinical service for value-based care patients. Costs also increased by \$5.1 million following greater demand for private appointments in the United Kingdom and growth in Babylon GP at Hand membership, resulting in increased costs relating to physicians and other health professionals. In Canada, patient demand for appointments grew, and physicians' costs resulted in \$4.1 million higher costs in 2020 than 2019. The other drivers of increased wages and salaries were the cost of support and management role, which increased by \$9.3 million and were necessary in the expansion of services in the United States and greater breadth of care across different clinician types in the United Kingdom.

Claims Expense

	Year Ended December 31,		Variance	
	2020	2019	\$	%
	\$'000	\$'000	\$'000	
Claims expense	(25,120)	—	(25,120)	NM

Claims expense increased by \$25.1 million from \$0.0 million for the year ended December 31, 2019 to \$25.1 million for the year ended December 31, 2020. The increase in Claims expense is primarily attributable to the launch of value-based care in 2020. There was no claims expense activity in 2019.

Platform & Application Expenses

	Year Ended December 31,		Variance	
	2020	2019	\$	%
	\$'000	\$'000	\$'000	
Platform & application expenses	(38,137)	(23,569)	(14,568)	61.8 %

Platform & application expenses increased by \$14.6 million from \$23.6 million for the year ended December 31, 2019 to \$38.1 million for the year ended December 31, 2020. The increase in Platform & application expenses was primarily due to an increase of \$9.9 million in depreciation and amortization, primarily related to increased amortization of capitalized development costs related to the further development of our digital healthcare platform and \$6.4 million in impairment charges, primarily resulting from the discontinuation of certain features in 2020 surrounding a proprietary data structure for encounters that were deemed to be no longer technologically feasible. The increase in Platform & application expenses was partially offset by a decrease in expenses related to Contractors and consultants of \$4.4 million, primarily due to less reliance placed on external development resources.

Research & Development Expenses

	Year Ended December 31,		Variance	
	2020	2019	\$	%
	\$'000	\$'000	\$'000	
Research & development expenses	(54,711)	(51,205)	(3,506)	6.8 %

Research & development expenses increased by \$3.5 million from \$51.2 million for the year ended December 31, 2019 to \$54.7 million for the year ended December 31, 2020. The increase in Research & development expenses is primarily attributable to an increase in Employee benefits expense, primarily salaries and wages, of \$16.7 million, partially offset by a decrease in expenses related to Contractors and consultants of \$14.1 million. The fluctuations in these two expenses are primarily attributable to increased headcount within Research & development departments, resulting in less reliance on external resources historically engaged in related development activities.

Sales, General & Administrative Expenses

	Year Ended December 31,		Variance	
	2020	2019	\$	%
	\$'000	\$'000	\$'000	
Sales, general & administrative expenses	(94,681)	(84,270)	(10,411)	12.4 %

Sales, general & administrative expenses increased by \$10.4 million from \$84.3 million for the year ended December 31, 2019 to \$94.7 million for the year ended December 31, 2020. Personnel costs within Sales, general & administrative expenses increased to \$39.3 million for the year ended December 31, 2020, an increase of \$9.0 million compared to the year ended December 31, 2019, following increases in commercial and support services headcount to align to the business growth. In addition, the acquisition of FCMG and the deployment of our product into new markets resulted in professional fees increasing by \$4.7 million. In addition, higher people costs and IT-related expenses increased to \$20.2 million, a \$3.6 million or 21.7% increase compared to 2019. Premises costs decreased by \$2.2 million following our vacating our London East office and reduced service and business rates as a result of an increase in remote working following the COVID-19 pandemic. Share-based compensation expense included in Sales, general & administrative expenses decreased by \$5.2 million when compared to 2019.

Exchange (Loss) / Gain

	Year Ended December 31,		Variance	
	2020	2019	\$	%
	\$'000	\$'000	\$'000	
Exchange (loss) / gain	(2,836)	17,075	(19,911)	(116.6)%

Exchange loss was a \$19.9 million increase to \$2.8 million for the year ended December 31, 2020 compared to a gain of \$17.1 million for the year ended December 31, 2019. The key driver of the reduction in the exchange loss related to the reduction in the principal amount of inter-company loans between our legal entities.

Tax (Provision) Benefit

	Year Ended December 31,		Variance	
	2020	2019	\$	%
	\$'000	\$'000	\$'000	
Tax (provision) benefit	(4,639)	5,559	(10,198)	(183.5)%

Tax provision of \$4.6 million for the year ended December 31, 2020 increased by \$10.2 million, from a tax benefit of \$5.6 million, when compared to the prior year. Our tax (provision)/benefit in both periods was significantly impacted by our inability to recognize deferred tax assets relating to most of our losses. The change in tax (provision)/benefit is primarily the reversal of previously recognized tax benefits of \$4.3 million related to U.K. tax credits for qualifying Research & development activities, which will be amortized over the useful life of the related capitalized development costs as a reduction to Platform & application expenses.

Liquidity and Capital Resources

In connection with the Business Combination, the PIPE Investment, and the issuance of unsecured notes in the fourth quarter of 2021, we generated net proceeds of \$378.6 million. Further, we issued \$100 million of additional unsecured notes on March 31, 2022.

For the three months ended March 31, 2022, we had a Loss for the period of \$91.4 million. As of March 31, 2022, we had Cash and cash equivalents of \$275.0 million, respectively. We require and will continue to need significant cash resources to, among other things, fund our working capital requirements, increase our headcount, make capital expenditures (including those related to product development), and expand our business through acquisitions. Our future capital requirements will depend on many factors, including the cost of future acquisitions, our ability to provide more affordable healthcare, the scale of our increases in headcount, our revenue mix, incremental costs relating to the implementation of new contracts and the timing and extent of spending to support product development efforts.

If we were to require additional funding, seek additional sources of financing or desire to refinance our debt, we believe that our historical ability to raise and deploy capital to fund the development of our digital healthcare platform and expansion of our operations would enable us to access financing on reasonable terms. However, there can be no assurance that such financing would be available to us on favorable terms or at all. If the financing is not available, or if the terms of such financing are not acceptable to us, we may be forced to decrease the level of investment in our digital healthcare platform, scale back our operations, defer investments to execute on our growth strategy or execute a combination of these cost management strategies, which could have an adverse impact on our business and financial prospects. The Loss for the period in current and prior periods we have incurred since inception are consistent with our strategy and plans for continued growth and expansion. We expect to continue to incur losses as we execute on our operating plan and expand our product offerings in the near term.

Cash Flows

The following table discloses our consolidated cash flows provided by (used in) operating, investing and financing activities for the periods presented:

	Three Months Ended March 31,		Year Ended December 31,		
	2022	2021	2021	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Net cash (used in) provided by operating activities	(68,957)	21,500	(145,868)	(143,430)	(143,614)
Net cash used in investing activities	(11,656)	(7,282)	(54,795)	(72,226)	(36,936)
Net cash provided by (used in) financing activities	92,978	(2,020)	362,203	100,058	352,521
Net (decrease) increase in cash and cash equivalents	12,365	(12,198)	161,540	(115,598)	171,971
Cash and cash equivalents beginning of the period	262,581	101,757	101,757	214,888	46,031
Effect of exchange rates	32	(57)	(716)	2,467	(3,114)
Cash and cash equivalents end of the period	274,978	113,898	262,581	101,757	214,888

Cash Flows Provided by (Used in) Operating Activities

Net cash used in operating activities was \$145.9 million for the year ended December 31, 2021 compared to net cash used in operating activities of \$143.4 million for the year ended December 31, 2020, an increase of \$2.4 million. The increase in our cash used in operating activities is primarily attributable to a higher Loss for the year, after adjusting for non-cash items, of \$26.5 million when compared to the prior period. See “Item 5A. Operating Results” for additional discussion of the increase in expenses contributing to the Loss for the financial year. The increase in loss was largely offset by the favorable impact of changes in working capital, primarily a working capital improvement due to an increase in payables and accruals of \$45.2 million, despite of an increase in receivables of \$22.6 million.

Net cash used in operating activities was \$143.4 million for the year ended December 31, 2020 compared to net cash used in operating activities of \$143.6 million for the year ended December 31, 2019, a decrease of \$0.2 million. Net loss for the financial year, after adjusting for non-cash items, decreased by \$7.3 million, from \$152.4 million for the year ended December 31, 2019 to \$145.0 million for the year ended December 31, 2020. This decrease was largely offset by the unfavorable net effect of changes in working capital of \$7.1 million.

Net cash used in operating activities was \$69.0 million for the three months ended March 31, 2022 compared to net cash provided by operating activities of \$21.5 million for the three months ended March 31, 2021, an increase of \$90.5 million. The increase in Net cash used in operating activities is primarily attributable to a higher Loss for the period, after adjusting for non-cash items, of \$68.1 million when compared to the prior period. See “—Results of Operations—Three Months Ended March 31, 2022 Compared to the Three Months Ended March 31, 2021” for additional discussion of the increase in expenses contributing to the Loss for the period. In the prior period, there was favorable impact from changes in working capital, primarily a working capital improvement resulting from an increase in payables and accruals of \$34.3 million, partially offset by an increase in receivables of \$8.7 million, compared to an increase in payables and accruals of \$3.2 million and decrease in receivables of \$0.1 million in the current period.

Cash Flows Provided by (Used in) Investing Activities

Net cash used in investing activities was \$54.8 million in the year ended December 31, 2021 compared to net cash used in investing activities of \$72.2 million in the year ended December 31, 2020, a decrease of \$17.4 million. The decrease in cash used in investing activities was the result of multiple factors including a decrease in cash used in acquisitions of \$11.9 million, a decrease in cash used to purchase shares of Higi of \$5.0 million when compared to the prior year, less development costs capitalized of \$4.4 million and \$3.8 million in cash assumed from Higi upon consolidation through control. The decrease in cash used in activities was partially offset by higher capital expenditures of \$7.4 million.

Net cash used in investing activities was \$72.2 million for the year ended December 31, 2020 compared to net cash used in investing activities of \$36.9 million for the year ended December 31, 2019, an increase of \$35.3 million. The increase in cash used in investing activities was primarily a result of cash paid for acquisitions of \$25.7 million relating to the acquisition of FCMG and \$10.0

million in cash used to purchase shares of Higi. There were no acquisitions or purchases of shares in associates and joint ventures in 2019.

Net cash used in investing activities was \$11.7 million for the three months ended March 31, 2022 compared to net cash used in investing activities of \$7.3 million for the three months ended March 31, 2021, an increase of \$4.4 million. The increase in Net cash used in investing activities was the result of multiple factors including higher capital expenditures and development costs capitalized of \$2.3 million and \$2.1 million, respectively.

Cash Flows Provided by (Used in) Financing Activities

Net cash provided by financing activities was \$362.2 million in the year ended December 31, 2021 compared to net cash provided by financing activities of \$100.1 million in the year ended December 31, 2020, an increase of \$262.1 million. The increase in Net cash provided by financing activities is primarily attributable to the proceeds from the issuance of borrowings during the year of \$270.6 million, which included \$191 million in proceeds, net of discount, from the issuance of the Unsecured Notes, and an increase in the proceeds from the issuance of share capital \$217.2 million when compared to the prior year related to capital raised in the Business Combination and PIPE Investment. The increase in cash provided by financing activities was offset by proceeds from the issuance of convertible loan notes of \$100.0 million in 2020, total repayments of loans and borrowings of \$89.4 million and higher debt and equity issuance costs of \$25.8 million when compared to the prior year. The remainder of the difference in cash provided by financing activities primarily related to higher interest payments and principal payments on leases of \$7.6 million in 2021.

Net cash provided by financing activities was \$100.1 million for the year ended December 31, 2020 compared to net cash provided by financing activities of \$352.5 million for the year ended December 31, 2019, a decrease of \$252.5 million. The decrease in net cash provided by financing activities of \$242.4 million is primarily the result of higher gross proceeds from the issuance of share capital of \$308.2 million during 2019, partially offset by proceeds from the issuance of convertible loan notes in 2020 of \$48.9 million, as well as the repayment of convertible loans of \$14.8 million in 2019, whereas we did not have any repayments on borrowings during 2020.

Net cash provided by financing activities was \$93.0 million for the three months ended March 31, 2022 compared to net cash used in financing activities of \$2.0 million for the three months ended March 31, 2021, an increase of \$95.0 million. The increase in Net cash provided by financing activities is primarily attributable to the proceeds from the issuance of borrowings during the period of \$100.0 million, offset by payment of debt and equity issuance costs of \$5.0 million.

Funding Requirements

As of March 31, 2022, we had a net asset position of \$79.5 million, including cash and cash equivalents of \$275.0 million.

Our directors performed a going concern assessment for a period of twelve months from the date of approval of our Condensed Consolidated Financial Statements for the three months ended March 31, 2022 to assess whether conditions exist that raise substantial doubt regarding the Group's ability to continue as a going concern. This assessment indicates we have sufficient liquidity to fund our liabilities as they become due through December 31, 2022, but additional funding is required to provide sufficient funds to meet our liabilities that may fall due through May 2023 and beyond if we continue with our planned growth strategy.

While there is no assurance that additional funds are available on acceptable terms, the directors believe that they will be successful in raising the additional capital needed to execute our planned growth strategy and to meet working capital and capital expenditure requirements that may fall due through May 2023 and after. Based on this, we believe it remains appropriate to prepare our financial statements on a going concern basis.

However, the above indicates that there are material uncertainties (ability to raise further capital) related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, to continue realizing its assets and discharging its liabilities in the normal course of business.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Critical Accounting Estimates

Our consolidated financial statements are prepared in conformity with IFRS, as issued by the IASB. The preparation of these historical financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments in certain circumstances that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. We evaluate our assumptions and estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting estimates are described in Note 3 to our consolidated financial statements included elsewhere in this Prospectus/Offer to Exchange.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors, including their ages, as of March 31, 2022:

Name	Age	Position(s)
Executive Officers		
Ali Parsadoust	57	Chief Executive Officer and Director
Charlie Steel	37	Chief Financial Officer
Paul-Henri Ferrand	58	Chief Business Officer
Steve Davis	55	Chief Technology Officer
Yon Nuta	41	Chief Product Officer
Darshak Sanghavi	51	Chief Medical Officer
Employee Director		
Mairi Johnson	56	Chief Partnerships Officer and Director
Non-Executive Directors		
Mohannad AlBLEhed	35	Director
Per Brilioth	52	Director
Georgi Ganev	45	Director
David Warren	68	Director

Executive Officers

Ali Parsadoust. Dr. Parsadoust is our founder and has served as our Chief Executive Officer and member of our board of directors since January 2013. Prior to founding Babylon Holdings, Dr. Parsadoust served as Chief Executive Officer at Circle, Inc., a healthcare services company, from January 2003 to December 2012. Previously, Dr. Parsadoust served in various roles at Goldman Sachs, including as Executive Director, between 1999 and 2001. Dr. Parsadoust holds a PhD in engineering physics and a B.A. from University College London. We believe Dr. Parsadoust is qualified to serve on our board of directors because of his historical knowledge, operational expertise, leadership and the continuity that he brings to our board as our founder and Chief Executive Officer.

Charlie Steel. Mr. Steel has served as our Chief Financial Officer since November 2017. Prior to joining Babylon Holdings, Mr. Steel served as the Global Head of Corporate Development at CMC Markets Plc, a financial services company, from September 2014 to November 2017. Previously, Mr. Steel served in various roles, including as Vice President at Deutsche Bank between October 2008 and August 2014, before which he was at Lehman Brothers. Mr. Steel is also a Non-executive Director on the Transformation Advisory Committee at the Department of Work and Pensions in the U.K. Government. Mr. Steel holds a degree in Economics and Management from the University of Oxford.

Paul-Henri Ferrand. Mr. Ferrand has served as our Chief Business Officer since October 2020. Prior to joining Babylon Holdings, Mr. Ferrand served as Chief Operating Officer at Brex, a financial services company, from November 2019 to September 2020. Previously, Mr. Ferrand served as President of Global Customer Operations at Google, from August 2017 to June 2019, and as Vice President US Sales & Operations at Google from May 2014 to August 2017. Mr. Ferrand holds a M.S. in Computer Science from Telecom ParisTech.

Steve Davis. Mr. Davis has served as our Chief Technology Officer since January 2021. Prior to joining Babylon Holdings, Mr. Davis served in various roles with Expedia Group, Inc. from January 2016 to January 2021, including most recently as a Senior Vice President and General Manager of AI and Data. Previously, Mr. Davis served in various roles at Vrbo (formerly HomeAway, Inc.), a provider of online vacation rental services (acquired by Expedia Group, Inc.) from January 2007 to January 2016, including as Chief Information Officer and Chief Digital and Cloud Officer. From December 2004 to December 2006, Mr. Davis served as Vice President of Technology and Product at Trillion Partners Inc., a telecommunications company subsequently acquired by TX Communications LLC (d/b/a Affiniti).

Yon Nuta. Mr. Nuta has served as our Chief Product Officer since February 2021. Prior to joining Babylon Holdings, Mr. Nuta served as Chief Product Officer and Executive Vice President of Retention at Gaia Inc., a video streaming company, from August 2015 to January 2021. Previously, Mr. Nuta founded and served as the Chief Executive Officer of TalkIQ, an information technology service, from March 2014 to November 2015. Prior to that, he served as Head of Product at comScore, Inc., a media measurement and analytics company, from February 2009 to April 2013. Mr. Nuta holds a B.S. in Electrical and Electronics Engineering and B.A. in Electrical Engineering from Massachusetts Institute of Technology and a B.A. in Management Science (Finance and Marketing) from MIT Sloan School of Management.

Darshak Sanghavi. Mr. Sanghavi has served as our Global Chief Medical Officer since May 2021. Prior to joining Babylon Holdings, Mr. Sanghavi served as Chief Medical Officer at UnitedHealthcare, a provider of health benefits programs in the United States, from August 2019 to August 2020. Previously, Mr. Sanghavi served as Chief Medical Officer at OptumLabs, a pharmacy benefit manager and part of UnitedHealth Group Incorporated, from August 2016 to August 2019, and in the Obama Administration as the Director of Preventative and Population Health at the Center for Medicare and Medicaid Innovation from August 2014 to September 2016. Mr. Sanghavi is also an Associate Professor of Pediatrics and served as Chief of Pediatric Cardiology at the University of Massachusetts Medical School from October 2005 to August 2014. Mr. Sanghavi holds a M.D. from The Johns Hopkins University School of Medicine and an A.B. from Harvard University.

Employee Directors

See above for biographical information for Dr. Parsadoust.

Mairi Johnson. Ms. Johnson has served on our board of directors since September 2015 and as Chief Partnerships Officer since May 2017. She also currently serves as an Investment Committee Member at Big Issue Invest, an investment fund for social enterprises, charities and profit-with-purpose businesses, since August 2015. Prior to joining Babylon Holdings, Ms. Johnson previously served as the Executive Director at Healthbox Accelerator, a healthcare services company, from 2013 to 2014.

Previously, from January 2011 to February 2013, Ms. Johnson was the founder and chief executive officer, at Beat Red, a start-up company focused on activewear for teenage girls. Ms. Johnson also served in various roles, including Partner, at Circle Health, a health services company, between September 2005 and February 2008, and as an Executive Director at Goldman Sachs between June 2001 and August 2005. Ms. Johnson holds a M.Sc. from the London School of Economics and Political Science and a B.A. from University of Victoria. We believe Ms. Johnson is qualified to serve as a member of our board of directors because of her extensive experience in the healthcare industry analyzing, investing in and leading healthcare and technology companies.

Non-Executive Directors

Mohannad AlBlehed. Mr. AlBlehed has served on our board of directors since December 2019. Since November 2015, Mr. AlBlehed has served in various roles at the Public Investment Fund, the sovereign wealth fund of the Kingdom of Saudi Arabia, including as Senior Director, Head of International Direct Investments since January 2019, as Senior Vice President July 2018 to December 2018, as Vice President from January 2017 to July 2018 and as Consultant from November 2015 to December 2016. Prior to that, Mr. AlBlehed held various roles in private equity and investment banking, including at The Abraaj Group, Deutsche Bank and Morgan Stanley. Mr. AlBlehed currently serves on the boards of directors of several privately-held companies, including Saudi Information Technology Company and Magic Leap. Mr. AlBlehed holds a B.A. in Business Administration from the University of Southern California. We believe Mr. AlBlehed is qualified to serve on our board of directors based on his experience as a director of technology companies and his experience with investments in healthcare and technology companies.

Per Brilioth. Mr. Brilioth has served on our board of directors since April 2017. Since January 2001, Mr. Brilioth has served in various roles and as a member of the board of directors of VNV (Cyprus) Limited, an investment company investing in early and growth stage companies, and Vostok Emerging Finance Ltd., an investment company investing in growth stage fintech companies. Mr. Brilioth currently serves as a member of the board of directors of several privately-held companies, including Pomegranate Investment AB, a Swedish investment company, Telegram Records AB, Docplus Ltd., Property Finder International Ltd., Voi Technology AB, OneTwoTrip Ltd., Naseeb Networks, Inc. and Comuto S.A. Mr. Brilioth holds a M.A. from the London Business School and a B.A. from Stockholm University. We believe that Mr. Brilioth is well qualified to serve as a director due to his leadership experience of investment companies, particularly in the area of growth stage companies.

Georgi Ganey. Mr. Ganey has served on our board of directors since September 2018. Since January 2018, Mr. Ganey has served as Chief Executive Officer at Kinnevik AB, a Swedish investment company. Mr. Ganey has previously served as the Chief Executive Officer at the Dustin Group, an information technology service, between August 2012 and January 2018. He currently serves as a member of the board of directors of several privately-held companies and two public companies, Tele2 AB and Global Fashion Group. Mr. Ganey holds a M. Sc. from Uppsala University. We believe Mr. Ganey is qualified to serve on our board of directors based on his experience as a director of technology companies and his experience with investments in healthcare and technology companies.

David Warren. Mr. Warren joined our board of directors and became the Chairman of our audit committee following the Business Combination Closing. Mr. Warren was Group Chief Financial Officer and an Executive Director of London Stock Exchange Group plc (LSEG) from July 2012 until November 2020. He also served as interim Chief Executive Officer of LSEG from December 2017 to July 2018. Prior to LSEG, Mr. Warren was Chief Financial Officer of NASDAQ from 2001 to 2009 and Senior Adviser to the NASDAQ CEO from 2011 to 2012. Mr. Warren has held a number of senior financial and management roles in both the private and public sectors including Chief Financial Officer of the Long Island Power Authority (New York) and Deputy Treasurer for the State of Connecticut. Mr. Warren began his career in investment banking at then Credit Suisse First Boston.

Mr. Warren holds an M.B.A. from the Yale School of Management and a B.A. from Wesleyan University. We believe Mr. Warren is qualified to serve on our board of directors due to his leadership experience in both private and public sectors.

Foreign Private Issuer

We are a “foreign private issuer,” as defined by the SEC. As a result, in accordance with the NYSE rules, we comply with certain of our home country, Jersey, governance requirements and certain exemptions thereunder rather than complying with the NYSE corporate governance standards. Under Rule 405 of the Securities Act, the determination of foreign private issuer status is made annually on the last business day of an issuer’s most recently completed second fiscal quarter and, accordingly, the next determination will be made with respect to us on June 30, 2022. For so long as we qualify as a foreign private issuer, we will be exempt from certain provisions of the Exchange Act and the NYSE corporate governance rules that are applicable to U.S. domestic public companies, including:

- exemption from filing quarterly reports on Form 10-Q containing unaudited financial and other specified information or current reports on Form 8-K upon the occurrence of specified significant events;
- exemption from the requirement to comply with Regulation FD, which regulates selective disclosure of material non-public information by issuers;
- exemption from Section 16 under the Exchange Act, which requires insiders to file public reports of their securities ownership and trading activities and provides for liability for insiders who profit from trades in a short period of time;
- exemption from the NYSE rules applicable to domestic issuers requiring disclosure within four business days of any determination to grant a waiver of the code of business conduct and ethics to directors and officers;
- exemption from the requirement to obtain shareholder approval for certain issuances of securities, including shareholder approval of share option plans;

- exemption from the requirement that our audit committee have review and oversight responsibilities over all “related party transactions,” as defined in Item 7.B of Form 20-F;
- exemption from the requirement that our board of directors have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- exemption from the requirements that director nominees are selected, or recommended for selection by our board of directors, either by (i) independent directors constituting a majority of our board’s independent directors in a vote in which only independent directors participate, or (ii) a committee comprised solely of independent directors, and that a formal written charter or board resolution, as applicable, addressing the nominations process is adopted.

Accordingly, there may be less publicly available information concerning our business than there would be if we were a U.S. domestic public company and our shareholders will not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of the NYSE. We may utilize these exemptions for as long as we continue to qualify as a foreign private issuer.

We intend to comply with the NYSE corporate governance rules applicable to foreign private issuers, which means that we are permitted to follow certain corporate governance rules that conform to Jersey law requirements in lieu of many of the NYSE corporate governance rules. We may utilize these exemptions for as long as we continue to qualify as a foreign private issuer.

Composition of our Board of Directors

Our board of directors is currently composed of six members, consisting of Dr. Parsadoust, our Founder and Chief Executive Officer, Ms. Johnson, our Chief Partnership Officer, and four non-executive directors. As a foreign private issuer, under the listing requirements and rules of the NYSE, we are not required to have independent directors on our board of directors, except that our audit committee is required to consist fully of independent directors, subject to certain phase-in schedules. Our board of directors has determined that none of our non-executive directors has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of director and that each of these four directors is “independent” as that term is defined under the NYSE rules. Each director’s current term will expire at our next general meeting of shareholders.

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Family Relationships

Ali Parsadoust, our Founder, Chief Executive Officer and a member of our board of directors, and Mairi Johnson, our Chief Partnerships Officer and a member of our board of directors, are married. There are no other family relationships among any of our executive officers or directors.

Committees of our Board of Directors

Our board of directors has three committees: an audit committee, a remuneration committee and a nominating and corporate governance committee. The charters for each of the committees of our board of directors are available at the investor relations section of our website.

Audit Committee

Our audit committee consists of Messrs. Brilioth, Ganey and Warren (Chairman). We have determined that each of Messrs. Brilioth, Ganey and Warren meets the requirements for independence under the listing standards of the NYSE and SEC rules and regulations for audit committee members. Each member of our audit committee also meets the requirements for financial literacy under the applicable rules and regulations of the SEC and the NYSE listing rules.

Our audit committee, among other things:

- selects and hires a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- oversees our relationship with the independent registered public accounting firm and assess the effectiveness of the external audit process, including in relation to appointment and tendering, remuneration and other terms of engagement, and appropriate planning ahead of each annual audit cycle;
- maintains regular, timely, open and honest communication with the external auditors, ensuring the external auditors report to the committee on all relevant matters to enable the committee to carry out its oversight responsibilities;
- monitors the integrity of our financial and narrative reporting, preliminary announcements and any other formal announcements relating to our financial performance;
- advises the board on whether, taken as a whole, the annual report and accounts are fair, balanced and understandable;
- reviews the appropriateness and completeness of our risk management and internal controls;
- oversee the design, implementation and performance of our internal audit function;
- reviews, approves and/or ratifies related party transactions; and
- approves or, as required, pre-approves, all audit and all permissible non-audit services, other than *de minimis* non-audit services, to be performed by the independent registered public accounting firm.

Remuneration Committee

Our remuneration committee consists of Messrs. Brilioth and Ganey. As a foreign private issuer, we are not required to comply with the NYSE listing requirements that would otherwise require our remuneration committee to be comprised entirely of independent directors. However, currently all of the members of our remuneration committee are independent under the applicable NYSE rules and regulations. Each member of our remuneration committee is also a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act.

Our remuneration committee, among other things:

- sets a remuneration policy that is designed to promote our long-term success;
- ensures that the remuneration of executive directors and other senior executives reflects both their individual performance and their contribution to our overall results;
- determines the terms of employment and remuneration of executive directors and other senior executives, including recruitment and retention terms;
- approves the design and performance targets of any annual incentive schemes that include the executive directors and other senior executives;

- agrees upon the design and performance targets, where applicable, of all share incentive plans;
- gathers and analyze appropriate data from comparator companies in our industry; and
- selects and appoint external advisers to the remuneration committee, if any, to provide independent remuneration advice where necessary.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Messrs. Brilioth and Ganev.

Our nominating and corporate governance committee, among other things:

- identifies individuals qualified to become members of our board of directors;
- recommends to our board of directors the persons to be nominated for election as directors and to each of the committees of our board of directors;
- reviews and make recommendations to our board of directors with respect to our board leadership structure;
- reviews and make recommendations to our board of directors with respect to management succession planning; and
- develops and recommends to our board of directors corporate governance principles.

Code of Ethics and Conduct

In connection with our listing on the NYSE, we adopted a Code of Ethics and Conduct that covers a broad range of matters including the handling of conflicts of interest, compliance issues and other corporate policies such as equal opportunity and non-discrimination standards.

Directors' Addresses

Each of the directors can be contacted at the executive office of Babylon.

DIRECTOR AND EXECUTIVE COMPENSATION

Aggregate Compensation of our Executive Officers and Directors

The aggregate compensation awarded to, including share awards, earned by and paid to our executive officers and directors who were employed by, or otherwise performed services for, Babylon for the years ended December 31, 2021 and 2020 was \$47,269,673 and \$1,892,606, respectively (using exchange rates as of December 31, 2021 and December 31, 2020 of 0.72768 and 0.77600, respectively, of British Pounds Sterling to one U.S. dollar). The total amounts set aside or accrued to provide pension, retirement or similar benefits to our executive officers and directors who were employed by, or otherwise performed services for, Babylon with respect to the years ended December 31, 2021 and 2020 were \$72,947 and \$41,860, respectively (using exchange rates as of December 31, 2021 and December 31, 2020 of 0.72768 and 0.77600, respectively, of British Pounds Sterling to one U.S. dollar). The aggregate executive officer compensation for 2021 includes the compensation of our former Chief Operating Officer, Stacy Saal, who left Babylon on February 12, 2022. Dr. Ali Parsadoust and Mairi Johnson do not receive additional compensation for serving on our board of directors, over and above their compensation as employees.

Equity Incentive Plans

We have granted options, restricted stock units (“RSUs”) and other equity incentive awards under our: (1) Company Share Option Plan (the “CSOP”); (2) Long-Term Incentive Plan (the “LTIP”); (3) 2021 Equity Incentive Plan (the “2021 Plan”), adopted effective October 21, 2021 and (4) various standalone equity agreements further described below. No further options or awards have been granted under these plans or arrangements, other than the 2021 Plan, following the Business Combination Closing.

The principal features of our equity incentive plans and arrangements are summarized below. These summaries are qualified in their entirety by reference to the actual text of the plans or arrangements, which are filed as exhibits to the registration statement of which this Prospectus/Offer to Exchange is a part.

2021 Equity Incentive Plan

The 2021 Plan, which was adopted and became effective on October 21, 2021, allows for the grant of equity-based incentive awards in respect of our Class A ordinary shares to our employees and directors, including directors who are also our employees. The material terms of the 2021 Plan are summarized below.

Eligibility and Administration

Our employees and directors, who are also our employees, and employees of our subsidiaries are eligible to receive awards under the 2021 Plan. Our consultants and directors, who are not employees, and those of our subsidiaries, are eligible to receive awards under the Non-Employee Sub-Plan to the 2021 Plan described below. Persons eligible to receive awards under the 2021 Plan (including the Non-Employee Sub-Plan) are together referred to as service providers below.

Except as otherwise specified, references below to the 2021 Plan include the Non-Employee Sub-Plan.

Under the 2021 Plan, our board of directors, or our remuneration committee or an officer to the extent authority has been delegated by the board of directors (referred to as the Plan Administrator below), subject to certain limitations imposed under the 2021 Plan and other applicable laws and stock exchange rules, is authorized to grant restricted stock units, stock options and other equity-based awards to our employees, directors and consultants. The Plan Administrator has the authority to take all actions and make all determinations under the 2021 Plan, to interpret the 2021 Plan and award agreements and to adopt, amend and repeal rules for the administration of the 2021 Plan as it deems advisable. The Plan Administrator also has the authority to determine which eligible service providers receive awards, grant awards, set the terms and conditions of all awards under the 2021 Plan, including any vesting and vesting acceleration provisions, subject to the conditions and limitations in the 2021 Plan.

Shares Available for Awards

The maximum number of Class A ordinary shares, or the Share Reserve, that may be issued under our 2021 Plan is 69,237,492 Class A ordinary shares, being the number that is the sum of (i) 45,335,210 Class A ordinary shares; plus (ii) 23,902,282, being the

maximum number of Class A ordinary shares subject to outstanding options granted under the CSOP and the LTIP that, following the effective date of October 21, 2021, expire, lapse or are terminated, exchanged for cash, surrendered, repurchased or cancelled without having been fully exercised, or are withheld to satisfy a tax withholding obligation in connection with an option or to satisfy a purchase or exercise price of an option, if any, as such shares become available from time to time. Subject to any adjustments as provided in the 2021 Plan, the aggregate maximum number of Class A ordinary shares that may be issued pursuant to the exercise of incentive stock options shall be equal to the Share Reserve.

In addition, the 2021 Plan provides for an automatic share reserve increase, or “evergreen” feature, whereby the Share Reserve will automatically be increased on January 1st of each year commencing on January 1, 2022 and ending on and including January 1, 2031, in an amount equal to the least of: (i) 45,335,210 Class A ordinary shares; (ii) 5% of the total number of all classes of our shares that have been issued as at December 31st of the preceding calendar year, in each case, subject to applicable law and our having sufficient authorized but unissued shares; and (iii) such number of Class A ordinary shares as our board of directors may designate prior to the applicable January 1. The “evergreen” adjustment to the Share Reserve on January 1, 2022 was 20,678,118 Class A ordinary shares.

Class A ordinary shares issued under the 2021 Plan may be new shares, shares purchased on the open market or treasury shares.

If an award under the 2021 Plan expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, cancelled without having been fully exercised or forfeited, or is withheld to satisfy a tax withholding obligation in connection with an award or to satisfy a purchase or exercise price of an award, any unused shares subject to the award will, as applicable, become or again be available for new grants under the 2021 Plan. If an option granted under the LTIP or the CSOP prior to the effective date expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, cancelled without having been fully exercised or forfeited on or after the effective date, or is withheld to satisfy a tax withholding obligation in connection with an option or to satisfy the exercise price of an option, any unused shares subject to the option will, as applicable, become available for new grants under the 2021 Plan and shall be added to the Share Reserve up to a maximum of 23,902,282 Class A ordinary shares.

Awards granted under the 2021 Plan in substitution for any options or other equity or equity-based awards granted by an entity before the entity’s merger or consolidation with us or our acquisition of the entity’s property or stock will not reduce the number of Class A ordinary shares available for grant under the 2021 Plan, but will count against the maximum number of Class A ordinary shares that may be issued upon the exercise of incentive stock options.

Awards

The 2021 Plan provides for the grant of options, share appreciation rights, or SARs, restricted shares, restricted share units, or RSUs, and other share-based awards. All awards under the 2021 Plan are set forth in award agreements, which detail the terms and conditions of awards, including any applicable vesting and payment terms, change of control provisions and post-termination exercise limitations. A brief description of each award type follows.

Options and SARs. Options provide for the purchase of our Class A ordinary shares in the future at an exercise price set at no less than the nominal value of a share and, in respect of participants who are subject to taxation in the United States, no less than the fair market value of a share on the grant date. SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the Class A ordinary shares subject to the award between the grant date and the exercise date. The Plan Administrator determines the number of Class A ordinary shares covered by each option and SAR, and the conditions and limitations applicable to the exercise of each option and SAR.

Restricted shares and RSUs. Restricted shares are an award of non-transferable Class A ordinary shares that remain forfeitable unless and until specified conditions are met and which may be subject to a purchase price. RSUs are contractual promises to deliver our Class A ordinary shares in the future, which may also remain forfeitable unless and until specified conditions are met. The Plan Administrator may provide that the delivery of the Class A ordinary shares underlying RSUs have been deferred on a mandatory basis or at the election of the participant. The terms and conditions applicable to restricted shares and RSUs will be determined by the Plan Administrator, subject to the conditions and limitations contained in the 2021 Plan.

Other share-based awards. Other share-based awards are awards of fully vested Class A ordinary shares and other awards valued wholly or partially by referring to, or otherwise based on, our Class A ordinary shares or other property. Other share-based awards

may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of compensation to which a participant is otherwise entitled. The Plan Administrator will determine the terms and conditions of other share-based awards, which may include any purchase price, performance goal, transfer restrictions and vesting conditions.

Performance Criteria

The Plan Administrator may set performance goals in respect of any awards in its discretion.

Certain Transactions

In connection with certain corporate transactions and events affecting our Class A ordinary shares, including a change of control, another similar corporate transaction or event, the Plan Administrator has broad discretion to take action under the 2021 Plan. This includes cancelling awards for cash or property, accelerating the vesting of awards, providing for the assumption or substitution of awards by a successor entity, adjusting the number and type of shares subject to outstanding awards and/or with respect to which awards may be granted under the 2021 Plan and replacing or terminating awards under the 2021 Plan. In addition, in the event of certain equity restructuring transactions, the Plan Administrator will make equitable adjustments to the limits under the 2021 Plan and outstanding awards as it deems appropriate to reflect the transaction.

Plan Amendment and Termination

Our board of directors may amend or terminate the 2021 Plan at any time; however, no amendment may materially and adversely affect an award outstanding under the 2021 Plan without the consent of the affected participant and shareholder approval will be obtained for any amendment to the extent necessary to comply with applicable laws. Further, the Plan Administrator will seek the approval of our shareholders in respect of any amendment to the extent required by applicable law, regulation or the rules of a national exchange on which we are listed. The 2021 Plan will remain in effect until the tenth anniversary of its effective date unless earlier terminated by our board of directors. No awards may be granted under the 2021 Plan after its termination.

Transferability and Participant Payments

Except as the Plan Administrator may determine or provide in an award agreement, awards under the 2021 Plan are generally non-transferable, except to a participant's designated beneficiary, as defined in the 2021 Plan. With regard to tax and/or social security withholding obligations arising in connection with awards under the 2021 Plan, and exercise price obligations arising in connection with the exercise of options under the 2021 Plan, the Plan Administrator may, in its discretion, accept cash, wire transfer or check, our Class A ordinary shares that meet specified conditions, a "market sell order," such other consideration as the Plan Administrator deems suitable or any combination of the foregoing.

Non-U.S. and Non-U.K. Participants

The Plan Administrator may modify awards granted to participants who are non-U.S. or U.K. nationals or employed outside the United States and the U.K. or establish sub-plans or procedures to address differences in laws, rules, regulations or customs of such international jurisdictions with respect to tax, securities, currency, employee benefit or other matters or to enable awards to be granted in compliance with a tax favorable regime that may be available in any jurisdiction.

Non-Employee Sub-Plan

The Non-Employee Sub-Plan governs equity awards granted to our non-executive directors, consultants, advisers and other non-employee service providers and provides for awards to be made on identical terms to awards made under our 2021 Plan.

Long-Term Incentive Plan (LTIP)

The LTIP was adopted on July 27, 2015. Various amendments to the LTIP, including the addition of a U.S. Appendix and Non-Employee Sub-Plan were subsequently approved by the board of directors and, in the case of the U.S. Appendix, approved by

shareholders. References to the LTIP include the U.S. Appendix and Non-Employee Sub-Plan except as otherwise indicated. No options have been granted under the LTIP since the Business Combination Closing.

Options granted under the U.S. Appendix may have been granted in the form of potentially tax advantaged incentive stock options. Other options granted under the LTIP were not intended to qualify for any tax advantageous treatment.

Prior to the Business Combination Closing, Babylon effected a reclassification (the “Reclassification”) whereby (i) each outstanding Babylon G1 Share was reclassified into Babylon Class B ordinary shares, (ii) each outstanding Babylon Class B Share and Class C Share was reclassified into Babylon Class A ordinary shares, and (iii) each outstanding Babylon Class A Share was reclassified into Babylon Class B ordinary shares. As a result of the Reclassification, each outstanding Babylon Class A ordinary share and Babylon Class B ordinary share had a value at the time of the Business Combination of \$10.00. As of the Business Combination Closing, all Babylon Class B ordinary shares were held by the Founder. The Class B ordinary shares have the same economic terms as the Class A ordinary shares, but the Class B ordinary shares have 15 votes per share (while each Class A ordinary share has one vote per share).

Options granted under the LTIP were originally granted over Babylon Class B Shares. Following the Reclassification, the options subsist over Class A ordinary shares.

Options granted under the U.S Appendix must have an exercise price equal to or more than the market value of a share on the date of grant. There is no minimum exercise price for other options granted under the LTIP, provided that arrangements are made for the nominal value of a share to be paid up.

Participation / Eligibility and Administration

Options granted under the LTIP were granted by the board of directors in its absolute discretion (or by an officer to the extent authority was delegated by the board of directors) to employees. Advisors and consultants were eligible to be granted options under the Non-Employee Sub-Plan.

Vesting and Exercise of Options

Options granted under the LTIP were generally granted subject to a vesting schedule containing one or more time-based conditions and additionally, or in the alternative, specific performance conditions that must be met before all or part of an option can be exercised. The board of directors may accelerate vesting of an option and/or vary or waive one or more performance conditions attaching to an option in certain circumstances.

Options granted under the LTIP may not be exercised after the fifteenth anniversary (the tenth anniversary in the case of options granted under the U.S. Appendix) of the date of grant and generally may only be exercised on the occurrence of an exit event, including an initial public offering. The Business Combination Closing constituted an exit event under the terms of the plan. Therefore, options held under the LTIP are exercisable to the extent vested and shall continue to vest and become exercisable in accordance with their terms.

Terms Generally Applicable to Options

Save for transferring an option to a deceased option holder’s personal representative on their death, options granted under the LTIP cannot be transferred, assigned or have any charge or other security created over them.

Options granted under the LTIP will lapse on the earliest of the following:

- an attempt to transfer, assign or encumber the option (save for a transfer to a personal representative on death);
- the board of directors determining that any performance target applicable to the option is no longer capable of being met;
- the date stated in the relevant option certificate;

- in respect of the unvested portion, upon the option holder's termination of employment (or, in certain circumstances, the date on which notice of termination is given) for any reason;
- upon the option holder's termination of employment (or, in certain circumstances, the date on which notice of termination is given) in certain bad leaver circumstances;
- unless otherwise determined by the board of directors, one month following an exit event in respect of an option holder whose employment terminated prior to such exit event (prior to the Business Combination Closing, the board of directors extended the exercise period for options granted under the LTIP to one month after the 180-day lock-up period in effect after the Business Combination, if the option holder's employment terminated prior to the Business Combination);
- within certain defined periods following an exit event other than an initial public offering; or
- the option holder becoming bankrupt.

Corporate Transactions

Upon the occurrence of certain corporate transactions, the exercise period applicable to options may be curtailed and/or option holders may be offered the opportunity to exchange their options for options over shares in an acquiring company. Upon a variation of share capital, the board of directors may determine that adjustments are made to the number of shares under option, the exercise price and / or the description of the shares under options.

Amendments to the LTIP

The board of directors can amend the LTIP from time to time save that an amendment may not adversely affect the rights of an existing option holder except where the amendment has been approved by a certain threshold of option holders.

Company Share Option Plan (CSOP)

The CSOP was adopted on February 24, 2021 and is intended to qualify as a company share option plan that meets the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA"). Options granted under the CSOP are, subject to certain qualifying conditions being met, potentially U.K. tax favored options up to an individual limit of £30,000 calculated by reference to the market value of the shares under option at the date of grant.

Options granted under the CSOP were originally granted over Babylon Holdings Class B Shares. Following the Reclassification, the options subsist over Class A ordinary shares.

Options granted under the CSOP must have an exercise price equal to or more than the market value of a share on the date of grant and, where the exercise of an option is to be satisfied by newly issued shares, the exercise price must not be less than the nominal value of a share.

No options have been granted under the CSOP since the Business Combination Closing.

Participation / Eligibility and Administration

Options granted under the CSOP were granted by the board of directors in its absolute discretion (or by an officer to the extent authority was delegated by the board of directors) to employees that qualified to be granted an option under Schedule 4 of ITEPA.

Vesting and Exercise of Options

Options granted under the CSOP were generally granted subject to a vesting schedule containing one or more time-based conditions and additionally, or in the alternative, specific performance conditions that must be met before all or part of an option can

be exercised. The board of directors may accelerate vesting of an option and/or vary or waive one or more performance conditions attaching to an option in certain circumstances.

Options granted under the CSOP may not be exercised after the fifteenth anniversary of the date of grant and generally may only be exercised on the earliest of (1) termination of the option holder's employment in certain good leaver circumstances; (2) an exit event, including an initial public offering; or (3) 30 days prior to the expiry date of the option. The Business Combination Closing constituted an exit event under the terms of the plan. Therefore, options held under the CSOP are exercisable to the extent vested and shall continue to vest and become exercisable in accordance with their terms.

Terms Generally Applicable to Options

Save for transferring an option to a deceased option holder's personal representative on their death, options granted under the CSOP cannot be transferred, assigned or have any charge or other security created over them.

Options granted under the CSOP will lapse on the earliest of the following:

- an attempt to transfer, assign or encumber the option (save for a transfer to a personal representative on death);
- the date stated in the relevant option certificate;
- the first anniversary of an option holder's death;
- in respect of the unvested portion, upon the option holder's termination of employment (or the date on which notice of termination is given) for any reason;
- upon the option holder's termination of employment (or the date on which notice of termination is given) in certain bad leaver circumstances;
- 6 months after termination of the option holder's employment in certain good leaver circumstances;
- within certain defined periods following an exit event other than an initial public offering; or
- the option holder becoming bankrupt.

Corporate Transactions

Upon the occurrence of certain corporate transactions, the exercise period applicable to options may be curtailed and/or option holders may be offered the opportunity to exchange their options for options over shares in an acquiring company. Upon a variation of share capital, the board of directors may determine that adjustments are made to the number of shares under option, the exercise price and / or the description of the shares under options, subject to certain conditions and the relevant provisions of ITEPA.

Amendments to the CSOP

The board of directors can amend the CSOP from time to time save that such amendments (i) cannot be made if it would mean that the CSOP would no longer qualify under Schedule 4 of ITEPA; (ii) cannot be made without option holders' prior written consent if the amendment is material.

Restricted B Shares (CSOP Plus)

Prior to the Reclassification, certain of our employees held the beneficial interest in certain Babylon B ordinary shares, which were subject to vesting and forfeiture pursuant to individual award agreements. In connection with the Reclassification, these Babylon B ordinary shares were re-designated as Class A ordinary shares. These Class A ordinary shares are subject to the same vesting and

forfeiture terms as applied to the relevant Babylon B ordinary shares. The legal title to these Class A ordinary shares is held by a third party employee benefit trust.

Growth Shares

Prior to the Reclassification, certain of our employees held Babylon Holdings Class G1 Shares which were subject to a hurdle and forfeiture under the terms of our then existing articles of association and vesting on the terms of individual award agreements. In connection with the Reclassification, these Babylon Holdings Class G1 Shares were converted into Babylon Holdings Class B Shares pursuant to a conversion ratio determined by reference to the relative values of the Babylon Holdings Class G1 Shares and the Babylon Holdings Class B Shares and were subsequently re-designated as Class A ordinary shares. These Class A ordinary shares are subject to the same vesting and forfeiture terms as applied to the relevant Babylon Holdings Class G1 Shares.

Non-Executive Director Compensation

We have approved a non-employee director compensation policy that became effective upon the Business Combination Closing. Members of our board of directors who are not employees are eligible for awards pursuant to our Outside Director Compensation Policy in the form of cash and/or equity, as described below:

Cash Compensation

Each non-employee director is eligible to receive the following annual cash retainers for specified board and/or committee service:

- \$70,000 per year for service as a member of our board of directors;
- \$30,000 per year for service as non-executive Chair of our board of directors;
- \$20,000 per year for service as chair of our audit committee;
- \$15,000 per year for service as our lead independent director;
- \$15,000 per year for service as chair of our remuneration committee;
- \$10,000 per year for service as a member of our audit committee;
- \$8,000 per year for service as chair of our nominating and corporate governance committee;
- \$7,500 per year for service as a member of our remuneration committee; and
- \$4,000 per year for service as a member of our nominating and corporate governance committee.

In accordance with our Outside Director Compensation Policy, we have agreed to pay aggregate annual remuneration of:

- \$91,500 to Mr. Brilioth, consisting of \$70,000 for his service on our board of directors, \$10,000 for his service on our audit committee, \$7,500 for his service on our remuneration committee and \$4,000 for his service on our nominating and governance committee;
- \$91,500 to Mr. Ganev, consisting of \$70,000 for his service on our board of directors, \$10,000 for his service on our audit committee, \$7,500 for his service on our remuneration committee and \$4,000 for his service on our nominating and governance committee;
- \$70,000 to Mr. Alblehed for his service on our board of directors; and

- \$90,000 to Mr. Warren, consisting of \$70,000 for his service on our board of directors and \$20,000 for his service as chair of our audit committee.

These amounts were paid *pro rata* for the year ended December 31, 2021, as the Outside Director Compensation Policy came into effect as of the Business Combination Closing.

Equity Compensation

Non-employee directors are eligible to receive all types of equity awards (except incentive stock options) under our 2021 Plan. All grants of awards under our Outside Director Compensation Policy will be automatic and non-discretionary.

Upon joining our board of directors, each newly-elected non-employee director will receive an initial equity award under our 2021 Plan with a value of approximately \$175,000. This initial award will vest in equal installments annually over a three-year period, subject to continued service through each vesting date. The initial award will be in the form of restricted stock units.

On the date of each annual meeting of stockholders, each non-employee director who is continuing as a director following the applicable meeting will be granted an annual equity award under our 2021 Plan with a value of approximately \$175,000, provided the non-employee director has continued to serve on our board of directors. This annual award will vest as to 100% of the shares on the one-year anniversary of the date of grant.

Notwithstanding the vesting schedules described above, the vesting of all equity awards granted to a non-employee director, including any award granted outside of our Outside Director Compensation Policy, will vest in full upon a “change in control” (as defined in our 2021 Plan).

Mr. Ganev and Mr. Brilioth have both elected to waive the equity compensation that they are entitled to under the Outside Director Compensation Policy and have signed an equity waiver letter to this effect.

Agreements with Executive Officers

We have entered into written employment agreements with our executive officers. The agreements of Messrs. Parsadoust and Steel provide notice periods with respect to termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive salary and benefits; provided that we may provide payment in lieu of all or a portion of the notice period. The written employment agreements with our other executive officers are at-will, and generally provide for customary severance.

Insurance and Indemnification

To the extent permitted under Jersey law, we are empowered to indemnify our directors against any liability they incur by reason of their directorship. We have obtained directors’ and officers’ insurance to insure such persons against certain liabilities. Insofar as indemnification of liabilities arising under the Securities Act may be permitted to our board, executive officers or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

MARKET INFORMATION, DIVIDENDS AND RELATED STOCKHOLDER MATTERS

Market Information of Class A ordinary shares and Public Warrants

Our Class A ordinary shares and public warrants are listed on NYSE under the symbols “BBLN” and “BBLN.W,” respectively. As of May 18, 2022, 337,085,995 Class A ordinary shares and 17,194,562 warrants were outstanding, consisting of 8,624,980 public warrants, 5,933,333 private placement warrants, and 2,636,249 AlbaCore Warrants.

As of May 18, 2022, there were approximately 160 holders of record of our Class A ordinary shares, one holder of record of our public warrants and one holder of record of our private placement warrants. Such numbers do not include DTC participants or beneficial owners holding shares through nominee names.

Dividends

We have never declared or paid any cash dividends on our shares and we do not anticipate paying any cash dividends on our shares in the foreseeable future. We intend to retain all available funds and any future earnings to fund the development and expansion of our business. Pursuant to the Companies (Jersey) Law 1991, we may only pay a dividend if the directors who authorize the dividend make a prior solvency statement in the required statutory form.

Source and Amount of Funds

Because this transaction is an offer to holders to exchange their existing warrants for our Class A ordinary shares, there is no source of funds or other cash consideration being paid by us to, or to us from, those tendering warrant holders pursuant to the Offer. We estimate that the total amount of cash required to complete the transactions contemplated by the Offer and Consent Solicitation, including the payment of any fees, expenses and other related amounts incurred in connection with the transactions will be approximately \$2.5 million. We expect to have sufficient funds to complete the transactions contemplated by the Offer and Consent Solicitation and to pay fees, expenses and other related amounts from our cash on hand.

Exchange Agent

Computershare Trust Company, N.A., has been appointed the exchange agent for the Offer and Consent Solicitation. The Letter of Transmittal and Consent and all correspondence in connection with the Offer should be sent or delivered by each holder of the private placement warrants, or a beneficial owner’s custodian bank, depository, broker, trust company or other nominee, to the exchange agent at the address and telephone numbers set forth on the back cover page of this Prospectus/Offer to Exchange. We will pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable, out-of-pocket expenses in connection therewith.

Information Agent

D.F. King & Co., Inc. has been appointed as the information agent for the Offer and Consent Solicitation, and will receive customary compensation for its services. Questions concerning tender procedures and requests for additional copies of this Prospectus/Offer to Exchange or the Letter of Transmittal and Consent should be directed to the information agent at the address and telephone numbers set forth on the back cover page of this Prospectus/Offer to Exchange.

Dealer Manager

We have retained BofA Securities, Inc. (“BofA”) to act as dealer manager in connection with the Offer and Consent Solicitation and will pay the dealer manager a customary fee as compensation for its services. We will also reimburse the dealer manager for certain expenses. The obligations of the dealer manager to perform this function are subject to certain conditions. We have agreed to indemnify the dealer manager against certain liabilities, including liabilities under the federal securities laws. Questions about the terms of the Offer or Consent Solicitation may be directed to the dealer manager at its address and telephone number set forth on the back cover page of this Prospectus/Offer to Exchange.

The dealer manager and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The dealer manager and its affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they have received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the dealer manager and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of us (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The dealer manager and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. In the ordinary course of its business, the dealer manager or its affiliates may at any time hold long or short positions, and may trade for their own accounts or the accounts of customers, in securities of the Company, including warrants, and, to the extent that the dealer manager or its affiliates own warrants during the Offer and Consent Solicitation, they may tender such warrants under the terms of the Offer and Consent Solicitation.

Fees and Expenses

The expenses of soliciting tenders of the warrants and the Consent Solicitation will be borne by us. The principal solicitations are being made by mail; however, additional solicitations may be made by facsimile transmission, telephone or in person by the dealer manager and the information agent, as well as by our officers and other employees and affiliates.

You will not be required to pay any fees or commissions to us, the dealer manager, the exchange agent or the information agent in connection with the Offer and Consent Solicitation. If your warrants are held through a broker, dealer, commercial bank, trust company or other nominee that tenders your warrants on your behalf, your broker or other nominee may charge you a commission or service fee for doing so. You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

Transactions and Agreements Concerning Our Securities

Other than as set forth below and (i) in the section of this Prospectus/Offer to Exchange entitled “Description of Share Capital and Articles of Association” and (ii) as set forth in the Babylon Articles, there are no agreements, arrangements or understandings between the Company, or any of our directors or executive officers, and any other person with respect to our securities that are the subject of the Offer and Consent Solicitation.

Neither we, nor any of our directors, executive officers or controlling persons, or any executive officers, directors, managers or partners of any of our controlling persons, has engaged in any transactions in our warrants in the last 60 days.

Tender and Support Agreement

683 Capital Partners, LP, Islet Master Fund, LP, Highmark Long/Short Equity LP, Integrated Core Strategies (US) LLC, ICS Opportunities, LTD., Highbridge SPAC Opportunity Fund, LP, Highbridge Tactical Credit Master Fund, L.P., LMR CCSA Master Fund Limited, LMR Master Fund Limited CC ARB West LLC, CC Arbitrage, Ltd and Castle Creek SPAC Fund, LLC, which hold in the aggregate approximately 38.7% of the outstanding public warrants, have agreed to tender their public warrants in the Offer and consent to the Warrant Amendment in the Consent Solicitation pursuant to the Tender and Support Agreement.

Therefore, if holders of an additional approximately 11.3% of the outstanding public warrants consent to the Warrant Amendment in the Consent Solicitation, and the other conditions described herein are satisfied or waived, then the Warrant Amendment will be adopted with respect to the public warrants.

Registration Under the Exchange Act

The public warrants currently are registered under the Exchange Act. This registration may be terminated upon application by us to the SEC if there are fewer than 300 record holders of the public warrants. We currently do not intend to terminate the registration of the public warrants, if any, that remain outstanding after completion of the Offer and Consent Solicitation. Notwithstanding any termination of the registration of our public warrants, we will continue to be subject to the reporting requirements under the Exchange Act as a result of the continuing registration of our Class A ordinary shares.

Accounting Treatment

We will account for the exchange of warrants as an issuance of ordinary shares for no additional value. The par value of each Class A ordinary share issued in the Offer will be recorded as a credit to Class A ordinary shares and a debit to additional paid-in capital. The Offer will not modify the current accounting treatment for the un-exchanged warrants.

Absence of Appraisal or Dissenters' Rights

Holders of the warrants do not have any appraisal or dissenters' rights under applicable law in connection with the Offer and Consent Solicitation.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of material U.S. federal income tax considerations for U.S. Holders (as defined below) of the receipt of Class A ordinary shares in exchange for warrants pursuant to the Offer, of the Warrant Amendment of warrants not exchanged for Class A ordinary shares in the Offer and of the ownership and disposition of our Class A ordinary shares received in exchange for warrants pursuant to the Offer. This section applies only to U.S. Holders that hold their warrants and, upon the exchange of the warrants pursuant to the Offer, Class A ordinary shares as “capital assets” for U.S. federal income tax purposes (generally, property held for investment).

This discussion is included for general informational purposes only, does not purport to consider all aspects of U.S. federal income taxation that might be relevant to a Holder, and does not constitute, and is not, a tax opinion for or tax advice to any particular U.S. Holder. This discussion is limited to U.S. federal income tax considerations and does not address estate or any gift tax considerations or considerations arising under the tax laws of any state, local or non-U.S. jurisdiction. This discussion does not describe all of the U.S. federal income tax consequences that may be relevant to you in light of your particular circumstances, including the alternative minimum tax, the Medicare tax on certain investment income and the different consequences that may apply to U.S. Holders that are subject to special rules under U.S. federal income tax law that apply to certain types of investors, such as:

- financial institutions or financial services entities;
- broker-dealers;
- taxpayers that are subject to the mark-to-market accounting rules with respect to our Class A ordinary shares or warrants;
- persons required to accelerate the recognition of any item of gross income with respect to our Class A ordinary shares or warrants as a result of such income being recognized on an applicable financial statement;
- tax-exempt entities;
- governments or agencies or instrumentalities thereof;
- insurance companies;
- mutual funds;
- pension plans;
- regulated investment companies or real estate investment trusts;
- partnerships (including entities or arrangements treated as partnerships for U.S. federal income tax purposes);
- U.S. expatriates or former long-term residents of the United States;
- persons that directly, indirectly or constructively own ten percent or more (by vote or value) of our capital stock;
- S corporations;
- trusts and estates;
- persons that acquired their warrants pursuant to an exercise of employee share options, in connection with employee share incentive plans or otherwise as compensation;

- persons that hold Class A ordinary shares or warrants as part of a straddle, constructive sale, constructive ownership transaction, hedging, wash sale, synthetic security, conversion or other integrated or similar transaction;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar; or
- “controlled foreign corporations,” “passive foreign investment companies” or corporations that accumulate earnings to avoid U.S. federal income tax.

If a partnership (or any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our warrants or Class A ordinary shares received in exchange for the warrants in the Offer, the tax treatment of such partnership and a person treated as a partner of such partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships holding our warrants or Class A ordinary shares received in exchange for the warrants in the Offer and persons that are treated as partners of such partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences to them.

This discussion is based on the Code, proposed, temporary and final Treasury Regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as of the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax considerations described herein.

We have not sought, and do not intend to seek, any rulings from the IRS as to any U.S. federal income tax considerations described herein. There can be no assurance that the IRS will not take positions inconsistent with the considerations discussed below or that any such positions would not be sustained by a court.

THIS DISCUSSION IS ONLY A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS APPLICABLE TO HOLDERS OF OUR WARRANTS AND OF CLASS A ORDINARY SHARES RECEIVED IN EXCHANGE FOR THE WARRANTS IN THE OFFER. EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF THE FOREGOING, INCLUDING THE APPLICABILITY AND EFFECTS OF U.S. FEDERAL NON-INCOME, STATE AND LOCAL AND NON-U.S. TAX LAWS.

As used herein, a “U.S. Holder” is a beneficial owner of a warrant or a Class A Ordinary Share who or that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity that is treated as a corporation for U.S. federal income tax purposes) that is created or organized (or treated as created or organized) in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if (1) a U.S. court can exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a United States person.

Except as specifically discussed below, this discussion assumes that we are not treated as a PFIC.

Exchange of warrants for our Class A ordinary shares

For a U.S. Holder of warrants who participates in the Offer, we intend to treat such U.S. Holder’s exchange of warrants for Class A ordinary shares in the Offer as a “recapitalization” within the meaning of Section 368(a)(1)(E) of the Code pursuant to which (i) such U.S. Holder should not recognize any gain or loss on the exchange of warrants for Class A ordinary shares, (ii) such U.S. Holder’s aggregate tax basis in the Class A ordinary shares received in the exchange should equal the U.S. Holder’s aggregate tax basis in the warrants surrendered in the exchange and (iii) such U.S. Holder’s holding period for the Class A ordinary shares received in the exchange should include the U.S. Holder’s holding period for the surrendered warrants. Special tax basis and holding period

rules apply to U.S. Holders that acquired different blocks of warrants at different prices or at different times. U.S. Holders should consult their tax advisors as to the applicability of these special rules to their particular circumstances. Because there is a lack of direct legal authority regarding the U.S. federal income tax consequences of the exchange of warrants for Class A ordinary shares, there can be no assurance in this regard. Alternative characterizations by the IRS or a court are possible, including ones that would require U.S. Holders to recognize taxable income. If our treatment of the exchange of warrants for Class A ordinary shares were successfully challenged by the IRS and such exchange were not treated as a recapitalization for United States federal income tax purposes, exchanging U.S. Holders may be subject to taxation in a manner analogous to the rules applicable to dispositions of Class A ordinary shares described below under “—*Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of our Class A ordinary shares*”

Although we believe the exchange of warrants for Class A ordinary shares pursuant to the Offer is a value-for-value transaction, because of the uncertainty inherent in any valuation, there can be no assurance that the IRS or a court would agree. If the IRS or a court were to view the exchange pursuant to the Offer as the issuance of Class A ordinary shares to an exchanging holder having a value in excess of the warrants surrendered by such holder, such excess value could be viewed as a constructive dividend or a fee received in consideration for consenting to the Warrant Amendment (which fee may be taxable as ordinary income to the U.S. Holder).

If contrary to our expectations, we were treated as a PFIC as discussed below under “—*Passive Foreign Investment Company Rules*,” under certain proposed Treasury regulations, any gain realized on the exchange of warrants for Class A ordinary shares pursuant to the Offer might be subject to certain special and adverse rules requiring recognition even though the exchange pursuant to the Offer may otherwise qualify as a nonrecognition transaction for U.S. federal income tax purposes. Losses would not be recognized. U.S. Holders are urged to consult with their tax advisors regarding the treatment of the Offer if we were characterized as a PFIC.

If a U.S. Holder exchanges warrants for Class A ordinary shares pursuant to the Offer, and if the U.S. Holder holds five percent or more of Class A ordinary shares prior to the exchange, or if the U.S. Holder holds warrants and other securities of ours prior to the exchange with a tax basis of \$1 million or more, such U.S. Holder will be required to file with its U.S. federal income tax return for the year in which the exchange occurs a statement setting forth certain information relating to the exchange (including the fair market value, prior to the exchange, of the warrants transferred in the exchange and the U.S. Holder’s tax basis, prior to the exchange, in Class A ordinary shares or other securities), and to maintain permanent records containing such information.

Warrants not exchanged for our Class A ordinary shares if the Warrant Amendment is approved

Although not free from doubt, if the Warrant Amendment is approved, we intend to treat all warrants not exchanged for Class A ordinary shares in the Offer as having been exchanged for “new” warrants pursuant to the Warrant Amendment and to treat such deemed exchange as a “recapitalization” within the meaning of Section 368(a)(1)(E) of the Code, pursuant to which (i) a U.S. Holder of such warrants should not recognize any gain or loss on the deemed exchange of warrants for “new” warrants, (ii) such U.S. Holder’s aggregate tax basis in the “new” warrants deemed to be received in the exchange should equal the U.S. Holder’s aggregate tax basis in its existing warrants deemed surrendered in the exchange, and (iii) such U.S. Holder’s holding period for the “new” warrants deemed to be received in the exchange should include the U.S. Holder’s holding period for the warrants deemed surrendered. Special tax basis and holding period rules apply to holders that acquired different blocks of warrants at different prices or at different times. U.S. Holders should consult their tax advisor as to the applicability of these special rules to their particular circumstances.

Because there is a lack of direct legal authority regarding the U.S. federal income tax consequences of the deemed exchange of warrants for “new” warrants pursuant to the Warrant Amendment, there can be no assurance in this regard and alternative characterizations by the IRS or a court are possible, including ones that would require U.S. Holders to recognize taxable income. If our treatment of the deemed exchange of warrants for “new” warrants pursuant to the Warrant Amendment were successfully challenged by the IRS and such exchange were not treated as a recapitalization for United States federal income tax purposes, exchanging U.S. Holders may be subject to taxation in a manner analogous to the rules applicable to dispositions of Class A ordinary shares described below under “—*Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of our Class A ordinary shares*”

If contrary to our expectations, we were treated as a PFIC as discussed below under “*Passive Foreign Investment Company Rules*,” under certain proposed Treasury regulations, any gain realized on the deemed exchange of warrants for “new” warrants

pursuant to the Warrant Amendment might be subject to certain special and adverse rules requiring recognition even though the deemed exchange pursuant to the Warrant Amendment may otherwise qualify as a nonrecognition transaction for U.S. federal income tax purposes. Losses would not be recognized. U.S. Holders are urged to consult with their tax advisors regarding the treatment of the Warrant Amendment if we were characterized as a PFIC.

Warrants not exchanged for our Class A ordinary shares if the Warrant Amendment is not approved

If the Warrant Amendment is not approved, a U.S. Holder should not have any U.S. federal income tax consequences of the Offer with respect to warrants that are not exchanged for our Class A ordinary shares pursuant to the Offer.

Dividends and Other Distributions on our Class A ordinary shares

As described in “*Dividend Policy*,” we do not anticipate making distributions to holders of Class A ordinary shares at this time. Subject to the PFIC rules discussed below under the heading “—*Passive Foreign Investment Company Rules*,” distributions on our Class A ordinary shares will generally be taxable as a dividend for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that will be applied against and reduce (but not below zero) the U.S. Holder’s adjusted tax basis in its Class A ordinary shares. Any remaining excess will be treated as gain realized on the sale or other disposition of the Class A ordinary shares and will be treated as described below under the heading “—*Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of our Class A ordinary shares*.” Because we do not calculate our earnings and profits under U.S. federal income tax principles, a U.S. Holder should expect all cash distributions to be reported as dividends for U.S. federal income tax purposes. The amount of any such distribution will include any amounts withheld by us (or another applicable withholding agent). Amounts treated as dividends that we pay to a U.S. Holder that is a taxable corporation generally will be taxed at regular tax rates and will not qualify for the dividends received deduction generally allowed to domestic corporations in respect of dividends received from other domestic corporations. With respect to non-corporate U.S. Holders, under tax laws currently in effect and subject to certain exceptions (including, but not limited to, dividends treated as investment income for purposes of investment interest deduction limitations), dividends generally will be taxed at the lower applicable long-term capital gains rate only if our Class A ordinary shares are readily tradable on an established securities market in the United States or we are eligible for benefits under an applicable tax treaty with the United States, and, in each case, we are not treated as a PFIC with respect to such U.S. Holder at the time the dividend was paid or in the preceding year and provided certain holding period requirements are met. U.S. Holders should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our Class A ordinary shares.

The amount of any dividend distribution paid in foreign currency will be the U.S. dollar amount calculated by reference to the applicable exchange rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars at that time. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Amounts taxable as dividends generally will be treated as income from sources outside the U.S. and will, depending on the circumstances of the U.S. Holder, generally be “passive” category income which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to such U.S. Holder. However, if we are a “United States-owned foreign corporation” (generally, a non-U.S. corporation 50% or more of the stock of which, by vote and value, is held directly, indirectly, or constructively under applicable attribution rules, by United States persons), then a portion of the dividends paid on the Class A ordinary shares will be treated as U.S. source income (rather than foreign source income) for foreign tax credit purposes if more than 10% of the earnings and profits out of which the dividends are paid is attributable to sources within the United States. This rule, to the extent applicable, could result in a lower amount of foreign taxes being potentially creditable by a U.S. Holder than would be the case if such dividends were treated as foreign source income. If we do pay dividends in the future, we anticipate that a substantial portion of such dividends will be paid out of earnings and profits from sources within the United States. U.S. Holders are urged to consult their tax advisors regarding the possible impact of this rule in their particular circumstances. The rules governing the treatment of foreign taxes imposed on a U.S. Holder and foreign tax credits are complex, and U.S. Holders should consult their tax advisors about the impact of these rules in their particular situations.

Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of our Class A ordinary shares

Subject to the PFIC rules discussed below under the heading “—*Passive Foreign Investment Company Rules*,” upon any sale, exchange or other taxable disposition of our Class A ordinary shares, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between (i) the sum of (x) the amount of cash and (y) the fair market value of any other property received in such sale, exchange or other taxable disposition and (ii) the U.S. Holder’s adjusted tax basis in such Class A Ordinary Share, in each case as calculated in U.S. dollars. Any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder’s holding period for such Class A ordinary shares exceeds one year. Long-term capital gain realized by a non-corporate U.S. Holder generally will be taxable at a reduced rate. The deduction of capital losses is subject to limitations. The gain or loss will generally be U.S.-source gain or loss for foreign tax credit purposes.

Passive Foreign Investment Company Rules

The treatment of U.S. Holders of our Class A ordinary shares received in exchange for warrants pursuant to the Offer could be materially different from that described above if we are treated as a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes. U.S. Holders are urged to consult with their tax advisors regarding the treatment of the Offer and our Class A ordinary shares received in exchange for warrants pursuant to the Offer if we were characterized as a PFIC.

A non-U.S. corporation generally will be a PFIC for any taxable year if either (i) at least 75% of its gross income is passive income or (ii) at least 50% of its assets (determined based on a quarterly average) are held for the production of, or produce, passive income (such test described in clause (ii), “Asset Test”). Passive income generally includes, among other things, dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets. In making this determination, the non-U.S. corporation is treated as earning its proportionate share of any income and owning its proportionate share of any assets of any corporation in which it holds, directly or indirectly, a 25% or greater interest by value of the stock. While the Asset Test is generally performed based on the fair market value of the assets, special rules apply with respect to the Asset Test in the case of the assets held by CFCs. Based on the current and anticipated composition of our and our subsidiaries’ income, assets, structure and operations and certain factual assumptions, although not free from doubt, we currently do not expect to be a PFIC for the taxable year ending December 31, 2022. However, there can be no assurances in this regard, because PFIC status is determined annually and requires a factual determination that depends on, among other things, the composition of a company’s income, assets and activities in each taxable year, and can only be made annually after the close of each taxable year, and is thus subject to significant uncertainty. Furthermore, the value of our gross assets is likely to be determined in part by reference to our market capitalization, which may fluctuate significantly. Accordingly, there can be no assurance that we will not be a PFIC for any taxable year.

Although our PFIC status is determined annually, we will generally continue to be treated as a PFIC in subsequent years in the case of a U.S. Holder who held our Class A ordinary shares while we were a PFIC, whether or not we meet the test for PFIC status in those subsequent years. If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder of our Class A ordinary shares and, in the case of our Class A ordinary shares, the U.S. Holder did not make either an applicable PFIC election (or elections), as further described below, for our first taxable year in which we were treated as a PFIC and in which the U.S. Holder held (or was deemed to hold) such Class A ordinary shares or otherwise, such U.S. Holder generally will be subject to special and adverse rules with respect to (i) any gain recognized by the U.S. Holder on the sale or other disposition of its Class A ordinary shares (which may include gain realized by reason of transfers of our Class A ordinary shares that would otherwise qualify as nonrecognition transactions for U.S. federal income tax purposes) and (ii) any “excess distribution” made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year of the U.S. Holder that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of the Class A ordinary shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder’s holding period for the Class A ordinary shares). Under proposed regulations, these rules could apply to any portion of the holding period of the Class A ordinary shares received in exchange for warrants pursuant to the Offer, or pursuant to the terms of the Warrant Amendment, if approved, that is attributable to the holding period for the warrant prior to such exchange.

Under these rules:

- the U.S. Holder’s gain or excess distribution will be allocated ratably over the U.S. Holder’s holding period for our Class A ordinary shares;

- the amount allocated to the U.S. Holder's taxable year in which the U.S. Holder recognized the gain or received the excess distribution, or to the period in the U.S. Holder's holding period before the first day of our first taxable year in which we are a PFIC, will be taxed as ordinary income;
- the amount allocated to other taxable years (or portions thereof) of the U.S. Holder and included in its holding period will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder without regard to the U.S. Holder's other items of income and loss for such year; and
- an additional tax equal to the interest charge generally applicable to underpayments of tax will be imposed on the U.S. Holder with respect to the tax attributable to each such other taxable year of the U.S. Holder.

If Babylon is a PFIC and, at any time, owns equity in a non-U.S. corporation that is classified as a PFIC, a U.S. Holder generally would be deemed to own a proportionate amount of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if Babylon receives a distribution from, or disposes of all or part of its interest in, the lower-tier PFIC, or the U.S. Holder otherwise was deemed to have disposed of an interest in the lower-tier PFIC. There can be no assurance that we will have timely knowledge of the status of any such lower-tier PFIC. U.S. Holders are urged to consult their tax advisors regarding the tax issues raised by lower-tier PFICs.

If we are a PFIC and our Class A ordinary shares constitute "marketable stock," a U.S. Holder may avoid the adverse PFIC tax consequences discussed above if such U.S. Holder makes a mark-to-market election with respect to such shares for the first taxable year in which it holds (or is deemed to hold) our Class A ordinary shares and each subsequent taxable year. Such U.S. Holder generally will include for each of its taxable years as ordinary income the excess, if any, of the fair market value of its Class A ordinary shares at the end of such year over its adjusted basis in its Class A ordinary shares. These amounts of ordinary income would not be eligible for the favorable tax rates applicable to qualified dividend income or long-term capital gains. The U.S. Holder also will recognize an ordinary loss in respect of the excess, if any, of its adjusted basis of its Class A ordinary shares over the fair market value of its Class A ordinary shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's basis in its Class A ordinary shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of its Class A ordinary shares will be treated as ordinary income.

The mark-to-market election is available only for "marketable stock," generally, stock that is regularly traded on a national securities exchange that is registered with the SEC, or on a foreign exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. For this purpose, Class A ordinary shares generally will be considered regularly traded (i) during the calendar year of initial public offering if they are traded, other than in *de minimis* quantities, on 1/6 of the days remaining in the quarter in which the initial public offering occurs and on at least 15 days during each remaining quarter of that calendar year (or, if the initial public offering occurs in the fourth quarter, on the greater of 1/6 of the days remaining in such quarter or 5 days) and (ii) during any other calendar year during which they are traded, other than in *de minimis* quantities, on at least 15 days during each quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. If made, a mark-to-market election would be effective for the taxable year for which the election was made and for all subsequent taxable years unless our Class A ordinary shares cease to qualify as "marketable stock" for purposes of the PFIC rules or the IRS consents to the revocation of the election. Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder will generally continue to be subject to the PFIC rules discussed above with respect to such holder's indirect interest in any investments Babylon holds that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. As a result, it is possible that any mark-to-market election will be of limited benefit. U.S. Holders are urged to consult their tax advisors regarding the availability and tax consequences of a mark-to-market election with respect to our Class A ordinary shares under their particular circumstances.

Alternatively, a U.S. Holder of a PFIC may avoid the adverse PFIC tax consequences described above in respect of stock of the PFIC by making and maintaining a timely and valid qualified electing fund ("QEF") election (if eligible to do so) to include in income its *pro rata* share of the PFIC's net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the first taxable year of the U.S. Holder in which or with which the PFIC's taxable year ends and each subsequent taxable year. The U.S. Holder's adjusted basis in Class A ordinary shares will be increased by the amounts so included in gross income. Any subsequent distribution by Babylon that is paid out of the earnings and profits that were previously so included in gross income of the U.S. Holder generally will not be taxable as a dividend to the U.S. Holder, and the U.S.

Holder's adjusted basis in the Class A ordinary shares will decrease by the amount of the distribution not treated as a taxable dividend. If a U.S. Holder has timely made a QEF election with respect to the Class A ordinary shares, any gain such U.S. Holder recognizes upon the sale or other disposition of the Class A ordinary shares generally will be treated as capital gain, and no interest charge will be imposed. In order to comply with the requirements of a QEF election, a U.S. Holder must receive a PFIC Annual Information Statement from the PFIC. We do not presently intend to provide a PFIC Annual Information Statement in order for U.S. Holders to make or maintain a QEF election.

PFIC Reporting Requirements

A U.S. Holder that owns (or is deemed to own) shares in a PFIC during any taxable year of the U.S. Holder, may have to file an IRS Form 8621 (whether or not a mark-to-market or any other election is made) and to provide such other information as may be required by the U.S. Treasury Department. Failure to do so, if required, will extend the statute of limitations applicable to such U.S. Holder until after such required information is furnished to the IRS.

The rules governing PFICs and mark-to-market and other elections are very complex and are affected by various factors in addition to those described above. Accordingly, U.S. Holders of our Class A ordinary shares are urged to consult their own tax advisors concerning the application of the PFIC rules to our securities under their particular circumstances.

Additional Reporting Requirements

Certain U.S. Holders holding specified foreign financial assets with an aggregate value in excess of the applicable dollar thresholds are required to report information to the IRS relating to our Class A ordinary shares, subject to certain exceptions (including an exception for our Class A ordinary shares held in accounts maintained by U.S. financial institutions), by attaching a complete IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their tax return for each year in which they hold our Class A ordinary shares. Substantial penalties apply to any failure to file IRS Form 8938 and the period of limitations on assessment and collection of U.S. federal income taxes will be extended in the event of a failure to comply. U.S. Holders are urged to consult their tax advisors regarding the effect, if any, of these rules on the ownership and disposition of our Class A ordinary shares.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding.

Backup withholding generally will not apply, however, to a U.S. Holder if (i) the U.S. Holder is a corporation (other than an S corporation) or other exempt recipient or (ii) the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE TO YOU DEPENDING UPON YOUR PARTICULAR SITUATION. YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES TO YOU OF THE OWNERSHIP AND DISPOSITION OF CLASS A ORDINARY SHARES INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, ESTATE, NON-U.S. AND OTHER TAX LAWS AND TAX TREATIES AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. OR OTHER TAX LAWS.

MATERIAL JERSEY TAX CONSIDERATIONS

The following summary of the anticipated treatment of Babylon and holders of Class A ordinary shares, Class B ordinary shares or deferred shares in Babylon (together, "Babylon Shares") (other than residents of Jersey) is based on Jersey taxation law and practice as they are understood to apply at the date of this document and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice (including such tax law and practice as

they apply to any land or building situated in Jersey). Prospective investors in Babylon Shares should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of Babylon Shares under the laws of any jurisdiction in which they may be liable to taxation.

Taxation of Babylon

Babylon is not regarded as a resident for tax purposes in Jersey. Therefore, Babylon is not liable for Jersey income tax other than on Jersey source income (except where such income is exempted from income tax pursuant to the Income Tax (Jersey) Law 1961, as amended) and dividends on Babylon ordinary shares may be paid by Babylon without withholding or deduction for or on account of Jersey income tax. The holders of Babylon ordinary shares (other than residents of Jersey) are not subject to any tax in Jersey in respect of the holding, sale or other disposition of such Babylon ordinary shares.

Stamp Duty / Transfer Taxes

In Jersey, no stamp duty or other transfer tax is levied on the issue or transfer of Babylon Shares except that stamp duty is payable on Jersey grants of probate and letters of administration, which is not generally required to transfer Babylon Shares on the death of a holder of such Babylon ordinary shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of Babylon Shares domiciled in Jersey, or situated in Jersey in respect of a holder of Babylon Shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75% of such estate and such duty is capped at £100,000.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there other estate duties.

IF YOU ARE IN ANY DOUBT AS TO YOUR TAX POSITION YOU SHOULD CONSULT YOUR PROFESSIONAL TAX ADVISER.

MATERIAL UNITED KINGDOM TAX CONSIDERATIONS

The following statements are of a general nature and do not purport to be a complete analysis of all potential U.K. tax consequences of acquiring, holding and disposing of our Class A ordinary shares. They are based on current U.K. tax law and on the current published practice of Her Majesty's Revenue and Customs ("HMRC") (which may not be binding on HMRC), as of the date hereof, all of which are subject to change, possibly with retrospective effect. They are intended to address only certain United Kingdom tax consequences for holders of our Class A ordinary shares who are tax resident in (and only in) the United Kingdom, and in the case of individuals, domiciled in (and only in) the United Kingdom (except where expressly stated otherwise) who are the absolute beneficial owners of our Class A ordinary shares and any dividends paid on them and who hold our Class A ordinary shares as investments (other than in an individual savings account or a self-invested personal pension). They do not address the U.K. tax consequences which may be relevant to certain classes of holders of our Class A ordinary shares such as traders, brokers, dealers, banks, financial institutions, insurance companies, investment companies, collective investment schemes, tax-exempt organizations, trustees, persons connected with us or a member of our group, persons holding our Class A ordinary shares as part of hedging or conversion transactions, holders of our Class A ordinary shares who have (or are deemed to have) acquired our ordinary shares by virtue of an office or employment, and holders of our Class A ordinary shares who are or have been officers or employees of us or a company forming part of our group. The statements do not apply to any holder of our Class A ordinary shares who either directly or indirectly holds or controls 10% or more of our share capital (or class thereof), voting power or profits.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular prospective subscriber for, or purchaser of, our Class A ordinary shares. Accordingly, prospective subscribers for, or purchasers of, our Class A ordinary shares who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of our Class A ordinary shares or who are subject to tax in a jurisdiction other than the United Kingdom should consult their own tax advisers.

The Company

It is the intention of the directors to conduct the affairs of the Company so that the central management and control of the Company is exercised in the U.K. As a result, the Company is expected to be treated as resident in the U.K. for U.K. tax purposes. Accordingly we expect to be subject to U.K. taxation on our income and gains, except where an exemption applies.

We may be treated as a dual resident company for U.K. tax purposes. As a result, our right to claim certain reliefs from U.K. tax may be restricted, and changes in law or practice in the United Kingdom could result in the imposition of further restrictions on our right to claim U.K. tax reliefs.

Taxation of dividends

Withholding tax

We will not be required to withhold U.K. tax at source when paying dividends on our Class A ordinary shares.

Income tax

An individual holder of our Class A ordinary shares who is resident for tax purposes in the U.K. may, depending on his or her particular circumstances, be subject to U.K. tax on dividends received from us. Dividend income is treated as the top slice of the total income chargeable to U.K. income tax. An individual holder of our Class A ordinary shares who is not resident for tax purposes in the U.K. should not be chargeable to U.K. income tax on dividends received from us unless he or she carries on (whether solely or in partnership) any trade, profession or vocation in the U.K. through a branch or agency to which our Class A ordinary shares are attributable. There are certain exceptions for trading in the U.K. through independent agents, such as some brokers and investment managers.

All dividends received by a U.K. resident individual holder of our Class A ordinary shares from us or from other sources will form part of that holder's total income for income tax purposes and will constitute the top slice of that income. A nil rate of income tax will apply to the first £2,000 of taxable dividend income received by the holder of our ordinary shares in a tax year. Income within the nil rate band will be taken into account in determining whether income in excess of the nil rate band falls within the basic rate, higher

rate or additional rate tax bands. Where the dividend income is above the £2,000 dividend allowance, the first £2,000 of the dividend income will be charged at the nil rate and any excess amount will be taxed at 8.75% to the extent that the excess amount falls within the basic rate tax band, 33.75% to the extent that the excess amount falls within the higher rate tax band and 39.35% to the extent that the excess amount falls within the additional rate tax band.

Corporation tax

Corporate holders of our Class A ordinary shares which are resident for tax purposes in the U.K. should not be subject to U.K. corporation tax on any dividend received from us so long as the dividends qualify for exemption (as is likely) and certain conditions are met (including anti-avoidance conditions). Corporate holders of our Class A ordinary shares which are not resident in the United Kingdom will not generally be subject to U.K. corporation tax on dividends unless they are carrying on a trade, profession or vocation in the United Kingdom through a permanent establishment in connection with which such shares are attributable.

A holder of our Class A ordinary shares who is resident outside the United Kingdom may be subject to non-U.K. taxation on dividend income under local law.

Taxation of capital gains

U.K. resident holders of our ordinary shares

A disposal or deemed disposal of our Class A ordinary shares by an individual or corporate holder of such shares who is tax resident in the United Kingdom may, depending on that holder's circumstances and subject to any available exemptions or reliefs, give rise to a chargeable gain or allowable loss for the purposes of U.K. taxation of chargeable gains.

Any chargeable gain (or allowable loss) will generally be calculated by reference to the consideration received for the disposal of our Class A ordinary shares less the allowable cost to the holder of acquiring such shares.

The applicable tax rates for individual holders of our Class A ordinary shares realizing a gain on the disposal of such shares is, broadly, 10% for basic rate taxpayers and 20% for higher and additional rate taxpayers. The applicable tax rates for corporate holders of our Class A ordinary shares realizing a gain on the disposal of such shares is currently 19% (which rate is expected to increase to 25% with effect from April 1, 2023 for corporate holders with profits over £250,000).

Non-U.K. holders of our Class A ordinary shares

Holders of our Class A ordinary shares who are not resident in the United Kingdom and, in the case of an individual holder of our Class A ordinary shares, not temporarily non-resident, should not be liable for U.K. tax on capital gains realized on a sale or other disposal of our Class A ordinary shares unless (i) such shares are attributable to a trade, profession or vocation carried on in the United Kingdom through a branch or agency or, in the case of a corporate holder of our Class A ordinary shares, through a permanent establishment or (ii) where certain conditions are met, the Company derives 75% or more of its gross asset value from U.K. land. Holders of our Class A ordinary shares who are not resident in the United Kingdom may be subject to non-U.K. taxation on any gain under local law.

Generally, an individual holder of our Class A ordinary shares who has ceased to be resident in the United Kingdom for tax purposes for a period of five years or less and who disposes of our Class A ordinary shares during that period may be liable on their return to the United Kingdom to U.K. taxation on any capital gain realized (subject to any available exemption or relief).

U.K. stamp duty ("Stamp Duty") and U.K. stamp duty reserve tax ("SDRT")

The statements below are intended as a general guide to the current position relating to Stamp Duty and SDRT and apply to any holders of our Class A ordinary shares irrespective of their place of tax residence.

No U.K. Stamp Duty or SDRT, will be payable on the issue of Class A ordinary shares, subject to the comments below.

Stamp Duty will in principle be payable on any instrument of transfer of Class A ordinary shares that is executed in the United Kingdom or that relates to any property situated, or to any matter or thing done or to be done, in the United Kingdom. An exemption from Stamp Duty is available on an instrument transferring Class A ordinary shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000. Holders of Class A ordinary shares should be aware that, even where an instrument of transfer is in principle subject to Stamp Duty, Stamp Duty is not required to be paid unless it is necessary to rely on the instrument for legal purposes, for example to register a change of ownership or in litigation in a U.K. court.

Provided that Class A ordinary shares are not registered in any register maintained in the United Kingdom by or on behalf of us and are not paired with any shares issued by a U.K. incorporated company, any agreement to transfer Class A ordinary shares will not be subject to SDRT. The Class A ordinary shares are not paired with any shares issued by a U.K. incorporated company and we currently do not intend that any register of ordinary shares will be maintained in the United Kingdom.

IF YOU ARE IN ANY DOUBT AS TO YOUR TAX POSITION YOU SHOULD CONSULT YOUR PROFESSIONAL TAX ADVISER.

Exchange Agent

The depositary and exchange agent for the Offer and Consent Solicitation is:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
150 Royall Street, Suite V
Canon, Massachusetts 02021

Additional Information; Amendments

We have filed with the SEC a Tender Offer Statement on Schedule TO, of which this Prospectus/Offer to Exchange is a part. We recommend that warrant holders review the Schedule TO, including the exhibits, and our other materials that have been filed with the SEC before making a decision on whether to accept the Offer and Consent Solicitation.

We will assess whether we are permitted to make the Offer and Consent Solicitation in all jurisdictions. If we determine that we are not legally able to make the Offer and Consent Solicitation in a particular jurisdiction, we will inform warrant holders of this decision. The Offer and Consent Solicitation is not made to those holders who reside in any jurisdiction where the offer or solicitation would be unlawful.

Our Board recognizes that the decision to accept or reject the Offer and Consent Solicitation is an individual one that should be based on a variety of factors and warrant holders should consult with personal advisors if they have questions about their financial or tax situation.

We are subject to the information requirements of the Exchange Act and in accordance therewith file and furnish reports and other information with the SEC. All reports and other documents we have filed or furnished with the SEC, including the registration statement on Form F-4 relating to the Offer and Consent Solicitation, or will file or furnish with the SEC in the future, can be accessed electronically on the SEC's website at www.sec.gov. If you have any questions regarding the Offer and Consent Solicitation or need assistance, you should contact the information agent for the Offer and Consent Solicitation. You may request additional copies of this

document, the Letter of Transmittal and Consent or the Notice of Guaranteed Delivery from the information agent. All such questions or requests should be directed to:

D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, NY 10005
Attention: Michael Horthman
Bank and Brokers Call Collect: (212) 269-5550
All Others, Please Call Toll-Free: (800) 817-5468
Email: babylon@dfking.com

We will amend our offering materials, including this Prospectus/Offer to Exchange, to the extent required by applicable securities laws to disclose any material changes to information previously published, sent or given by us to warrant holders in connection with the Offer and Consent Solicitation.

DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

A summary of the material provisions governing our share capital is provided below. This summary is not complete and should be read together with the Babylon Articles.

We are registered with the Jersey companies registry under number 115471. We have unrestricted corporate capacity, and our purpose and objects are not limited by the terms of our constitution.

The following is a description of our share capital and the material terms of the Babylon Articles. The following descriptions of share capital and provisions of the Babylon Articles are summaries and are qualified by reference to the Babylon Articles, a copy of which is filed with the SEC as an exhibit to the registration statement of which this Prospectus/Offer to Exchange forms a part. The description of the ordinary shares reflects changes to our capital structure that have occurred upon the Business Combination Closing.

Share Capital

Our authorized share capital is \$409,896.05 divided into 6,500,000,000 Class A ordinary shares with a par or nominal value of \$0.0000422573245084686 each (the “Class A ordinary shares”), 3,100,000,000 Class B ordinary shares with a par value of \$0.0000422573245084686 each (the “Class B ordinary shares”), and 100,000,000 deferred shares with a par value of \$0.0000422573245084686 each. There are 334,827,585 Class A ordinary shares, 79,637,576 Class B ordinary shares and no deferred shares outstanding as of March 15, 2022. The Class A ordinary shares, Class B ordinary shares or deferred shares in Babylon are referred to collectively as “Babylon Shares.” Each issued Babylon Share is fully paid.

Conversion of Class B Ordinary Shares

The Babylon Articles contain both mandatory and optional mechanics whereby Class B ordinary shares may be converted into Class A ordinary shares.

From a mandatory perspective, Class B ordinary shares automatically converted and immediately be treated as Class A ordinary shares in the following circumstances:

- with the approval of the holders of at least two-thirds by nominal value of the issued Class B ordinary shares;
- upon any transfer of the Class B ordinary shares to any person (other than to specified permitted transferees of Dr. Ali Parsadoust);
- where any of the Class B ordinary shares cease to be beneficially owned at any time by Dr. Ali Parsadoust or any of his permitted transferees; or
- on such date that (i) Dr. Parsadoust (together with any of his permitted transferees) no longer hold at least five per cent of the Class B ordinary shares held by Dr. Parsadoust (together with his permitted transferees) on October 21, 2021 and (ii) is either (a) at least 12 months following Dr. Parsadoust’s voluntary resignation as CEO and director of Babylon or (b) at least 12 months following the death or permanent incapacity of Dr. Parsadoust.

The Babylon Articles also contain a series of optional conversion mechanics for the Class B ordinary shares, primarily that a holder of Class B ordinary shares is entitled at any time to convert all (or part) of their holding of fully paid Class B ordinary shares to the same number of fully paid Class A ordinary shares by delivering to the company (or its representative) written notice of such conversion (and in the case of a certificated share, the certificate(s) representing the Class B ordinary shares to be converted).

Voting Rights

Subject to the rights attaching to the relevant shares in the Babylon Articles, holders of Class A ordinary shares are entitled to cast one (1) vote per Class A ordinary shares, and holders of Class B ordinary shares are entitled to cast fifteen (15) votes per Class B ordinary shares. Deferred shares carry no voting rights.

Shareholder Meetings

General Meetings

An annual general meeting and any other shareholders' meeting (whether convened for the passing of an ordinary or a special resolution) shall be called by at least 14 days' notice given to all of the shareholders, directors and auditors.

Special Meetings

Under the Jersey Companies Law, only our board of directors or shareholders holding at least 10% of the total voting rights of our share capital can requisition a shareholders' meeting. A meeting requisitioned by shareholders must be held within two months of receipt by us of the written request, but such shareholders may call the meeting if our board of directors does not call the meeting within 21 days of the date of deposit of the written request at our registered office, in which event such meeting must be held within three months of the date of deposit of the written request of our registered office.

Action by Written Consent

The Babylon Articles prohibit the passing of a resolution of the shareholders in writing, save that where the holder(s) of Class B ordinary shares hold at least a simple majority of the total voting rights held by the shareholders of Babylon, a resolution in writing (be that an ordinary or special resolution, but excluding a resolution removing an auditor) which is signed by shareholders who would be entitled to receive notice of and attend and vote at a general meeting at which such resolution would be proposed and which represent such number of the voting rights as would be required to pass the resolutions on a poll taken at the meeting of those shareholders, shall be valid and effectual. As of the date of this Prospectus/Offer to Exchange, the Founder holds all outstanding Class B ordinary shares and a simple majority of the total voting rights held by shareholders of Babylon. Consequently, the Founder has sufficient voting control over Babylon to approve matters subject to shareholder approval by written consent, without prior notice and without submitting matters to the other shareholders for approval.

Board of Directors

Election of Directors

Under the Babylon Articles, our board of directors shall not, unless otherwise determined by an ordinary resolution of the company, be less than three but is not subject to a maximum number. Shareholders are only able to appoint a person as a director at a shareholder meeting if either (i) the relevant person has been recommended by our board of directors or is a serving director who is retiring at that shareholder meeting; or (ii) if a shareholder (other than the person proposed as a director) who is entitled to attend and vote at that shareholder meeting has submitted written notice to us of their intention to nominate the relevant person no less than 90 and no more than 120 full days prior to the date of that shareholder meeting, along with a notice from the relevant person confirming their willingness to be appointed. In addition, the board of directors itself may appoint any person who is willing to act to be a director, subject to maximum director limitations.

Removal of Directors

Under the Babylon Articles, each director of the board of directors who holds such office on the date that is seven days before the notice of our annual general meeting shall retire from office and shall be subject to re-election at each annual general meeting.

Babylon may also remove a director, notwithstanding the above or in any agreement between a relevant director and Babylon, by an ordinary resolution of shareholders.

Director's Conflict of Interest

An interested director must disclose to the company the nature and extent of any interest in a transaction with the company, or one of its subsidiaries, which to a material extent conflicts or may conflict with the interests of the company and of which the director is aware. Failure to disclose an interest entitles the company or a shareholder to apply to the court for an order setting aside the transaction concerned and directing that the director account to the company for any profit or gain realized. A director shall not vote

(or be counted in the quorum at a meeting) in respect of any resolution concerning that director's own appointment or termination, and may not vote (or be counted in the quorum at a meeting) in respect of any resolution relating to a transaction or arrangement of the company in which that director has an interests which may reasonably be regarded as likely to give rise to a conflict of interest, subject only to certain exceptions (including that the resolution concerns a transaction or arrangement in which the director is interested by virtue of an interest in shares, debentures or other securities of the company or otherwise in or through the company).

A transaction is not voidable and a director is not accountable notwithstanding a failure to disclose an interest if the transaction is confirmed by special resolution and the nature and extent of the director's interest in the transaction are disclosed in reasonable detail in the notice calling the meeting at which the resolution is passed.

Although it may still order that a director account for any profit, a court will not set aside a transaction unless it is satisfied that the interests of third parties who have acted in good faith would not thereby be unfairly prejudiced and the transaction was not reasonable and fair in the interests of the company at the time it was entered into.

Miscellaneous

The board of directors may exercise all the powers of the company to borrow money (in addition to, amongst other things, mortgage and charge all or any part of its undertaking, property and assets). A director need not hold any shares or be a member of the company in order to be a director.

The remuneration of a director appointed to an executive office shall be fixed by the board of directors, and the board of directors may grant special remuneration to any director who performs any special or extra services to or at the request of the company. Subject to directors making relevant declarations of interest, a director may also hold any other office or place of profit of the company upon such terms as the board may decide and may be paid such extra remuneration for so doing as the board may decide, as well as act personally (or by a director's firm) in a professional capacity for the company and be entitled to remuneration services as if the director were not a director.

Transfer of Shares

Under the Babylon Articles, a member is permitted to transfer all or any of their shares in any manner which is permitted by Jersey Companies Law, subject to certain restrictions in respect of lock-up provisions.

Dividends and Liquidation Rights

Subject to Babylon agreeing with any member that all or any part of the Class A ordinary shares or Class B ordinary shares held by such member (from time-to-time) shall be subject to provisions set out in a separate agreement, the holders of such Class A ordinary shares or Class B ordinary shares are entitled to receive dividends in proportion to the number of Class A ordinary shares or Class B ordinary shares held by them. Holders of Class A ordinary shares or Class B ordinary shares are entitled, in proportion to the number of ordinary shares held by them, to participate in a return of assets upon a liquidation/winding-up. Holders of deferred shares are not entitled to receive any dividend or distribution declared, nor are they entitled to share in any surplus on a winding up of Babylon.

Variation of Rights

The rights attached to any class of Babylon Shares may only be varied with the consent in writing of the holders of at least three quarters in nominal value of the issued shares of the relevant class, or with the authority of a special resolution passed at a separate meeting of the holders of those shares.

The consent in writing of the holders of more than half of the issued Class B ordinary shares is required for any amendment to the powers, preferences or other rights attached to the Class A ordinary shares; any dividend or other distribution to the Class A ordinary shares which is not made *pro rata* to the Class B ordinary shares; or any proposal to treat the Class A ordinary shares differently from the Class B ordinary shares with respect to any consolidation, subdivision, recapitalization or similar, with respect to any consideration in to which the shares are converted or any consideration paid or otherwise distributed to our shareholders upon a

change of control following a listing, in each case where such action would be reasonably likely to adversely affect the rights attaching to the Class B ordinary shares.

The consent in writing of the holders of more than half of the issued Class A ordinary shares is required for any amendment to the powers, preferences or other rights attached to the Class B ordinary shares; any dividend or other distribution to the Class B ordinary shares which is not made *pro rata* to the Class A ordinary shares; or any proposal to treat the Class B ordinary shares differently from the Class A ordinary shares with respect to any consolidation, subdivision, recapitalization or similar, with respect to any consideration in to which the shares are converted or any consideration paid or otherwise distributed to our shareholders upon a change of control following a listing, in each case where such action would be reasonably likely to adversely affect the rights attaching to the Class A ordinary shares.

Options

The board of directors is able to exercise the powers of Babylon in order to, amongst other actions, establish, maintain, adopt and enable participation in any profit sharing or incentive scheme including shares, share options or cash or similar schemes for the benefit of any director or employee of Babylon. In addition, the board of directors has broad rights (subject to Jersey Companies Law, the Babylon Articles and any resolution of Babylon) to generally grant options over any unissued shares in Babylon on such terms as the board of directors may decide.

Calls on Shares

The board of directors may make calls on members in respect of any moneys unpaid on their shares (whether as to nominal amount or premium) and each member shall, subject to receiving at least 14 clear days' notice (specifying when and where such payment is to be made) pay to the company as required the amount called. The board of directors is able to revoke or postpone such call as they may decide.

Limitations on Share Ownership

The Babylon Articles do not contain any provisions that limit the rights to own securities in the company from a non-resident/foreign holder perspective.

Anti-Takeover Effects of Certain Provisions of the Babylon Articles

General

The Babylon Articles contain provisions that could have the effect of delaying, deterring or preventing another party from acquiring or seeking to acquire control of us. These provisions are designed to discourage certain types of coercive takeover practices and inadequate takeover bids. These provisions are also intended to encourage anyone seeking to acquire control of us to negotiate first with our board of directors. However, these provisions may also delay, deter or prevent a change in control or other takeovers of our company that our shareholders might consider to be in their best interests, including transactions that might result in a premium being paid over the market price of our Class A ordinary shares or Class B ordinary shares and also may limit the price that investors are willing to pay in the future for our Class A ordinary shares or Class B ordinary shares. These provisions may also have the effect of preventing changes in our management. We believe that the benefits of increased protection give us the potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us, and that the benefits of this increased protection outweigh the disadvantages of discouraging those proposals, because negotiation of those proposals could result in an improvement of their terms. A description of these provisions is set forth below.

Dual Class

As described above in “—*Voting Rights*,” the Babylon Articles provide for a dual class share capital structure, as a result of which holders of Class B ordinary shares are entitled to fifteen (15) votes per share, while holders of Class A ordinary shares are entitled to one (1) vote per share. This provides holders of Class B ordinary shares with significant influence over matters requiring shareholder approval, including the election and removal of directors and significant corporate transactions, such as a merger or other sale of Babylon or its assets.

Advance Notice Procedure

The Babylon Articles provide that a shareholder of Babylon may propose the nomination of a candidate to be elected as a director at a general meeting. Such shareholder must, among other things, provide notice thereof in writing to Babylon not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the meeting.

The notice must contain, among other things, the particulars which would, if the person were so elected to the position of director, be required to be included in Babylon's register of directors and a notice executed by the person of the person's willingness to be elected.

Exclusive Forum Provision

The Babylon Articles provide that, unless Babylon consents in writing to the selection of an alternative forum, the Courts of Jersey shall (to the fullest extent permitted by law) be the sole and exclusive forum for derivative shareholder actions, actions for breach of fiduciary duty by Babylon directors and officers, actions arising out of Jersey Companies Law or actions arising out of or in connection with the Babylon Articles (pursuant to any provisions of Jersey law) or otherwise relating to the constitution or conduct of the company itself (other than any such action of the company that may arise out of a breach of any federal law of the United States or the laws of any U.S. state). The exclusive forum provision would not prevent derivative shareholder actions based on claims arising under U.S. federal securities laws from being raised in a U.S. court and would not prevent a U.S. court from asserting jurisdiction over such claims. In addition, unless the company consents in writing to the selection of an alternative forum, U.S. federal district courts shall be the sole and exclusive form for any resolution of any complaint asserting a cause of action arising under the Securities Act.

Limitation of Liability of Directors and Officers

To the maximum extent permitted by Jersey law, the Babylon Articles include provisions that indemnify the personal liability of directors or officers incurred by them for negligence, default, breach of duty or otherwise in relation to the company. The Babylon Articles also enable the board to purchase and maintain relevant insurance for the benefit of Babylon's directors, officers, employees or auditors.

We believe that the limitation of liability and indemnification provisions in the Babylon Articles and the indemnification agreements facilitate our ability to continue to attract and retain qualified individuals to serve as directors and officers. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

General Other Jersey, Channel Islands Law Considerations

Dividends and other distributions

We may not pay any dividend (whether in cash or assets) unless our directors who are to authorize the dividend have made a statutory solvency statement that, immediately following the date on which the payment is proposed to be made, we are able to discharge its liabilities as they fall due and, having regard to certain prescribed factors including the directors' intentions regarding the management of Babylon, Babylon is able to continue to carry on business and discharge its liabilities as they fall due for the 12 months immediately following the date on which the payment is proposed to be made (or until Babylon is dissolved on a solvent basis, if earlier).

Dividends may not be debited to the company's nominal capital account or any capital redemption reserve, but may be debited to a share premium account. Jersey law does not require that a company has positive profit and loss, retained earnings or similar in order for a dividend to be lawfully paid.

The foregoing also applies to certain types of other distributions made by a Jersey company.

Purchase of Own Shares

As with declaring a dividend, we may not buy back or redeem our shares unless our directors who are to authorize the buyback or redemption have made a statutory solvency statement that, immediately following the date on which the buyback or redemption is proposed to be made, the company is able to discharge its liabilities as they fall due and, having regard to certain prescribed factors including the directors' intentions regarding the management of the company, the company is able to continue to carry on business and discharge its liabilities as they fall due for the 12 months immediately following the date on which the buyback or redemption is proposed to be made (or until the company is dissolved on a solvent basis, if earlier).

If the above conditions are met, we may purchase shares in the manner described below.

We may purchase on a stock exchange our own fully paid shares pursuant to a special resolution of our shareholders. The resolution authorizing the purchase must specify:

- the maximum number of shares to be purchased;
- the maximum and minimum prices which may be paid; and
- a date, not being later than five years after the passing of the resolution, on which the authority to purchase is to expire.

We may purchase our own fully paid shares otherwise than on a stock exchange pursuant to a special resolution of our shareholders, but only if the purchase is made on the terms of a written purchase contract which has been approved by an ordinary resolution of our shareholders. The shareholder from whom we propose to purchase or redeem shares is not entitled to vote the shares being purchased on such resolutions.

We may fund a redemption or purchase of our own shares from any source. We cannot purchase our shares if, as a result of such purchase, only redeemable shares would remain in issue.

If authorized by a resolution of our shareholders, any shares that we redeem or purchase may be held by us as treasury shares. Any shares held by us as treasury shares may be cancelled, sold, transferred for the purposes of or under an employee share scheme or held without cancelling, selling or transferring them. Shares redeemed or purchased by us are cancelled where we have not been authorized to hold these as treasury shares.

Mandatory Purchases and Acquisitions

The Jersey Companies Law provides that where a person has made an offer to acquire a class of all of our outstanding shares not already held by the person and has as a result of such offer acquired or contractually agreed to acquire 90% or more of such outstanding shares, that person is then entitled (and may be required) to acquire the remaining shares of such shares. In such circumstances, a holder of any such remaining shares may apply to the Jersey court for an order that the person making such offer not be entitled to purchase the holder's shares or that the person purchase the holder's shares on terms different to those under which the person made such offer.

Other than as described above and below under "*U.K. City Code on Takeovers and Mergers*," we are not subject to any regulations under which a shareholder that acquires a certain level of share ownership is then required to offer to purchase all of our remaining shares on the same terms as such shareholder's prior purchase.

Compromises and Arrangements

Where we and our creditors or shareholders or a class of either of them propose a compromise or arrangement between us and our creditors or our shareholders or a class of either of them (as applicable), the Jersey court may order a meeting of the creditors or class of creditors or of our shareholders or class of shareholders (as applicable) to be called in such a manner as the court directs. Any compromise or arrangement approved by a majority in number representing 75% or more in value of the creditors or 75% or more of

the voting rights of shareholders or class of either of them (as applicable) if sanctioned by the court, is binding upon us and all the creditors, shareholders or members of the specific class of either of them (as applicable).

Whether the capital of the company is to be treated as being divided into a single or multiple class(es) of shares is a matter to be determined by the court. The court may in its discretion treat a single class of shares as multiple classes, or multiple classes of shares as a single class, for the purposes of the shareholder approval referred to above taking into account all relevant circumstances, which may include circumstances other than the rights attaching to the shares themselves.

U.K. City Code on Takeovers and Mergers

The U.K. City Code on Takeovers and Mergers (the “Takeover Code”), applies, among other things, to an offer for a public company whose registered office is in the Channel Islands and whose securities are not admitted to trading on a regulated market or a multilateral trading facility in the United Kingdom or any stock exchange in the Channel Islands or the Isle of Man if the company is considered by the Panel on Takeovers and Mergers (the “Takeover Panel”), to have its place of central management and control in the United Kingdom or the Channel Islands or the Isle of Man (in each case, a “Code Company”). This is known as the “residency test.” Under the Takeover Code, the Takeover Panel will determine whether we have our place of central management and control in the United Kingdom, the Channel Islands or the Isle of Man by looking at various factors, including the structure of our board of directors, the functions of the directors and where they are resident.

The Takeover Code provides a framework within which takeovers of companies subject to it are conducted. In particular, the Takeover Code contains certain rules in respect of mandatory offers for Code Companies. Under Rule 9 of the Takeover Code, if a person:

- acquires an interest in shares of a Code Company that, when taken together with shares in which persons acting in concert with such person are interested, carry 30% or more of the voting rights of the Code Company;
- who, together with persons acting in concert with such person, is interested in shares that in the aggregate carry not less than 30% and not more than 50% of the voting rights in the Code, acquires additional interests in shares that increase the percentage of shares carrying voting rights in which that person is interested; or
- the acquirer, and, depending on the circumstances, its concert parties, would be required (except with the consent of the Takeover Panel) to make a cash offer (or provide a cash alternative) for the Code Company’s outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

We are not subject to the Takeover Code, but may in the future become subject to the Takeover Code in the event of changes in the board of directors’ composition, changes to the Takeover Code or other relevant change of circumstances.

Rights of Minority Shareholders

Under Article 141 of the Jersey Companies Law, a shareholder may apply to court for relief on the grounds that the conduct of our affairs, including a proposed or actual act or omission by us, is “unfairly prejudicial” to the interests of our shareholders generally or of some part of our shareholders, including at least the shareholder making the application. What amounts to unfair prejudice is not defined in the Jersey Companies Law. There may also be common law personal actions available to our shareholders.

Under Article 143 of the Jersey Companies Law (which sets out the types of relief a court may grant in relation to an action brought under Article 141 of the Jersey Companies Law), the court may make an order regulating our affairs, requiring us to refrain from doing or continuing to do an act complained of, authorizing civil proceedings and providing for the purchase of shares by us or by any of our other shareholders.

Jersey Regulatory Matters

The Jersey Financial Services Commission ("JFSC"), has given, and has not withdrawn, its consent under Articles 2 and 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Company. The JFSC is protected by the Control of Borrowing (Jersey) Law 1947 against any liability arising from the discharge of its functions under that law.

A copy of this Prospectus/Offer to Exchange has been delivered to the Jersey Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 and the Jersey Registrar of Companies has given, and has not withdrawn, his consent to its circulation.

It must be distinctly understood that, in giving these consents, neither the Jersey Registrar of Companies nor the JFSC takes any responsibility for the financial soundness of Babylon or for the correctness of any statements made, or opinions expressed, with regard to it. If you are in any doubt about the contents of this Prospectus/Offer to Exchange, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of securities and the income from them can go down as well as up. Nothing in this Prospectus/Offer to Exchange or anything communicated to holders or potential holders of any of our Class A ordinary shares or Class B ordinary shares (or interests in them) by or on behalf of us is intended to constitute or should be construed as advice on the merits of the purchase of or subscription for any ordinary shares (or interests in them) for the purposes of the Financial Services (Jersey) Law 1998." after the line "It should be remembered that the price of securities and the income from them can go down as well as up

The directors of the Company have taken all reasonable care to ensure that the facts stated in this Prospectus/Offer to Exchange are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the Prospectus/Offer to Exchange, whether of facts or opinion. All the directors accept responsibility accordingly.

Company Secretary

Our company secretary, whose duties include (but are not limited to) keeping board and shareholder minutes, maintaining registers of the members and directors and ensuring that Jersey statutory requirements are met, including the filing of the annual confirmation statement and accounts with the Jersey Registrar of Companies, is Computershare Company Secretarial Services (Jersey) Limited. Our registered address is 13 Castle Street, St. Helier, Jersey, JE1 1ES.

Public Warrants

Each whole warrant entitles the registered holder to purchase one Class A ordinary share, subject to adjustment as discussed below. Pursuant to the Warrant Agreement, a warrant holder may exercise its warrants only for a whole number of ordinary shares. This means that only a whole warrant may be exercised at any given time by a warrant holder. No fractional warrants will be issued and only whole warrants will trade. The warrants will expire at 5:00 p.m., New York City time on the date that is five years after October 21, 2021 or earlier upon redemption or liquidation. All shares underlying the public warrants have been registered through the registration statement on Form F-1 filed with the SEC on November 9, 2021.

We may call the warrants for redemption:

- in whole and not in part;
- at a price of \$0.01 per warrant when the price per ordinary share equals or exceeds \$18.00;
- at a price of \$0.10 per warrant when the price per ordinary share equals or exceeds \$10.00;
- upon not less than 30 days' prior written notice of redemption (the "30-day redemption period") to each warrant holder;

- if, and only if, the reported last sale price of our ordinary shares equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period commencing on October 21, 2021 and ending three business days before we send the notice of redemption to the warrant holders; and
- if, and only if, the closing price of our ordinary shares equals or exceeds \$10.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant and the like) for any 20 trading days within the 30-day period commencing on October 21, 2021 and ending three trading days before we send notice of the redemption to the warrant holders.

If and when the warrants become redeemable by us, we may not exercise our redemption right if the issuance of ordinary shares upon exercise of the warrants is not exempt from registration or qualification under applicable state blue sky laws or we are unable to effect such registration or qualification.

We established the last of the redemption criteria discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the warrants, each warrant holder is entitled to exercise its warrant prior to the scheduled redemption date. However, the price of the ordinary shares may fall below the \$18.00 redemption trigger price (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) as well as the \$11.50 warrant exercise price after the redemption notice is issued.

A holder of a warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 4.9% or 9.8% (or such other amount as a holder may specify) of the ordinary shares outstanding immediately after giving effect to such exercise.

If the number of outstanding ordinary shares is increased by a stock dividend payable in ordinary shares, or by a split-up of ordinary shares or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of ordinary shares issuable on exercise of each warrant will be increased in proportion to such increase in the number of outstanding ordinary shares. A rights offering to holders of ordinary shares entitling holders to purchase ordinary shares at a price less than the fair market value will be deemed a stock dividend of a number of ordinary shares equal to the product of (i) the number of ordinary shares actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for ordinary shares) and (ii) one (1) minus the quotient of (x) the price per ordinary share paid in such rights offering divided by (y) the fair market value. For these purposes (i) if the rights offering is for securities convertible into or exercisable for ordinary shares, in determining the price payable for ordinary shares, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) fair market value means the volume weighted average price of ordinary shares as reported during the ten (10) trading day period ending on the trading day prior to the first date on which the ordinary shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

If the number of outstanding ordinary shares is decreased by a consolidation, combination, reverse stock split or reclassification of ordinary shares or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of ordinary shares issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding ordinary shares.

Whenever the number of ordinary shares purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of ordinary shares purchasable upon the exercise of the warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of ordinary shares so purchasable immediately thereafter.

In case of any reclassification or reorganization of the outstanding ordinary shares (other than those described above or that solely affects the par value of such ordinary shares), or in the case of any merger or consolidation of Babylon with or into another corporation (other than a consolidation or merger in which Babylon is the continuing corporation and that does not result in any reclassification or reorganization of Babylon's outstanding ordinary shares), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of the combined company as an entirety or substantially as an entirety in connection with which it is dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the ordinary shares immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of ordinary shares or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants immediately prior to such event. If less than 70% of the consideration receivable by the holders of ordinary shares in such a transaction is payable in the form of common stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within thirty days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the Warrant Agreement, based on the Black-Scholes value (as defined in the Warrant Agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the warrants when an extraordinary transaction occurs during the exercise period of the warrants pursuant to which the holders of the warrants otherwise do not receive the full potential value of the warrants in order to determine and realize the option value component of the warrant. This formula is to compensate the warrant holder for the loss of the option value portion of the warrant due to the requirement that the warrant holder exercise the warrant within 30 days of the event. The Black-Scholes model is an accepted pricing model for estimating fair market value where no quoted market price for an instrument is available.

The warrants have been issued in registered form pursuant to the Warrant Agreement, by and between Computershare Trust Company, N.A., as warrant agent, and us. You should review a copy of the Warrant Agreement, which is filed as an exhibit to this Prospectus/Offer to Exchange, for a complete description of the terms and conditions applicable to the warrants. The Warrant Agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any mistake, including to conform the provisions of the Warrant Agreement to the description of the warrants and the Warrant Agreement set forth in this Prospectus/Offer to Exchange, or to correct any defective provision, but requires the approval by the holders of at least a majority of the then outstanding public warrants to make any change that adversely affects the interests of the registered holders of public warrants.

The Warrant Agreement, as amended by the warrant assumption and amendment agreement, provides that, subject to applicable law, (i) any action, proceeding or claim against us arising out of or relating in any way to the Warrant Agreement, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and (ii) that we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. We will waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Notwithstanding the foregoing, these provisions of the Warrant Agreement will not apply to suits brought to enforce any liability or duty created by the Securities Act, the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to Babylon, for the number of warrants being exercised.

The warrant holders do not have the rights or privileges of holders of ordinary shares and any voting rights until they exercise their warrants and receive ordinary shares. After the issuance of ordinary shares upon exercise of the warrants, each holder will be entitled to one (1) vote for each share held of record on all matters to be voted on by shareholders.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round down to the nearest whole number of ordinary shares to be issued to the warrant holder.

Private Warrants

The private placement warrants will not be redeemable by us so long as they are held by Ark Sponsors LLC (the “Sponsor”) or its permitted transferees. The Sponsor, or its permitted transferees, has the option to exercise the private placement warrants on a cashless basis. Except as described below, the private placement warrants have terms and provisions that are identical to those of the public warrants, including as to exercise price, exercisability and exercise period. If the private warrants are held by someone other than the Sponsor or its permitted transferees, the private warrants will be redeemable by us and exercisable by such holders on the same basis as the public warrants. If holders of the private warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering their warrants for that number of ordinary shares equal to the quotient obtained by dividing (x) the product of the number of shares of ordinary shares underlying the warrants, multiplied by the excess of the “fair market value” (defined below) over the exercise price of the warrants by (y) the fair market value. The “fair market value” means the average reported last sale price of the ordinary shares for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements with Shareholders

Series C Financing and Related Agreements

On August 1, 2019, Babylon sold 187,681,013 of its Series C Shares to certain purchasers, including entities affiliated with the Public Investment Fund (“PIF”), Invik S.A. (“Kinnevik”), and VNV (Cyprus) Limited (“VNV”), each of whom are beneficial owners of or affiliated with entities owning greater than 5% of Babylon’s voting securities, for an aggregate of \$320.3 million, and issued an additional 39,699,132 Series C Shares to Kinnevik and VNV upon conversion of an aggregate of \$57.1 million in convertible notes, all pursuant to a Subscription Agreement among Babylon and the purchasers (the “Series C Financing”). In connection with the Series C Financing, Babylon was party to transfer letters pursuant to which certain shareholders, including Kinnevik, VNV, Hanging Gardens Limited (“HGL”) and NNS Holdings S.a.r.l. (“NNS”) transferred 40,556,932 of Babylon’s then class B ordinary shares to ALP Partners Limited (“ALP”), an entity owned by Dr. Parsadoust, our Founder, Chief Executive Officer and member of our board of directors, in order to mitigate the dilutive effect of the Series C Financing on ALP’s holdings. In September 2020, in an extension of the Series C Financing, Babylon issued an additional 6,976,194 Series C Shares to Photenalo Limited and Atlas Peak Capital II, L.P., each of whom granted a voting power of attorney over their Babylon shares in favor of VNV, such that those shares would be voted as directed by VNV (or Babylon in the event that VNV ceased to be a Babylon shareholder). This voting power of attorney has since been terminated.

Convertible Notes

Pursuant to a loan note instrument constituting up to £17 million unsecured convertible loan notes, dated June 8, 2018, as amended on September 7, 2018, Babylon issued £10 million and £7 million of unsecured convertible loan notes to affiliates of Kinnevik and VNV (Cyprus) Limited, an entity affiliated with VNV, respectively.

On April 25, 2019, Babylon issued unsecured convertible loan notes (the “April Notes”) to Kinnevik Online AB for an amount of £6 million, VNV (Cyprus) Limited for an amount of £6 million and NNS for an amount of £12 million, for an aggregate amount of £24 million. On July 5, 2019, Babylon issued unsecured convertible loan notes (the “July Notes”) to Kinnevik Online AB for an amount of £12 million and VNV (Cyprus) Limited for an amount of £6 million, for an aggregate amount of £18 million. On August 1, 2019, Babylon issued 23,523,669 Series C Shares to Kinnevik Online AB in connection with the conversion of \$34,042,400 of Kinnevik’s April Notes and July Notes (in the aggregate) and 16,175,463 Series C Shares to VNV (Cyprus) Limited in connection with the conversion of \$23,100,200 VNV (Cyprus) Limited’s April Notes and July Notes (in the aggregate). Pursuant to a loan note waiver, dated August 1, 2019, between Babylon and NNS, the converting notes did not include those notes held by NNS.

Pursuant to a loan note instrument, dated November 12, 2020, constituting unsecured convertible loan notes (in the aggregate, the “VNV Notes”), Babylon issued two tranches of notes: (i) \$30 million in the aggregate consisting of (a) \$15 million of notes on November 16, 2020 to Global Health Equity AB (publ), which were subsequently transferred to Global Health Equity (Cyprus) Ltd., and (b) \$15 million of notes on December 2, 2020 issued to Global Health Equity (Cyprus) Limited (collectively the “Tranche 1 Notes”), and (ii) \$70 million in the aggregate issued on December 21, 2020, to Global Health Equity (Cyprus) Limited (the “Tranche 2 Notes”).

On December 30, 2020, the entire amount of the Tranche 1 Notes converted into 17,708,792 Series C Shares (including interest payable in respect of the Tranche 1 Notes).

On June 30, 2021, the Tranche 2 Notes converted into 41,012,358 Series C Shares in connection with the conversion of all \$70 million outstanding in Tranche 2 Notes. No interest was payable in respect of the Tranche 2 Notes.

We originally anticipated agreement on the Business Combination several months earlier than it occurred due to market conditions. As such, we obtained bridge financing to address short-term cash flow needs pending consummation of the Business Combination. Accordingly, on July 15, 2021, we entered into a loan agreement with VNV Group for \$15.0 million. The interest rate on the loan was 14%. This loan was repaid upon consummation of the Business Combination.

In August 2021 and October 2021, we issued \$50.0 million and \$25.0 million, respectively, in unsecured bonds at a discount of 4.0% and 1.75% respectively (together the “Unsecured Bonds”), including the non-cash conversion of \$8.0 million in borrowings under the loan agreement dated July 15, 2021 with VNV (Cyprus) Limited in connection with the August 2021 issuance of Unsecured Bonds. The interest rate on the loan was 14% per annum, with the loan amount and accrued interest payable on July 15, 2022. In August 2021, we utilized proceeds of \$7.5 million from the Unsecured Bonds to settle the remainder of the loan and interest with VNV (Cyprus) Limited. Cash proceeds from the August 2021 bond issuance, net of discounts, repayments of borrowings, and transaction expenses totaled \$32.1 million. The Unsecured Bonds had a one-year term and were redeemable by Babylon at any time. The Unsecured Bonds were repaid in full following the Business Combination Closing.

Amended and Restated Shareholders’ Agreement

On August 1, 2019, in connection with Babylon’s Series C Financing, Babylon entered into a Shareholders’ Agreement (the “Shareholders’ Agreement”), with the holders of Series C Shares and certain holders of Babylon’s ordinary shares, including Dr. Parsadoust; HGL; ALP; Kinnevik; VNV; NNS; Nedgroup Trust (Jersey) Limited (as trustee for the Parsa Family Foundation); and PIF, each a holder of at least 5% of Babylon’s share capital. Entities affiliated with Dr. Parsadoust, and Mairi Johnson, Babylon’s Chief Partnership Officer, a member of Babylon’s board of directors and Dr. Parsadoust’s wife, were parties to the Shareholders’ Agreement. Among other things, the Shareholders’ Agreement provided certain holders with information rights, set forth the size of Babylon’s board of directors, provided the procedures through which directors could be elected and removed, conveyed the right to certain shareholders to designate members of Babylon’s board of directors, and enumerated the corporate actions that required the consent of certain shareholders. The Shareholders’ Agreement terminated in connection with the Business Combination Closing.

ALP Note

On June 3, 2020, in connection with our initial investment in Higi, ALP, as lender, entered into a promissory note with Higi, as borrower, in which Higi promised to pay ALP an aggregate principal sum of \$5 million (the “ALP Note”). On December 7, 2021, we exercised our option to acquire the remaining equity interest in Higi pursuant to the Higi Acquisition Agreement. The closing of this acquisition occurred on December 31, 2021. The exercise price of the option to acquire the remaining Higi equity stake included the payment of \$5.4 million at the closing to satisfy the principal and interest payable by a subsidiary of Higi pursuant to the ALP Note.

PIPE Investment

On June 3, 2021, we completed the PIPE Investment, in which we issued and sold, in private placements that closed immediately prior to the Business Combination Closing, an aggregate of 22,400,000 of our Class A ordinary shares to certain Babylon shareholders for \$10.00 per share. The PIPE Investment included the issuance of 500,000 Class A ordinary shares to VNV (Cyprus) Limited, 500,000 Class A ordinary shares to Black Ice Capital Limited, an affiliate of VNV (Cyprus) Limited, 500,000 Class A ordinary shares to Kinnevik and 200,000 Class A ordinary shares to ALP.

Agreements with Executive Officers and Directors

Employment Agreements

We have entered into written employment agreements with our executive officers. The agreements of Dr. Parsadoust and Mr. Steel provide notice periods with respect to termination of the agreement by Babylon or by the relevant executive officer, during which time the executive officer will continue to receive salary and benefits; provided that we may provide payment in lieu of all or a portion of the notice period. The written employment agreements with our other executive officers are at-will, and generally provide for customary severance.

These employment agreements also contain customary provisions regarding non-competition, non-solicitation, confidentiality of information and assignment of inventions. However, the enforceability of the non-competition provisions may be limited under applicable law.

In connection with Dr. Parsadoust’s move from the U.K. to the U.S., Babylon’s remuneration committee approved a relocation package of up to \$200,000, which would cover immigration and tax briefings, shipping and air freight, temporary accommodation, destination services and support with sale and purchase of housing.

Equity Awards and Related Agreements

Babylon has granted options to purchase Babylon Shares to its executive officers and certain directors. We describe the equity incentive plans under “Item 6. Directors, Senior Management and Employees—B. Compensation—Equity Incentive Plans,” and we describe certain agreements related to awards made to executive officers and directors under “Item 6. Directors, Senior Management and Employees—B. Compensation.”

On February 26, 2021, Charlie Steel, our Chief Financial Officer, canceled the share options he held under the Babylon Long-Term Incentive Plan and purchased 4,562,390 Babylon Class B Shares, subject to certain transfer restrictions. In connection therewith, Mr. Steel entered into a loan agreement for \$958,101.90 to Babylon in consideration of Babylon’s payment of the subscription price. This loan and all interest accrued thereon was forgiven upon the consummation of the Business Combination.

On April 1, 2021, Steve Davis, our Chief Technology Officer, exercised an option to purchase 508,474 Class B Shares. In connection therewith, Mr. Davis issued a promissory note for \$218,644 to Babylon in consideration of Babylon’s payment of the exercise price. This loan and all interest accrued thereon was forgiven prior to the consummation of the Business Combination.

Prior to the Reclassification, Paul-Henri Ferrand and Steve Davis, each an executive officer, held Babylon Class G1 Shares which were subject to a hurdle and forfeiture under the terms of Babylon’s then existing articles of association and vesting on the terms of individual award agreements. In connection with the Reclassification, the Babylon Class G1 Shares were converted into Babylon Class B Shares pursuant to a conversion ratio determined by reference to the relative values of the Babylon Class G1 Shares and the Babylon Class B Shares, and subsequently redesignated as Class A ordinary shares. The Class A ordinary shares are subject to substantially the same vesting and forfeiture terms as applied to the relevant Babylon Class G1 Shares pursuant to the applicable agreements entered into with Messrs. Ferrand and Davis.

Upon consummation of the Business Combination, Babylon granted Mr. Ferrand an option to acquire 1,291,361 Class A ordinary shares and Mr. Davis an option to acquire 904,724 Class A ordinary shares as additional equity incentives. The options were granted under the 2021 Plan.

Agreements Related to the Business Combination

Babylon entered into several other agreements with certain directors and executive officers in connection with the Business Combination. The agreements include:

- Lockup Agreements;
- Registration Rights Agreement;
- Voting and Support Agreements;
- Director Nomination Agreement; and
- Subscription Agreements.

Indemnification Agreements

We have entered into, or expect to enter into, indemnification agreements with each of our directors and executive officers. Such indemnification agreements and the Babylon Articles, require us to indemnify our directors and executive officers to the fullest extent permitted by law. See “Item 6. Directors, Senior Management and Employees —B. Compensation — Insurance and Indemnification.”

Related Person Transactions Policy

Upon the Business Combination Closing, we adopted a Related Person Transaction Policy requiring that all related person transactions required to be disclosed pursuant to the Exchange Act be reviewed and approved or ratified by our audit committee.

BENEFICIAL OWNERSHIP OF SECURITIES

The following table sets forth information relating to the beneficial ownership of our ordinary shares as of March 31, 2022 by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our outstanding ordinary shares;
- each member of our board of directors and each of our other executive officers; and
- all of our directors and executive officers as a group.

The number of ordinary shares beneficially owned by each entity, person, executive officer or director is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any ordinary shares over which the individual has sole or shared voting power or investment power as well as any ordinary shares that the individual has the right to acquire within 60 days from March 31, 2022 through the exercise of any option, warrant or other right. Except as otherwise indicated, and subject to applicable community property laws, we believe that the persons named in the table have sole voting and investment power with respect to all ordinary shares held by that person based on information provided to us by such person. This table is based on information supplied by our directors and officers and by Schedules 13D and 13G filed with the SEC, as indicated in footnotes.

The percentage of beneficial ownership is calculated based upon a total of (i) 334,848,374 Class A ordinary shares and (ii) 79,637,576 Class B ordinary shares issued and outstanding as of March 31, 2022, adjusted for each owner's options, warrants or restricted stock units held by that person that are currently exercisable or exercisable within 60 days of March 31, 2022, if any. Except as otherwise indicated, the address for the persons named in the table is 1 Knightsbridge Green, London, SW1X 7QA, United Kingdom.

	Class A ordinary shares	Percentage of Class A ordinary shares	Class B ordinary shares	Percentage of Class B ordinary shares	Percentage of Voting Power ⁽¹⁾
<i>Directors and Executive Officers</i>					
Ali Parsadoust ⁽²⁾	76,512,016	22.8 %	79,637,576	100.0 %	83.1 %
Charlie Steel ⁽³⁾	—	—	—	—	—
Paul-Henri Ferrand ⁽⁴⁾	1,988,727	*	—	—	*
Steve Davis ⁽⁵⁾	1,332,071	*	—	—	*
Darshak Sanghavi	62,874	*	—	—	*
Yon Nuta	106,200	*	—	—	*
Mohannad AlBLEhed	—	—	—	—	—
Per Brilioth ⁽⁶⁾	—	—	—	—	—
Georgi Ganey	—	—	—	—	—
Mairi Johnson ⁽⁷⁾	—	—	—	—	—
David Warren	—	—	—	—	—
<i>All executive officers and directors as a group (11 persons)</i>	80,001,888	23.7 %	79,637,576	100.0 %	83.3 %
<i>5% or more Holders</i>					
Invik S.A. ⁽⁸⁾	54,942,568	16.4 %	—	—	3.6 %
Entities affiliated with VNV Global AB (publ) ⁽⁹⁾	56,495,750	16.9 %	—	—	3.7 %
Public Investment Fund ⁽¹⁰⁾	35,410,789	10.6 %	—	—	2.3 %
NNS Holding S.a.r.l. ⁽¹¹⁾	19,627,756	5.9 %	—	—	1.3 %
Hanging Gardens Limited ⁽¹²⁾	16,820,250	5.0 %	—	—	1.1 %

* Represents a percentage of Class A ordinary shares or voting power of less than one percent (1%).

- (1) Percentage of total voting power represents voting power with respect to all shares of our Class A ordinary shares and Class B ordinary shares, voting together as a single class. The holders of our Class B ordinary shares are entitled to fifteen (15) votes per share, and holders of our Class A ordinary shares are entitled to one vote per share.
- (2) Based on information reported in a Schedule 13D filed by Ali Parsadoust on November 2, 2021 and information available to us, consists of (i) 76,512,016 Class A ordinary shares held of record by ALP Partners Limited and (ii) 79,637,576 Class B ordinary shares held of record by ALP Partners Limited. ALP Partners Limited is an entity owned and controlled by Dr. Ali Parsadoust. Mairi Johnson is Dr. Parsadoust's spouse and thus may be deemed to beneficially own the shares held by Dr. Parsadoust.
- (3) Excludes 1,378,737 Class A ordinary shares held by Ocorian Trustees (Jersey) Limited (as trustee of the Babylon Holdings Limited Employee Benefit Trust), an employee benefit trust, for the benefit of Charles Steel. Charles Steel granted a voting power of attorney over his Class A ordinary shares to Babylon Holdings Limited as a result of which Babylon Holdings Limited has voting control over such shares. Neither Babylon Holdings Limited nor Ocorian Trustees (Jersey) Limited (as trustee of the Babylon Holdings Limited Employee Benefit Trust) has dispositive control over the Class A ordinary shares held by Charles Steel.
- (4) Consists of (i) 390,651 Class A ordinary shares and (ii) 1,598,076 Class A ordinary shares issuable upon the exercise of options held of record by Paul-Henri Ferrand.
- (5) Consists of (i) 427,347 Class A ordinary shares and (ii) 904,724 Class A ordinary shares issuable upon the exercise of options held of record by Steve Davis.
- (6) Per Brilioth is the Managing Director and a member of the Board of Directors of VNV Global AB (publ), VNV Sweden AB and Global Health Equity AB (publ). Mr. Brilioth disclaims any beneficial ownership of the shares described in footnote 9, except to the extent of any pecuniary interest therein.
- (7) Mairi Johnson is Dr. Parsadoust's spouse and thus may be deemed to beneficially own the shares held by Dr. Parsadoust described in footnote 2.
- (8) Based on information reported on a Schedule 13G filed by Kinnevik AB (publ) and Invik S.A. on February 8, 2022 and information available to us, represents of 54,942,568 Class A ordinary shares held of record by Invik S.A., a wholly owned subsidiary of Kinnevik AB (publ), a Swedish publicly traded company. The address for Invik S.A. is 7 Avenue Jean-Pierre Pescatore, L-2324 Luxembourg.
- (9) Based on information reported on a Schedule 13G filed by VNV (Cyprus) Limited, Global Health Equity (Cyprus) Ltd, VNV Sweden AB and VNV Global AB (publ) on February 14, 2022 and information available to us, consists of (i) 36,088,975 Class A ordinary shares held of record by VNV (Cyprus) Limited, a wholly-owned subsidiary of VNV Global AB (publ), a Swedish publicly traded company, (ii) 17,745,304 Class A ordinary shares held of record by Global Health Equity (Cyprus) Ltd., (iii) 2,130,310 Class A ordinary shares held of record by Photenalo Limited and (iv) 531,161 Class A ordinary shares held of record by Atlas Peak Capital II, L.P. VNV Global AB (publ) is the direct and sole shareholder of VNV (Cyprus) Limited. Investment and voting decisions relating to holdings of VNV (Cyprus) Limited are made by a board of directors consisting of four individuals on the basis of recommendations issued by a five-member board of directors of VNV Global AB (publ). VNV Global AB (publ) indirectly holds, through its direct wholly-owned subsidiary VNV Sweden AB, 37.35% of the shares in Global Health Equity AB (publ), with the remainder held by other foreign institutional investors and individuals. VNV Global AB (publ) is the direct and sole shareholder of VNV Sweden AB. Investment decisions relating to holdings of VNV Sweden AB are made by a board of directors consisting of three individuals on the basis of recommendations issued by a five-member board of directors of VNV Global AB (publ). Global Health Equity AB (publ) is the direct and sole shareholder of Global Health Equity (Cyprus) Ltd. Investment decisions relating to holdings of Global Health Equity (Cyprus) Ltd are taken by a board of directors that consists of PC Nordic Administration Limited, a third-party corporate services provider, taking into account recommendations issued by a three-member board of directors of Global Health Equity AB (publ). The Global Health Equity AB (publ) board is comprised of the management of VNV Global AB (publ). Photenalo Limited and Atlas Peak Capital II, L.P. each granted a voting power of attorney over their respective Class A ordinary shares to VNV (Cyprus) Limited and agreed to vote their shares consistent with VNV (Cyprus) Limited or as directed by its board, and, as a result of the relationship described in this footnote, VNV Global AB (publ) has voting control over such shares until such time as VNV (Cyprus) Limited no longer holds

Class A ordinary shares. VNV Global AB (publ) does not have dispositive control over the Class A ordinary shares held by either Photenalo Limited or Atlas Peak Capital II, L.P. While neither VNV Cyprus nor VNV Global has dispositive power over the Class A ordinary shares held by either Photenalo or Atlas Peak, each of VNV Cyprus and VNV Global had voting control over such shares held by Photenalo and Atlas Peak as of December 31, 2021 and were therefore deemed to have beneficial ownership over such shares for purposes of such Schedule 13G. The Subscription Deed was terminated on January 18, 2022, and upon such termination, neither VNV Cyprus nor VNV Global are deemed to have beneficial ownership over the shares held by either Photenalo or Atlas Peak. The address for VNV (Cyprus) Limited is 1, Lampousas Street, 1095 Nicosia, Cyprus, and the address of Global Health Equity (Cyprus) Ltd is Stasikratous, 22, Olga Court, Office 104, 1065 Nicosia, Cyprus. Each of the other members of the respective boards of directors of VNV Global AB (publ), VNV (Cyprus) Limited, VNV Sweden AB, Global Health Equity AB (publ) and Global Health Equity (Cyprus) Ltd disclaim beneficial ownership of the shares described in this footnote 9, except to the extent of any pecuniary interest therein.

- (10) Based on information reported in a Schedule 13G filed by the Public Investment Fund on February 14, 2022 and information available to us, consists of 35,410,789 Class A ordinary shares held of record by the Public Investment Fund, an integral part of the Kingdom of Saudi Arabia. The board of directors of the Public Investment Fund consists of His Royal Highness Mohammad bin Salman Al-Saud (Chairman), H.E. Ibrahim Abdulaziz Al-Assaf, H.E. Mohammad Abdul Malek Al Shaikh, H.E. Khalid Abdulaziz Al-Falih, H.E. Dr. Majid Bin Abdullah Al Qasabi, H.E. Mohammad Abdullah Al-Jadaan, H.E. Mohamed Mazyed Altwaijri, H.E. Ahmed Aqeel Al-Khateeb, and H.E. Yasir Othman Al-Rumayyan. All voting and investment decisions over the shares held by the Public Investment Fund are made by a majority vote of applicable investment committees and /or the board of directors, as applicable. As a result, no single person controls investment or voting decisions with respect to the shares held by the Public Investment Fund. The address for the Public Investment Fund is Alr'idah Digital City, Building MU04, Al Nakhil District, P.O. Box 6847, Riyadh 11452, The Kingdom of Saudi Arabia.
- (11) Consists of 19,627,756 Class A ordinary shares held of record by NNS Holdings S.a.r.l. The address of NNS Holding S.a.r.l is One Nexus Way, Camana Bay, E9, KY1-9005.
- (12) Consists of 16,820,250 Class A ordinary shares held of record by Hanging Gardens Limited. The address of Hanging Gardens Limited is Little Denmark Building, P.O. Box 4585, Road Town, Tortola, British Virgin Islands.

There are no arrangements known to us the operation of which may at a subsequent date result in a change of control of the Company.

LEGAL MATTERS

Certain matters of U.S. federal and New York State law will be passed upon for us by Latham & Watkins LLP and for the dealer manager by Davis Polk & Wardwell LLP. The validity of the Class A ordinary shares offered in this offering and other legal matters as to Jersey law will be passed upon for us by Walkers (Jersey) LLP.

EXPERTS

The consolidated financial statements of Babylon Holdings Limited and its subsidiaries as of December 31, 2021 and 2020, and for each of the years in the three-year period ended December 31, 2021, have been included in this Prospectus/Offer to Exchange in reliance upon the report of KPMG LLP (United Kingdom) ("KPMG"), independent registered public accounting firm, appearing elsewhere herein and upon the authority of said firm as experts in accounting and auditing. The audit report covering the December 31, 2021 consolidated financial statements contains an explanatory paragraph that states that the Company's dependency on its ability to raise further capital in the short term gives rise to significant doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty.

KPMG audited the consolidated financial statements of Babylon Holdings Limited for the years ended December 31, 2021, 2020 and 2019 and were in compliance with the independence requirements of the United Kingdom (the Financial Reporting Council's Ethical Standard and the International Ethics Standards Board for Accountants' Code of Ethics ("IESBA")) for such periods and when the respective audit reports included in this Prospectus/Offer to Exchange were issued. In addition, for 2020, KPMG was required to be independent under SEC and PCAOB independence Rules and Regulations. However, during 2020, one of KPMG's affiliates, referred to as a KPMG member firm, provided non-audit services pursuant to an engagement between an upstream controlling affiliate

of us and that KPMG member firm. This related to the delivery of a service that consisted of a legal service and a management function, to an upstream affiliate of ours that was impermissible when evaluated under the auditor independence standards of Regulation S-X and of the PCAOB. The KPMG member firm that engaged in delivery of this service did not include KPMG U.K. or any of its staff and did not provide any audit services to us. Under local and IESBA rules this service was permissible.

This impermissible non-audit service was related to a legal service and a management function on the structure of a property investment by an upstream affiliate of ours and did not relate to the core group business activities that will be included in our consolidated financial statements. None of the deliverables under the service will be subject to audit procedures performed by KPMG U.K. as part of our audit, and the service had no impact on the internal control over our financial reporting. Together, the KPMG member firm earned fees of approximately 17,000 Euro (\$19,000 USD equivalent) in 2020 in relation to this non-audit service. These fees were insignificant to the business of the relevant KPMG member firm providing the service as well as to Babylon. The management of the upstream affiliate of Babylon Holdings Limited retained all decision making and ultimate responsibility for the service provided, and the service was completed and exited in September 2020.

The audit committee of our board of directors and KPMG have separately considered the impact that this impermissible non-audit service may have had on KPMG's objectivity and impartiality with respect to their audits of us. Both the audit committee of our board of directors and KPMG have concluded this non-audit service did not affect KPMG's ability to exercise objective and impartial judgment on all issues encompassed within the audit engagement performed by KPMG for our consolidated financial statements for the year ended December 31, 2020, and that a reasonable investor with knowledge of all relevant facts and circumstances would reach the same conclusion.

ENFORCEABILITY OF CIVIL LIABILITIES

Babylon is a public limited company incorporated under the laws of Jersey, Channel Islands. Some of Babylon's directors, executive officers and persons discharging managerial responsibilities, and certain experts named in this Prospectus/Offer to Exchange, reside outside the U.S. A substantial portion of Babylon's assets and the assets of those non-resident persons are located outside the U.S. As a result, it may not be possible for investors to effect service of process within the U.S. upon Babylon or those persons or to enforce against Babylon or them, either inside or outside the U.S., judgments obtained in U.S. courts, or to enforce in U.S. courts, judgments obtained against them in courts in jurisdictions outside the U.S., in any action predicated upon civil liability provisions of the federal securities laws of the U.S. Both in original actions and in actions for the enforcement of judgments of U.S. courts, there is doubt as to whether civil liabilities predicated solely upon the U.S. federal securities laws are enforceable in Jersey.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement (including amendments and exhibits to the registration statement) on Form F-4 under the Securities Act. This Prospectus/Offer to Exchange, which is part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy of the document that has been filed. Each statement in this Prospectus/Offer to Exchange relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

We are subject to the informational requirements of the Exchange Act that are applicable to foreign private issuers. Accordingly, we are required to file or furnish reports and other information with the SEC, including annual reports on Form 20-F and current reports on Form 6-K. The SEC maintains an internet website at <http://www.sec.gov>, from which you can electronically access the registration statement and its materials.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers and directors are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

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Babylon Holdings Limited
Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Loss
(Unaudited)

	Notes	For the Three Months Ended March 31,	
		2022	2021
		\$'000	\$'000
Revenue	5	266,446	71,293
Clinical care delivery expense		(23,927)	(11,823)
Claims expense		(247,552)	(23,917)
Platform & application expenses		(16,703)	(6,434)
Research & development expenses		(10,057)	(10,390)
Sales, general & administrative expenses		(58,310)	(31,479)
Operating loss		(90,103)	(12,750)
Finance costs		(6,628)	(992)
Finance income		255	14
Change in fair value of warrant liabilities	15	5,575	—
Exchange loss		(447)	(573)
Net finance expense		(1,245)	(1,551)
Gain on sale of subsidiary		—	3,917
Share of loss of equity-accounted investees		—	(455)
Loss before taxation		(91,348)	(10,839)
Tax provision		(9)	(8)
Loss for the period		(91,357)	(10,847)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		(3,753)	(1,754)
Other comprehensive loss for the period, net of income tax		(3,753)	(1,754)
Total comprehensive loss for the period		(95,110)	(12,601)
Loss attributable to:			
Equity holders of the parent		(91,357)	(10,466)
Non-controlling interest		—	(381)
		(91,357)	(10,847)
Total comprehensive loss attributable to:			
Equity holders of the parent		(95,110)	(12,220)
Non-controlling interest		—	(381)
		(95,110)	(12,601)
Loss per share			
Net loss per share, Basic and Diluted		(0.24)	(0.04)
Weighted average shares outstanding, Basic and Diluted		384,531,450	245,229,566

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

Babylon Holdings Limited
Condensed Consolidated Statement of Financial Position
(Unaudited)

	Notes	March 31, 2022 \$'000	December 31, 2021 \$'000
ASSETS			
Non-current assets			
Right-of-use assets	11	20,014	7,844
Property, plant and equipment		25,694	24,990
Goodwill	8	93,655	93,678
Other intangible assets	8	112,830	111,421
Total non-current assets		252,193	237,933
Current assets			
Right-of-use assets	11	5,454	3,999
Trade and other receivables		27,981	24,119
Prepayments and contract assets		21,971	26,000
Cash and cash equivalents	10	274,978	262,581
Total current assets		330,384	316,699
Total assets		582,577	554,632
EQUITY AND LIABILITIES			
EQUITY			
Ordinary share capital	14	16	16
Share premium	14	923,093	922,897
Share-based payment reserve	14	89,545	80,371
Retained earnings		(929,343)	(837,986)
Foreign currency translation reserve	14	(3,780)	(27)
Total capital and reserves		79,531	165,271
Total equity		79,531	165,271
LIABILITIES			
Non-current liabilities			
Loans and borrowings	12	262,142	168,601
Contract liabilities	5	63,763	70,396
Lease liabilities	11	20,143	8,442
Deferred grant income		6,134	7,236
Deferred tax liability		1,016	1,019
Total non-current liabilities		353,198	255,694
Current liabilities			
Trade and other payables		25,198	22,687
Accruals and provisions		37,886	36,855
Claims payable	9	39,165	24,628
Contract liabilities	5	22,663	23,786
Warrant liability	15	17,971	20,128
Lease liabilities	11	5,301	4,190
Deferred grant income		1,664	1,208
Loans and borrowings	12	—	185
Total current liabilities		149,848	133,667
Total liabilities		503,046	389,361
Total liabilities and equity		582,577	554,632

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

Babylon Holdings Limited
Condensed Consolidated Statement of Changes in Equity
(Unaudited)

	Notes	Share capital \$'000	Share premium \$'000	Share-based payment reserve \$'000	Retained earnings \$'000	Foreign exchange revaluation reserve \$'000	Equity attributable to owners of the parent company \$'000	Non- controlling Interest \$'000	Total equity \$'000
Balance at December 31, 2020		13	485,221	32,185	(469,504)	1,675	49,590	(1,231)	48,359
Loss for the period		—	—	—	(10,466)	—	(10,466)	(381)	(10,847)
Foreign exchange movement		—	—	—	—	(1,754)	(1,754)	—	(1,754)
Equity-settled share-based payment transactions		—	—	3,182	—	—	3,182	—	3,182
Balance at March 31, 2021		13	485,221	35,367	(479,970)	(79)	40,552	(1,612)	38,940
Balance at December 31, 2021		16	922,897	80,371	(837,986)	(27)	165,271	—	165,271
Loss for the period		—	—	—	(91,357)	—	(91,357)	—	(91,357)
Foreign exchange movement		—	—	—	—	(3,753)	(3,753)	—	(3,753)
Equity issuance costs		—	541	—	—	—	541	—	541
Effect of shares withheld to cover taxes		—	(1,538)	—	—	—	(1,538)	—	(1,538)
Other		—	1,193	—	—	—	1,193	—	1,193
Equity-settled share-based payment transactions	13	—	—	9,174	—	—	9,174	—	9,174
Balance at March 31, 2022		16	923,093	89,545	(929,343)	(3,780)	79,531	—	79,531

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

Babylon Holdings Limited
Condensed Consolidated Statement of Cash Flows
(Unaudited)

	Notes	For the Three Months Ended March 31,	
		2022	2021
		\$'000	\$'000
Cash flows from operating activities			
Loss for the period		(91,357)	(10,847)
<i>Adjustments to reconcile Loss for the period to net cash (used in) provided by operating activities:</i>			
Share-based compensation	13	8,402	2,802
Depreciation and amortization		9,458	5,848
Change in fair value of warrant liabilities	15	(5,575)	—
Finance costs		6,628	992
Gain on sale of subsidiary		—	(3,917)
Share of loss of equity-accounted investees		—	455
Taxation		9	8
Exchange loss		447	573
Finance income		(255)	(14)
		(72,243)	(4,100)
<i>Working capital adjustments</i>			
(Increase) / Decrease in trade and other receivables		126	(8,704)
Increase / (Decrease) in trade and other payables		3,160	34,304
Net cash (used in) provided by operating activities		(68,957)	21,500
Cash flows from investing activities			
Development costs capitalized		(9,298)	(7,198)
Capital expenditures		(2,613)	(311)
Purchase of shares in associates and joint ventures		—	(2,000)
Proceeds from sale of investment in subsidiary		—	2,213
Interest received		255	14
Net cash used in investing activities		(11,656)	(7,282)
Cash flows from financing activities			
Proceeds from issuance of notes and warrants	12	100,000	—
Payment of equity and debt issuance costs		(5,002)	—
Principal payments on leases		(460)	(1,520)
Interest paid		(22)	(18)
Other financing activities, net		(1,538)	(482)
Net cash provided by (used in) financing activities		92,978	(2,020)
Net increase in cash and cash equivalents		12,365	12,198
Cash and cash equivalents at January 1,		262,581	101,757
Effect of movements in exchange rate on cash held		32	(57)
Cash and cash equivalents at March 31,		274,978	113,898

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

The supplemental disclosure requirements for the Condensed Consolidated Statement of Cash Flows are as follows:

	For the Three Months Ended March 31,	
	2022	2021
Non-cash financing and investing activities:	\$'000	\$'000
Fair value of warrants issued in connection with Loans and borrowings	3,418	—
Share-based compensation expense capitalized in development costs	(772)	(380)

The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Corporate Information

Babylon Holdings Limited (the “Company,” “Babylon,” “we” or “our”) is incorporated, registered and domiciled in Jersey. The address of the registered office is 31 Esplanade, St. Helier, Jersey, JE2 3QA.

Babylon is a digital-first, value-based care healthcare company whose mission is to make high-quality healthcare accessible and affordable for everyone on Earth. Babylon is re-engineering healthcare, shifting the focus from sick care to proactive healthcare, in order to improve the overall patient experience and reduce healthcare costs. This is achieved by leveraging a highly scalable, digital-first platform combined with high quality, virtual clinical operations to provide integrated, personalized healthcare. Babylon works with governments, health providers and insurers across the globe, and support healthcare facilities from small local practices to large hospitals.

2. Basis of Preparation

These financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”).

These condensed unaudited consolidated interim financial statements for the three months ended March 31, 2022 (“Condensed Consolidated Financial Statements”) have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the IASB, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended December 31, 2021 (the “last annual financial statements”). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. However selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s consolidated financial position and consolidated performance since the last annual financial statements. These Condensed Consolidated Financial Statements were authorized for issue on May 20, 2022.

Going Concern

The Group incurred a loss for the period for the three months ended March 31, 2022 of \$91.4 million and operating cash outflows of \$69.0 million. As of March 31, 2022, the Group had a net asset position of \$79.5 million and cash and cash equivalents of \$275.0 million. The Group has financed its operations principally through issuances of debt and equity securities and has a strong record of fundraising, including the receipt of proceeds of \$329.3 million through the issuance of debt and equity securities in the fourth quarter of 2021. The Group requires significant cash resources to, among other things, fund working capital requirements, increase headcount, make capital expenditures, including those related to product development, and expand our business through acquisitions.

Our directors performed a going concern assessment for a period of twelve months from the date of approval of these Condensed Consolidated Financial Statements to assess whether conditions exist that raise substantial doubt regarding the Group’s ability to continue as a going concern. This assessment indicates we have sufficient liquidity to fund our liabilities as they become due through December 31, 2022, but additional funding is required to provide sufficient funds to meet our liabilities that may fall due through May 2023 and beyond if we continue with our planned growth strategy.

While there is no assurance that additional funds are available on acceptable terms, the directors believe that they will be successful in raising the additional capital needed to execute our planned growth strategy and to meet working capital and capital expenditure requirements that may fall due through May 2023 and after. Based on this, we believe it remains appropriate to prepare our financial statements on a going concern basis.

However, the above indicates that there are material uncertainties (ability to raise further capital) related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, to continue realizing its assets and discharging its liabilities in the normal course of business.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

Basis of Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. To determine whether the Group controls an entity, status of voting or similar rights, contractual arrangements and other specific factors are considered. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

The Company consolidates certain professional service corporations (“PCs”) that are owned, directly or indirectly, and operated by appropriately licensed physicians. The Company maintains control of these PCs through contractual arrangements, which can include service agreements, financing agreements, equity transfer restriction agreements, and employment agreements, or a combination thereof, which are primarily established during the formation of the PCs. At inception, the contractual framework established between the Group and the PCs provides the Group with the power to direct the relevant activities in the conduct of the PC’s non-clinical administrative and other non-clinical business activities. The physicians employed by the PC are exclusively in control of, and responsible for, all aspects of the practice of medicine for their patients. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and a substantive process and whether the acquired set has the ability to produce outputs.

Intercompany transactions, balances and unrealized gains on transactions between the Group’s companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Loss, Condensed Consolidated Statement of Financial Position and Condensed Consolidated Statement of Changes in Equity. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for using the equity method and are initially recognized at cost. The Condensed Consolidated Financial Statements include the Group’s share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an equity accounted investee, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of an investee.

Reclassifications

During the first quarter of 2022, following the expansion of the Group’s VBC (Value-Based Care) product and service offerings, management reviewed the presentation of the Consolidated Statement of Profit and Loss and considered whether expanded presentation may provide more relevant information to stakeholders. Upon further review, the Group has expanded the presentation of costs historically presented within Cost of care delivery to discretely present Claims expense, which primarily includes external costs of patient care, and Clinical care delivery expense, which primarily includes internal costs of patient care.

With the exception of the expanded presentation of Clinical care delivery expense and Claims expense in the Condensed Consolidated Statement of Profit and Loss, these elective changes had no impact on the Group’s Loss for the period or to the Condensed Consolidated Financial Statements as of and for the period ended March 31, 2022 and 2021.

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

3. Summary of Significant Accounting Policies

With the exception of the extension to our accounting policies described below, the accounting policies applied in these Condensed Consolidated Financial Statements are the same as those applied in the Group's consolidated financial statements as of and for the year ended December 31, 2021.

Clinical Care Delivery Expense

Clinical care delivery expense includes the internal costs that we incur in the provision of healthcare services to patients, which is substantially composed of employee-related expenses such as salaries and wages for Babylon healthcare professionals. Other costs within Clinical care delivery expense include operating costs incurred for the delivery of healthcare services to patients, such as occupancy, medical supplies, and other support-related costs.

Claims Expense

Claims expense includes the costs of healthcare services rendered by third parties on behalf of patients which the Company is contractually obligated to pay, which includes estimates for medical expenses incurred but not yet paid ("IBNP") using actuarial processes that are applied on a systematic and consistent basis. This process includes the development of estimates using historical claims experience and actuarial models when sufficient claims history is available from health plans and payors. Claims expense also includes other external costs incurred in the delivery of healthcare services including insurance.

4. Adoption of New and Revised International Financial Reporting Standards

The following new and amended standards have been adopted by the Group in these Condensed Consolidated Financial Statements. Their adoption did not have a material effect on the financial statements.

- *Amendments to References to the Conceptual Framework in IFRS 3: Business Combinations, Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use, Annual Improvements to IFRS Standards 2018–2020, and Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (effective date January 1, 2022)*

The following new and amended standards have been issued but have not been applied by the Group in these Condensed Consolidated Financial Statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- *Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current, Amendments to Disclosure of Accounting Policies in IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements, Amendments to Definition of Accounting Estimates in IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Amendments to Deferred Tax related to Assets and Liabilities arising from a Single Transaction in IAS 12: Income Taxes, and IFRS 17: Insurance Contracts (effective date January 1, 2023)*
- *Amendments to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture in IFRS 10 Consolidated Financial Statements and IAS 28: Investments in Associates and Joint Ventures (effective date deferred indefinitely)*

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

5. Revenue

i) Disaggregation of Revenue

	For the Three Months Ended March 31,	
	2022	2021
	\$'000	\$'000
Value-based care	246,575	27,259
Software licensing	7,756	35,964
Clinical services	12,115	8,070
	266,446	71,293

In January 2021, we entered into a License and Support Agreement (“License Agreement”) with TELUS. As part of the License Agreement, the Group received an upfront payment of \$66.9 million in exchange for the right to use the Company’s digital healthcare platform (“Software Platform”), specified upgrades to be delivered over a 24-month period, post-contract support (“PCS”), and a right to access enhancements to the Group’s Software Platform over a period of seven years. We identified that the License Agreement included multiple performance obligations and allocated the transaction price to the separate performance obligations on a relative standalone basis. We determined the standalone selling prices based on our overall pricing objectives, taking into consideration market inputs and entity specific factors, including standalone selling prices when available. We also concluded that the upfront payment included a significant financing component. As a result, the transaction price was adjusted to account for the time value of money and interest expense will be recognized over the duration of the contract.

ii) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	As of	
	March 31, 2022	December 31, 2021
	\$'000	\$'000
Trade receivables	7,068	8,278
Contract assets	5,557	4,484
Contract liabilities	86,426	94,182

The contract assets primarily relate to the Group’s rights to consideration for work performed but subject to customer acceptance at the reporting date. There was no impact on contract assets as a result of acquisition of subsidiaries. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The Group’s customers generally pay for invoices in the month following the issuance date.

iii) Transaction Price Allocated to the Remaining Performance Obligations

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

	Remainder of 2022	2023	2024	2025	2026 and beyond	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As of March 31, 2022	22,663	18,366	18,959	15,539	10,899	86,426

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

The table below shows significant changes in contract liabilities:

	2022
	\$'000
Balance on January 1,	94,182
Amounts billed but not recognized	849
Revenue recognized	(6,091)
Effect of movements in foreign exchange	(2,514)
Balance on March 31,	86,426

No revenue was recognized from performance obligations satisfied (or partially satisfied) in previous periods.

6. Segment Information

Below is a summary of the Group's segments and a reconciliation between the results from operations as per segment information and the results from operations as per the Condensed Consolidated Statements of Profit and Loss.

	For the Three Months Ended March 31, 2022					Total as per statement of profit and loss
	UK	US	All other segments	Total segments	Reconciliation adjustments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	15,670	250,512	335	266,517	(71)	266,446
Inter-segment revenue	—	—	(64)	(64)	64	—
Segment revenue	15,670	250,512	271	266,453	(7)	266,446
Clinical care delivery expense	(11,872)	(12,394)	(261)	(24,527)	600	(23,927)
Claims expense	—	(247,552)	—	(247,552)	—	(247,552)
Other operating expenses, excluding amortization and depreciation	(31,225)	(34,176)	(9,505)	(74,906)	(706)	(75,612)
Change in fair value of warrant liabilities	—	—	5,575	5,575	—	5,575
Exchange (loss) / gain	(4,078)	2,353	(16,657)	(18,382)	17,935	(447)
Segment EBITDA	(31,505)	(41,257)	(20,577)	(93,339)	17,822	(75,517)
Depreciation and amortization						(9,458)
Change in fair value of warrant liabilities						(5,575)
Exchange gain						447
Operating loss						(90,103)

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

For the Three Months Ended March 31, 2021						Total as per statement of profit and loss
	UK \$'000	US \$'000	All other segments \$'000	Total segments \$'000	Reconciliation adjustments \$'000	\$'000
Revenue	41,242	29,244	434	70,920	373	71,293
Inter-segment revenue	—	—	4	4	(4)	—
Segment revenue	41,242	29,244	438	70,924	369	71,293
Clinical care delivery expense	(9,269)	(4,597)	(596)	(14,462)	2,639	(11,823)
Claims expense	—	(23,917)	—	(23,917)	—	(23,917)
Other operating expenses, excluding amortization and depreciation	(26,442)	(11,316)	(2,386)	(40,144)	(2,311)	(42,455)
Exchange (loss) / gain	(632)	(49)	1,788	1,107	(1,680)	(573)
Gain on sale	—	—	3,917	3,917	—	3,917
Share of loss of equity-accounted investees	—	(455)	—	(455)	—	(455)
Segment EBITDA	4,899	(11,090)	3,161	(3,030)	(983)	(4,013)
Depreciation and amortization						(5,848)
Exchange loss						573
Gain on sale of subsidiary						(3,917)
Share of loss of equity-accounted investees						455
Operating loss						(12,750)

Reconciliation adjustments include allocation and classification differences of costs between management accounts and statutory reporting, reversals of inter-segment revenue and foreign exchange variances.

Major Customers

Below is a summary of the revenue derived from the Group's major customers:

	For the Three Months Ended March 31,			
	2022		2021	
	\$'000	% of revenue	\$'000	% of revenue
Customer 1	145,043	54.4 %	12,420	17.4 %
Customer 2	61,446	23.1 %	—	—
Customer 3	14,381	5.0 %	12,148	17.0 %
Customer 4	2,530	1.0 %	30,129	42.3 %

Geographical Information

Revenue from external customers attributed to individual countries is summarized as follows:

	For the Three Months Ended March 31,	
	2022	2021
	\$'000	\$'000
UK	9,435	7,786
US	250,597	29,808
Asia-Pacific	3,634	3,410
Canada	2,530	30,129
Rest of World	250	160
Total	266,446	71,293

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

As of March 31, 2022, 39.4% (\$99.3 million) and 59.5% (\$150.1 million) of non-current assets of the Group are derived from and located within the UK and US, respectively. As of December 31, 2021, 38.3% (\$92.6 million) and 61.1% (\$147.8 million) of non-current assets of the Group are derived from and located within the UK and US, respectively.

As of March 31, 2022, 69.4% (\$4.9 million) and 27.7% (\$2.0 million) of total Group trade receivables were attributable to the UK and US, respectively. As of December 31, 2021, 84.5% (\$7.0 million) and 11.0% (\$0.9 million) of total Group trade receivables were attributable to the UK and US, respectively.

7. Investments in Subsidiaries and Associates

As discussed in Note 2, we consolidated certain PCs which are owned, directly or indirectly, and operated by licensed physicians. The following provides summary financial data for the PCs that are included in the Condensed Consolidated Financial Statements:

	As of	
	March 31, 2022	December 31, 2021
	\$'000	\$'000
Total assets	131,429	104,703
Total liabilities	213,222	168,240
	For the Three Months Ended March 31,	
	2022	2021
	\$'000	\$'000
Total revenues	127,138	19,756
Clinical care delivery expense	(8,912)	(2,256)
Claims expense	(118,985)	(15,793)
Sales, general & administrative expenses	(15,012)	(2,875)

8. Intangible Assets and Goodwill

The changes in the carrying amount of goodwill and intangible assets for the three months ended March 31, 2022 were as follows:

	Goodwill	Development Costs	Intangibles under Development	Customer Relationships	Trademarks	Physician Networks	Licenses	Total Other Intangible Assets (Excluding Goodwill)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Cost</i>								
Balance at January 1, 2022	93,678	109,356	21,868	14,700	8,300	5,000	590	159,814
Additions	—	—	10,071	—	—	—	—	10,071
Transfers	—	6,803	(6,803)	—	—	—	—	—
Effect of movements in foreign exchange	(23)	(2,759)	(530)	—	—	—	—	(3,289)
Balance at March 31, 2022	93,655	113,400	24,606	14,700	8,300	5,000	590	166,596
<i>Amortization and impairment</i>								
Balance at January 1, 2022	—	39,724	—	3,680	3,533	1,063	393	48,393
Amortization for the period	—	5,064	—	193	750	329	131	6,467
Effect of movements in foreign exchange	—	(1,094)	—	—	—	—	—	(1,094)
Balance at March 31, 2022	—	43,694	—	3,873	4,283	1,392	524	53,766
<i>Net book value</i>								
At January 1, 2022	93,678	69,632	21,868	11,020	4,767	3,937	197	111,421
At March 31, 2022	93,655	69,706	24,606	10,827	4,017	3,608	66	112,830

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

All development costs, including intangibles under development, have been internally generated by the Group. During the three months ended March 31, 2022, \$6.8 million of intangibles under development were transferred to development costs as these projects were completed. Intangibles under development are tested for impairment at least annually.

The total net book value is considered to be the recoverable amount, as this balance is reviewed annually and impaired as necessary. All development costs are related to the development of our digital healthcare platform and there are no distinguishable individually material intangible assets within the capitalized development costs. There was no impairment of the development costs in the three months ended March 31, 2022 or 2021.

9. Claims Payable

The following table is a summary of claims activity for the period presented:

	\$'000
Balance at January 1, 2022	24,628
Claims expense	247,552
Claims paid	(233,015)
Adjustment, net	—
Balance at March 31, 2022	39,165

The increase in claims expense during the three months ended March 31, 2022 is primarily attributable to the expansion of our value-based care offerings in the United States.

10. Cash and Cash Equivalents

The components of cash and cash equivalents are reflected in the table below:

	As of	
	March 31, 2022	December 31, 2021
	\$'000	\$'000
Cash in hand and at banks	274,978	262,276
Short term investment funds	—	—
Restricted cash	—	305
	274,978	262,581

The Group's short term investment funds are highly liquid, redeemable within 90 days at a known amount of cash and are subject to an insignificant risk of change in value and therefore meet the definition of a cash equivalent.

11. Leases

On November 1, 2021, Babylon Inc. entered into a sublease agreement for 37,883 rentable square feet of office space in Austin, Texas. The lease commenced on February 1, 2022 when we obtained access to the property and will automatically terminate on March 31, 2029. Minimum payments for the non-cancellable lease term are \$16.6 million. The Company uses the office space as its United States headquarters with capacity for approximately 200 employees.

In January 2022, Babylon Healthcare Services Limited entered into two lease agreements for clinic space in London, United Kingdom. The leases commenced on January 6, 2022 and January 14, 2022 when we obtained access to the properties and will automatically terminate on January 6, 2032 and July 13, 2032, respectively. Minimum payments for the lease terms are \$6.3 million and \$7.0 million, respectively. The Company intends to use the properties as clinics as part of the Company's operations.

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

12. Loans and Borrowings

	As of	
	March 31, 2022	December 31, 2021
	\$'000	\$'000
Non-current liabilities		
Loan notes	300,000	200,000
Unamortized fair value adjustment, discount, and debt issuance costs	(37,858)	(31,399)
	<u>262,142</u>	<u>168,601</u>
Current liabilities		
Other	—	185
	<u>—</u>	<u>185</u>

AlbaCore Original Notes

On October 8, 2021, Babylon entered into a note Subscription Agreement (the “Note Subscription Agreement”). The Note Subscription Agreement provided for the issuance of up to \$200.0 million in unsecured notes due 2026 (the “Unsecured Notes”) to affiliates of, or funds managed or controlled by, AlbaCore Capital LLP (the “Note Subscribers”). On November 4, 2021 (“Note Closing Date”), Babylon issued the full \$200.0 million (“Principal Amount”) of Unsecured Notes under the Note Subscription Agreement at a discount of 95.5% of the Principal Amount. The Unsecured Notes bear interest accruing on the Principal Amount (which for these purposes shall include any capitalized interest from time to time) at the following rates: (i) 8.00% per annum for the period commencing from (and including) the Note Closing Date to (but excluding) the date falling two years after the Note Closing Date; (ii) 10.00% per annum for the period commencing from (and including) the date falling two years after the Note Closing Date, to (but excluding) the date falling three years after the Note Closing Date; and (iii) 12.00% per annum for the period commencing from (and including) the date falling three years after the Note Closing Date. The applicable interest rate is subject to a step-up margin of 6.5 basis points per annum if Babylon and its subsidiaries do not achieve a target of adding 100,000 Medicaid lives to value-based care contracts by January 1, 2024. Interest is payable on the Unsecured Notes semi-annually on May 4 and November 4 each year, with the first interest payment due on the six-month anniversary of the Note Closing Date on May 4, 2022. At Babylon’s election, up to 50.00% of the interest payable in respect of any interest period may be satisfied by the issuance by Babylon of further Unsecured Notes to be immediately consolidated and form a single series with the outstanding Unsecured Notes. The Unsecured Notes will mature five years from the Note Closing Date on November 4, 2026 (the “Final Maturity Date”).

Babylon is required to redeem the Unsecured Notes (unless previously purchased and cancelled or redeemed) on the Final Maturity Date at 100% of the principal amount on such date. Babylon may redeem the Unsecured Notes at any time at a redemption amount (the “Redemption Amount”) equal to: (i) from (and including) the Note Closing Date to (but excluding) the date falling one year after the Note Closing Date, the amount that is the greater of (A) 104.00% of the principal amount (including capitalized interest) and (B) 104.00% of the principal amount (including capitalized interest) plus an interest make whole premium; (ii) from (and including) the date falling one year after the Note Closing Date to (but excluding) the date falling two years after the Note Closing Date, 104.00% of the principal amount (including any capitalized interest); and (iii) on or after the date falling two years after the Closing Date and until (but not including or after) the Final Maturity Date, 107.00% of the principal amount (including any capitalized interest). Each holder of Unsecured Notes (each a “Noteholder”) has the option to require Babylon to redeem the Unsecured Notes held by such Noteholder at the Redemption Amount upon specified change of control events.

The terms of the Unsecured Notes include covenants, which covenants are subject to certain limitations and exceptions, limiting the ability of Babylon and its subsidiaries to, among other things: incur additional debt; pay or declare dividends or distributions on Babylon’s share capital; repay or distribute any share premium reserve or redeem, repurchase or retire its share capital; incur or allow to remain outstanding guarantees; make certain joint venture investments; enter into finance or capital lease contracts; create liens on Babylon’s or its subsidiaries’ assets; enter into sale and leaseback transactions; pay management and advisory fees outside the ordinary course of business; acquire a company or any shares or securities or a business or undertaking; merge or consolidate with another company; borrow or receive investments from certain shareholders other than through Babylon; and sell, lease, transfer or otherwise dispose of assets. The terms of the Unsecured Notes also include customary events of default.

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

On the Note Closing Date, Babylon issued warrants to subscribe for an aggregate of 1,757,499 Class A ordinary shares (the “AlbaCore Warrants”) to the Note Subscribers on a pro rata basis by reference to the relevant proportion of the Principal Amount of Unsecured Notes subscribed for by each Note Subscriber. The AlbaCore Warrants confer the right to subscribe for up to 1,757,499 Class A ordinary shares exercisable on certain agreed upon exercise events, subject to: (i) Babylon’s right to elect to redeem the AlbaCore Warrants in whole or in part in cash upon an exercise event; (ii) an agreed adjustment formula to reduce the number of Class A Ordinary Shares to be issued upon exercise of the AlbaCore Warrants in certain circumstances linked to Babylon’s trading performance; and (iii) customary adjustments for certain share capital reorganizations (such as share splits and consolidations).

The exercise events applicable to the AlbaCore Warrants occur: (i) on the first date following which the closing price of the Class A Ordinary Shares has equaled or exceeded \$15.00 per Class A Ordinary Share (subject to customary adjustments) for any 20 trading days within any 30-trading day period commencing at least 18 months after the Note Closing Date; (ii) where the Noteholders give a redemption notice under the notes deed poll on the occurrence of a change of control in respect of Babylon; (iii) where Babylon elects to redeem the Unsecured Notes prior to the Final Maturity Date in accordance with its rights to do so under the notes deed poll; and (iv) on the Final Maturity Date. Upon an exercise event, the AlbaCore Warrants are exercisable in full and not in part only.

We capitalized debt issuance costs of \$3.4 million in connection with the issuance of the Unsecured Notes. Please refer to Note 15 for additional discussion surrounding the AlbaCore Warrants.

AlbaCore Additional Notes and Warrants

On December 23, 2021, Babylon entered into an additional note subscription agreement (the “Second Note Subscription Agreement”) providing for the issue of not less than \$75 million and not more than \$100 million additional Unsecured Notes (the “Additional Notes”) to AlbaCore Partners III Investment Holdings Designated Activity Company, and any new note subscribers that are affiliates of, or funds managed or controlled by, AlbaCore Capital LLP and that adhere to the Second Note Subscription Agreement (the “Second Note Subscribers”).

The closing of the issue of the Additional Notes under the Second Note Subscription Agreement, for the principal amount of \$100 million, occurred on March 31, 2022 (the “Second Closing Date”). The terms and conditions of the Additional Notes are the same as the terms of the original Unsecured Notes, with the exception that the Additional Notes were issued at 100% of their principal amount. At Babylon’s election, up to 50.00% of the interest payable in respect of any interest period may be satisfied by the issuance by Babylon of further Unsecured Notes to be immediately consolidated and form a single series with the outstanding Unsecured Notes.

On the Second Closing Date, Babylon issued AlbaCore Warrants to subscribe for an aggregate of 878,750 additional Class A ordinary shares (the “Additional AlbaCore Warrants”) to the Second Note Subscribers. Upon an exercise event, the AlbaCore Warrants are exercisable in full and not in part only. The exercise events applicable to the Additional AlbaCore Warrants are the same as the AlbaCore Warrants.

We capitalized debt issuance costs of \$4.0 million in connection with the issuance of the Additional Notes.

Upon any exercise event Babylon has a right to elect to satisfy the subscription entitlement in respect of the AlbaCore Warrants by issuing Class A ordinary shares, by making a redemption payment in cash, or by a combination of both (in such proportions as Babylon may in its absolute discretion determine). The cash redemption payment per Note Warrant shall be determined by reference to the closing price for the Class A ordinary shares on such date as is specified in the Amended and Restated Warrant Instrument in respect of each exercise event, provided that if the closing price is in excess of \$15.00 per Class A ordinary share (subject to customary adjustments), the cash redemption payment shall be capped at \$5.00 per Note Warrant.

Where Babylon elects upon exercise of the AlbaCore Warrants to issue Class A ordinary shares in satisfaction in whole or in part of the subscription entitlement under the AlbaCore Warrants, Babylon is required to issue one Class A ordinary share credited as fully paid and free from all encumbrances (except as set out in Babylon’s memorandum and articles of association from time to time) per AlbaCore Warrant held, subject to a proportionate downwards adjustment to the number of Class A ordinary shares to be issued per AlbaCore Warrant where the closing price of the Class A ordinary shares on such date as is specified in the Amended and Restated Warrant Instrument in respect of each exercise event is in excess of \$15.00 per Class A ordinary share.

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

Changes in Loans and Borrowings from Financing Activities

	AlbaCore Notes \$'000	Other Loans and Borrowings \$'000	Total Loans and Borrowings \$'000
Balance at January 1, 2022	168,601	185	168,786
Changes from financing cash flows			
Proceeds from issuance of notes and warrants	100,000	—	100,000
Payment of debt issuance costs	(4,000)	—	(4,000)
Total changes from financing cash flows	96,000	—	96,000
Other changes			
Fair value of warrants issued	(3,418)	—	(3,418)
Unpaid debt issuance costs	(257)	—	(257)
Amortization of fair value adjustment, discount, and debt issuance costs	1,202	—	1,202
Other loans and borrowings activity, net	—	(171)	(171)
Total other changes	(2,473)	(171)	(2,644)
Balance at March 31, 2022	262,128	14	262,142

13. Employee Benefits

Equity Incentive Plans

On October 21, 2021, we effected a reclassification (referred to below as the “Reclassification”) whereby all outstanding shares of Babylon, including the various options previously granted under the below plans, were reclassified to Class A ordinary shares or Class B ordinary shares, subject to a conversion ratio of approximately 0.3 (the “Conversion Ratio”). The description of activity in the narratives and tables below have been adjusted to reflect the Reclassification.

On July 27, 2015, the Board of Directors adopted the Babylon Holdings Limited Long Term Incentive Plan (the “LTIP”). Options granted under the LTIP were originally granted over Company’s Class B Shares. Following the Reclassification, the options subsist over Class A ordinary shares. Upon approval of the Babylon Holdings Limited 2021 Equity Incentive Plan, including the Non-Employee Sub-Plan (collectively, the “2021 Plan”), the LTIP Plan was no longer available for future awards.

On February 21, 2021, the Board of Directors adopted the Company Share Option Plan (“CSOP”), which was intended to qualify as a company share option plan that meet certain requirements under the Income Tax Act of 2003. The options granted under the CSOP are, subject to certain qualifying conditions being met, potentially U.K. tax-favored options. Upon approval of the 2021 Plan, the CSOP Plan was no longer available for future awards.

On October 21, 2021, the shareholders approved the 2021 Plan. The 2021 Plan authorizes (a) the issuance of 13,700,125 Class A ordinary shares plus, (b) unless a lesser amount is approved by the Board prior to January 1st of a given year, an automatic increase on January 1st of each year, commencing on January 1, 2022 and ending on (and including) January 1, 2031, in an amount equal to 5% of the total number of Class A ordinary shares outstanding on December 31st of the preceding calendar year, and (c) all or any part of an option or options to acquire unissued shares granted under the prior plans (the LTIP or CSOP described above) shall become available for award granted under the 2021 Plan subject to a maximum of 7,223,177 shares. Upon approval of the 2021 Plan, the LTIP and CSOP were no longer available for future awards. The 2021 Plan provides for the grant of options, share appreciation rights (“SARs”), restricted stock awards (“RSAs”), restricted share units (“RSUs”), and other share-based awards. As of March 31, 2022, there are 43,761,708 shares available for issuance pursuant to future awards under the 2021 Plan.

Share-based Payments

The Group issues equity settled share-based payments to employees of the Group and advisors, whereby services are rendered in exchange for rights over shares in the Group. Employees of all Group companies participate within this scheme through the LTIP, CSOP and 2021 Plan described above.

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

Share-based payments are recognized as expense for RSUs, RSAs and options, net of estimated forfeitures, as follows:

	For the Three Months Ended March 31,	
	2022	2021
	\$'000	\$'000
Total share-based compensation expense	8,402	2,802

Restricted Stock Units

The following table displays RSU activity for the periods presented:

	RSUs
Balance at January 1, 2022	6,997,284
Granted	14,758,592
Vested and issued	(895,627)
Forfeited / canceled during the period	(1,099,073)
Balance at March 31, 2022	19,761,176
Vested and unissued at March 31, 2022	39,022
Unvested at March 31, 2022	19,722,154

On March 14, 2022, the Remuneration Committee of the Board of Directors granted employees RSUs under the 2021 Plan, under which the holders have the rights to receive an aggregate 14,758,592 shares of the Company's Class A ordinary shares. Pursuant to the terms of the RSU awards, unvested shares are forfeited upon separation from the Company.

Options

The following table displays option activity and weighted average exercise price for the periods presented:

	March 31, 2022		December 31, 2021	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	\$		\$	
Outstanding at the beginning of the period	1.47	22,896,265	0.02	21,107,487
Granted during the period	—	—	3.67	8,155,289
Forfeited / canceled during the period	1.26	(650,232)	0.18	(6,204,471)
Exercised during the period	0.35	(27,942)	1.42	(162,040)
Outstanding at the end of the period	1.48	22,218,091	1.47	22,896,265

14. Capital and Reserves

Share Capital

In thousands of shares	Class A Ordinary Shares	Class B Ordinary Shares	Deferred Shares
Authorized	6,500,000	3,100,000	100,000
On issue at January 1, 2022	333,925	79,638	—
Issued during the period	924	—	—
On issue at March 31, 2022—fully paid	334,848	79,638	—

Share Rights

Each Class A ordinary share will have the right to exercise one vote at any general meeting of the shareholders of the Company, to participate pro rata in all dividends declared by the Company, and the rights in the event of the Company's dissolution. Each

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

Class B ordinary share will have the same economic terms as the Babylon Class A ordinary shares, but the Class B ordinary shares will have 15 votes per share.

The Deferred Shares are non-voting shares and did not convey upon the holder the right to be paid a dividend or notice to attend, vote or speak at a shareholder meeting. No Deferred Shares have been issued.

Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entities are recognized in other comprehensive loss and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Other Comprehensive Income ("OCI") Accumulated in Reserves, Net of Tax

	2022 \$'000
January 1,	(27)
Foreign operations – foreign currency translation differences	(3,753)
March 31,	(3,780)

Retained Earnings

The retained earnings account represents retained profits or losses less amounts distributed to shareholders.

Share-based Payment Reserve

The share-based payment reserve represents amounts accruing for equity-based share options granted.

15. Warrant Liability

The Company's warrants are classified and accounted for as liabilities at fair value, with changes in fair value recorded in the Condensed Consolidated Statement of Profit and Loss. The following table displays the number of warrants outstanding as of March 31, 2022:

(In thousands)	Tradeable No. of warrants	Non-tradeable No. of warrants	Total No. of warrants
In issue at January 1, 2022	8,625	7,691	16,316
Issuance of Additional AlbaCore Warrants on March 31, 2022	—	879	879
In issue at March 31, 2022	8,625	8,570	17,195

Alkuri Warrants

Pursuant to the merger agreement with Alkuri Global Acquisition Corp ("Alkuri"), the Company assumed warrants previously issued by Alkuri, consisting of 5,933,333 private placement warrants and 8,625,000 public warrants, which were converted into warrants to purchase 14,558,333 Class A ordinary shares ("Alkuri Warrants"). The warrants to purchase 14,558,333 Class A ordinary shares give the holder the right to purchase such shares at a fixed amount for a period of five years subject to the terms and conditions of the warrant agreement.

As of March 31, 2022 there were 14,558,313 Alkuri Warrants outstanding. The warrants entitle the holder to purchase one Class A ordinary share of Babylon Holdings Limited at an exercise price of \$11.50 per share. Until warrant holders acquire the Company's ordinary shares upon exercise of such warrants, they have no rights with respect to the Company's ordinary shares. The warrants expire on October 21, 2026, or earlier upon redemption or liquidation in accordance with their terms.

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

AlbaCore Warrants

As of March 31, 2022 there were 1,757,499 AlbaCore Warrants outstanding. The warrants entitle the holder to purchase one ordinary share of Babylon Holdings Limited at subscription price of \$0.00004 per share upon occurrence of an exercise event. Until warrant holders acquire the Company's Class A ordinary shares upon exercise of such warrants, they have no rights with respect to the Company's ordinary shares. The warrants expire on November 4, 2026, or earlier upon redemption or liquidation in accordance with their terms.

Additional AlbaCore Warrants

As of March 31, 2022 there were 878,750 Additional AlbaCore Warrants outstanding. The warrants entitle the holder to purchase one ordinary share of Babylon Holdings Limited at subscription price of \$0.00004 per share upon occurrence of an exercise event. Until warrant holders acquire the Company's Class A ordinary shares upon exercise of such warrants, they have no rights with respect to the Company's ordinary shares. The warrants expire on November 4, 2026, or earlier upon redemption or liquidation in accordance with their terms. The initial fair value of the Additional AlbaCore Warrants on the date of issuance was determined utilizing a price per warrant of \$3.89, which has been derived using a Monte Carlo simulation.

Changes in Warrant Liability

The fair value of the Alkuri Warrants is determined by using the prevailing market price for warrants that are trading on the NYSE under the ticker BBLN.W. The market price per tradeable warrant as at March 31, 2022 was \$0.53. The fair value of the AlbaCore Warrants and Additional AlbaCore Warrants is determined utilizing a price per warrant of \$3.89, which has been derived using a Monte Carlo simulation.

See reconciliation of fair values below:

	Tradeable (Level 1)	Non-tradeable (Level 2)	Non-tradeable (Level 3)	Total
	\$'000	\$'000	\$'000	\$'000
Balance at December 31, 2021	5,865	4,035	10,228	20,128
Fair value of Additional AlbaCore Warrants upon issuance	—	—	3,418	3,418
Change in fair value of warrant liabilities	(1,294)	(890)	(3,391)	(5,575)
Balance at March 31, 2022	4,571	3,145	10,255	17,971

16. Related Parties

Transactions with Key Management Personnel

During the three months ended March 31, 2022, the remuneration of directors and other key management personnel - including company pension contributions made to money purchase schemes on their behalf - amounted to \$0.9 million (2021: \$0.9 million). The remuneration of the highest paid key manager was \$0.2 million (2021: \$0.3 million). These remuneration costs are recorded as an operating expense in Sales, general & administrative expenses.

For the three months ended March 31, 2022, share-based compensation expense related to key management personnel was \$0.0 million (2021: \$0.6 million).

Directors' cash remuneration is borne by the Company's subsidiary, Babylon Partners Limited.

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

17. Financial Instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

There were no transfers between fair value levels during the period.

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2022 and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value.

	Fair Value			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Tradeable Alkuri Warrants	4,571	—	—	4,571
Non-tradeable Alkuri Warrants	—	3,145	—	3,145
AlbaCore Warrants	—	—	6,837	6,837
Additional AlbaCore Warrants	—	—	3,418	3,418
	4,571	3,145	10,255	17,971

The tradeable Alkuri Warrants were valued using the instrument's publicly listed trading price as of the date of the Condensed Consolidated Statement of Financial Position, which is considered to be a Level 1 measurement due to the use of an observable market quote in an active market.

As the non-tradeable Alkuri Warrants have identical terms as the tradeable Alkuri Warrants, the non-tradeable Alkuri Warrants were valued using the tradeable Alkuri Warrants' publicly listed trading price, which is considered to be a Level 2 fair value measurement due to the use of an observable market quote from a similar instrument in an active market.

The AlbaCore Warrants and Additional AlbaCore Warrants were valued using a Monte Carlo simulation, which is considered to be a Level 3 fair value measurement. The primary unobservable input utilized in determining the fair value of the AlbaCore Warrants and Additional AlbaCore Warrants is the expected volatility of our ordinary shares. The expected volatility of the Company's ordinary shares was determined using peer group companies. Due to the nominal exercise price of the AlbaCore Warrants and Additional AlbaCore Warrants, changes in volatility would not result in a material change in the fair value of the warrants.

Babylon Holdings Limited
Notes to the Condensed Consolidated Financial Statements (Unaudited)

The key inputs into the Monte Carlo simulation model for the AlbaCore Warrants and Additional AlbaCore Warrants were as follows:

	As of March 31, 2022	As of December 31, 2021
Underlying stock price (USD)	\$ 3.89	\$ 5.83
Exercise price (USD)	\$ 0.00004	\$ 0.00004
Volatility	74.1 %	71.6 %
Remaining term (years)	4.6	4.85
Risk-free rate	2.40 %	1.23 %

18. Subsequent Events

Unsecured Notes

Interest is payable on the Unsecured Notes semi-annually on May 4 and November 4 each year, with the first interest payment due on the six-month anniversary of the Note Closing Date on May 4, 2022. As of May 4, 2022, the interest payable on the Unsecured Notes was \$8.8 million. In accordance with the Note Subscription Agreement, Babylon elected to satisfy 50.00% of the interest payable by the issuance of further Unsecured Notes, which were immediately consolidated and formed into a single series with the outstanding Unsecured Notes. The remaining \$4.4 million of the interest payable was settled in cash.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Babylon Holdings Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Babylon Holdings Limited and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of profit and loss and other comprehensive loss, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company's dependency on its ability to raise further capital in the short term gives rise to significant doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2015.

London, United Kingdom
March 30, 2022

Babylon Holdings Limited

Consolidated Statement of Profit and Loss and Other Comprehensive Loss

	Notes	For the Year Ended December 31,		
		2021	2020*	2019*
		\$'000	\$'000	\$'000
Revenue	8	322,921	79,272	16,034
Cost of care delivery		(289,672)	(67,254)	(19,810)
Platform & application expenses	11	(42,829)	(38,137)	(23,569)
Research & development expenses	12	(47,534)	(54,711)	(51,205)
Sales, general & administrative expenses	13	(196,673)	(94,681)	(84,270)
Recapitalization transaction expense	15	(148,722)	—	—
Operating loss		(402,509)	(175,511)	(162,820)
Finance costs	14	(14,291)	(4,530)	(1,116)
Finance income	14	326	610	1,015
Change in fair value of warrant liabilities	29	27,811	—	—
Exchange gain / (loss)		868	(2,836)	17,075
Net finance income (expense)		14,714	(6,756)	16,974
Gain on sale of subsidiary	7	3,917	—	—
Gain on remeasurement of equity interest	6	10,495	—	—
Share of loss of equity-accounted investees		(2,602)	(1,124)	—
Loss before taxation		(375,985)	(183,391)	(145,846)
Tax benefit / (provision)	16	1,474	(4,639)	5,559
Loss for the financial year		(374,511)	(188,030)	(140,287)
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences		(1,702)	3,579	(9,693)
Other comprehensive gain / (loss) for the year, net of income tax		(1,702)	3,579	(9,693)
Total comprehensive loss for the year		(376,213)	(184,451)	(149,980)
Loss attributable to:				
Equity holders of the parent		(368,482)	(186,799)	(140,287)
Non-controlling interest		(6,029)	(1,231)	—
		(374,511)	(188,030)	(140,287)
Total comprehensive loss attributable to:				
Equity holders of the parent		(370,184)	(183,220)	(149,980)
Non-controlling interest		(6,029)	(1,231)	—
		(376,213)	(184,451)	(149,980)
Loss per share				
Net loss per share, Basic and Diluted	32	(1.36)	(0.77)	(0.58)
Weighted average shares outstanding, Basic and Diluted	32	271,321,253	242,935,770	241,903,166

* Restated to reflect reclassification of certain expense items described in Note 2.

The accompanying notes form an integral part of the financial statements.

Babylon Holdings Limited

Consolidated Statement of Financial Position

	Notes	As of December 31,	
		2021	2020
		\$'000	\$'000
ASSETS			
Non-current assets			
Right-of-use assets	25	7,844	2,572
Property, plant and equipment	17	24,990	1,334
Investments in associates	19	—	8,876
Goodwill	18	93,678	17,832
Other intangible assets	18	111,421	78,853
Total non-current assets		237,933	109,467
Current assets			
Right-of-use assets	25	3,999	1,942
Trade and other receivables	20	24,119	13,525
Prepayments and contract assets	20	26,000	8,841
Cash and cash equivalents	24	262,581	101,757
Assets held for sale	33	—	3,282
Total current assets		316,699	129,347
Total assets		554,632	238,814
EQUITY AND LIABILITIES			
EQUITY			
Ordinary share capital	28	16	10
Preference share capital	28	—	3
Share premium	28	922,897	485,221
Share-based payment reserve	28	80,371	32,185
Retained earnings		(837,986)	(469,504)
Foreign currency translation reserve	28	(27)	1,675
Total capital and reserves		165,271	49,590
Non-controlling interests		—	(1,231)
Total equity		165,271	48,359
LIABILITIES			
Non-current liabilities			
Loans and borrowings	26	168,601	—
Contract liabilities	8	70,396	57,274
Lease liabilities	25	8,442	2,011
Deferred grant income	22	7,236	7,488
Deferred tax liability	16	1,019	—
Total non-current liabilities		255,694	66,773
Current liabilities			
Trade and other payables	21	22,686	7,745
Accruals and provisions	21	36,856	18,636
Claims payable	23	24,628	3,890
	8	23,786	18,744
Contract liabilities			
Warrant liability	29	20,128	—
Lease liabilities	26	4,190	2,488
Deferred grant income	22	1,208	—
Loans and borrowings	26	185	70,357
Liabilities directly associated with the assets held for sale	33	—	1,822
Total current liabilities		133,667	123,682
Total liabilities		389,361	190,455
Total liabilities and equity		554,632	238,814

The accompanying notes form an integral part of the financial statements.

Babylon Holdings Limited

Consolidated Statement of Changes in Equity

		Share capital	Share premium	Share-based payment reserve	Retained earnings	Foreign exchange revaluation reserve	Equity attributable to owners of the parent company	Non- controlling Interest	Total equity
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1, 2019		10	76,833	7,302	(142,418)	7,789	(50,484)	—	(50,484)
Loss for the financial year		—	—	—	(140,287)	—	(140,287)	—	(140,287)
Foreign exchange movement		—	—	—	—	(9,693)	(9,693)	—	(9,693)
Issuance of shares	28	3	377,270	—	—	—	377,273	—	377,273
Equity-settled share-based payment transactions	27	—	—	7,966	—	—	7,966	—	7,966
Equity issuance costs		—	(11,048)	—	—	—	(11,048)	—	(11,048)
Effect of share redenomination		—	70	—	—	—	70	—	70
Balance at December 31, 2019		13	443,125	15,268	(282,705)	(1,904)	173,797	—	173,797
Loss for the financial year		—	—	—	(186,799)	—	(186,799)	(1,231)	(188,030)
Foreign exchange movement		—	—	—	—	3,579	3,579	—	3,579
Issuance of shares	28	—	11,907	—	—	—	11,907	—	11,907
Conversion of convertible debt	26, 28	—	30,189	—	—	—	30,189	—	30,189
Equity-settled share-based payment transactions	27	—	—	16,917	—	—	16,917	—	16,917
Balance at December 31, 2020		13	485,221	32,185	(469,504)	1,675	49,590	(1,231)	48,359
Loss for the financial year		—	—	—	(368,482)	—	(368,482)	(6,029)	(374,511)
Foreign exchange movement		—	—	—	—	(1,702)	(1,702)	—	(1,702)
Issuance of shares in the Merger and PIPE financing	5, 15, 28	2	347,021	—	—	—	347,023	—	347,023
Fair value of non-controlling interests upon consolidation	6	—	—	—	—	—	—	64,274	64,274
Acquisition of non-controlling interests	6	—	51,033	—	—	—	51,033	(57,014)	(5,981)
Equity issuance costs	15	—	(32,787)	—	—	—	(32,787)	—	(32,787)
Conversion of convertible debt	26, 28	1	69,999	—	—	—	70,000	—	70,000
Equity issued as consideration for acquisitions	6	—	2,349	—	—	—	2,349	—	2,349
Equity-settled share-based payment transactions	27	—	—	48,186	—	—	48,186	—	48,186
Issuance of shares in connection with option exercises		—	61	—	—	—	61	—	61
Balance at December 31, 2021		16	922,897	80,371	(837,986)	(27)	165,271	—	165,271

The accompanying notes form an integral part of the financial statements.

Babylon Holdings Limited

Consolidated Statement of Cash Flows

	Notes	For the Year Ended December 31,		
		2021	2020	2019
		\$'000	\$'000	\$'000
Cash flows from operating activities				
Loss for the year		(374,511)	(188,030)	(140,287)
<i>Adjustments to reconcile Loss for the year to net cash used in operating activities:</i>				
Recapitalization transaction expense	15	148,722	—	—
Share-based compensation	27	46,307	9,557	7,966
Depreciation and amortization	17, 18, 25	35,004	14,487	2,496
Change in fair value of warrant liabilities	29	(27,811)	—	—
Gain on remeasurement of equity interest	6	(10,495)	—	—
Finance costs	14	14,291	4,530	1,116
Gain on sale of subsidiary	7	(3,917)	—	—
Share of loss of equity-accounted investees		2,602	1,124	—
Taxation	16	(1,474)	4,639	(5,559)
Impairment expense	18	941	6,436	—
Exchange (gain) / loss		(868)	2,836	(17,075)
Finance income	14	(326)	(610)	(1,015)
		(171,535)	(145,031)	(152,358)
<i>Working capital adjustments</i>				
(Increase) / Decrease in trade and other receivables	20	(21,829)	738	(9,308)
Increase / (Decrease) in trade and other payables	8, 21	47,496	2,323	18,052
(Increase) / Decrease in assets held for sale	33	—	(3,282)	—
Increase / (Decrease) liabilities directly associated with the assets held for sale	33	—	1,822	—
Net cash used in operating activities		(145,868)	(143,430)	(143,614)
Cash flows from investing activities				
Development costs capitalized	18	(32,120)	(36,509)	(36,036)
Acquisitions, net of cash acquired	6	(13,798)	(25,671)	—
Capital expenditure	17	(8,103)	(719)	(1,915)
Purchase of shares in associates and joint ventures		(5,000)	(10,000)	—
Cash assumed upon consolidation through control		3,792	—	—
	7	2,213	—	—
Proceeds from sale of investment in subsidiary		(2,105)	—	—
Payment of lease deposit		326	673	1,015
Interest received	14	(54,795)	(72,226)	(36,936)
Net cash used in investing activities		(54,795)	(72,226)	(36,936)
Cash flows from financing activities				
Proceeds from issuance of notes and warrants	26	270,563	—	—
Proceeds from issuance of share capital	28	229,311	12,096	320,334
Repayment of cash loan	26	(82,000)	—	(1,231)
Payment of equity and debt issuance costs		(36,043)	(10,245)	(773)
Repayments of borrowings		(7,431)	—	—
Interest paid	14	(5,219)	(252)	(851)
Principal payments on leases	25	(4,156)	(1,541)	(1,228)
Payments to acquire non-controlling interests		(2,352)	—	—
Proceeds from issuance of convertible loan notes	26	—	100,000	51,064
Repayment of convertible loan notes		—	—	(14,794)
Other financing activities, net		(470)	—	—
Net cash provided by financing activities		362,203	100,058	352,521
Net increase / (decrease) in cash and cash equivalents		161,540	(115,598)	171,971
Cash and cash equivalents at January 1,		101,757	214,888	46,031
Effect of movements in exchange rate on cash held		(716)	2,467	(3,114)
Cash and cash equivalents at December 31,		262,581	101,757	214,888

The accompanying notes form an integral part of the financial statements.

The supplemental disclosure requirements for the Consolidated Statement of Cash Flows are as follows:

	For the Year Ended December 31,		
	2021	2020	2019
	\$'000	\$'000	\$'000
Non-cash financing and investing activities:			
Acquisition date fair value of Higi upon consolidation	86,043	—	—
Conversion of borrowings	70,000	—	—
Acquisitions of non-controlling interests	(54,662)	—	—
Fair value of warrants issued in Merger	(31,009)	—	—
Fair value of warrants issued in connection with Loans and borrowings	(16,930)	—	—
Equity and debt issuance costs in accruals and provisions	(4,521)	—	—
Equity issued as consideration for acquisitions	(2,349)	—	—
Share-based compensation expense capitalized in development costs	(1,879)	(7,616)	—

The accompanying notes form an integral part of the financial statements.

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

1. Corporate Information

Babylon Holdings Limited (the “Company,” “Babylon,” “we” or “our”) is incorporated, registered and domiciled in Jersey. The address of the registered office is 31 Esplanade, St. Helier, Jersey, JE1 1FT.

Babylon is a digital-first, value-based care healthcare company whose mission is to make high-quality healthcare accessible and affordable for everyone on Earth. Babylon is re-engineering healthcare, shifting the focus from sick care to proactive healthcare, in order to improve the overall patient experience and reduce healthcare costs. This is achieved by leveraging a highly scalable, digital-first platform combined with high quality, virtual clinical operations to provide integrated, personalized healthcare. Babylon works with governments, health providers and insurers across the globe, and support healthcare facilities from small local practices to large hospitals.

On June 3, 2021, Babylon announced it entered into a definitive merger agreement (the “Merger Agreement”) with Alkuri Global Acquisition Corp (“Alkuri”), a special purpose acquisition company (the “Merger”) following the unanimous approval of the Board of Directors of the Company and Alkuri. The transaction was consummated on October 21, 2021, and the combined company operates as Babylon and trades on the New York Stock Exchange. The Merger was accounted for as a recapitalization in accordance with IFRS 2, *Share-based Payments* (“IFRS 2”) as issued by the International Accounting Standards Board. Under this method of accounting, Babylon was treated as the “acquirer” company. This determination was primarily based on Babylon comprising the ongoing operations of the combined company and Babylon’s senior management comprising the senior management of the combined company. See Note 5 for additional discussion.

2. Basis of Preparation

These financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”).

The Group financial statements have been prepared on the historical cost basis and approved by the Directors in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. These Consolidated Financial Statements were authorized for issue on March 30, 2022.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in Note 3.

Going Concern

At December 31, 2021, the Group incurred a loss for the year of \$74.5 million (2020: loss of \$188.0 million, 2019: loss of \$140.3 million), which includes a Recapitalization transaction expense of \$148.7 million, and operating cash outflows of \$145.9 million (2020: \$143.4 million, 2019: \$143.6 million). As of December 31, 2021 the Group had a net asset position of \$165.3 million (2020: \$48.4 million). At December 31, 2021, the Group had cash and cash equivalents of \$262.6 million (2020: \$101.8 million). The Group has financed its operations principally through issuances of debt and equity securities and has a strong record of fundraising, including the closing of the Merger and PIPE Transaction (as defined below) on October 21, 2021 receiving proceeds of \$229.3 million (Note 5) and entering into a note subscription agreement for \$200.0 million on October 8, 2021 (Note 26). The Group requires significant cash resources to, among other things, fund working capital requirements, increase headcount, make capital expenditures, including those related to product development, and expand our business through acquisitions.

The directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements which indicate that when combined with additional borrowings we expect to receive at the end of March 2022 (Note 26), we have sufficient liquidity to fund our liabilities as they become due for the next twelve months if we continue with our planned growth strategy.

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

While there is no assurance that additional funds are available on acceptable terms, the directors believe that they will be successful in raising the additional capital needed to execute our planned growth strategy and to meet working capital and capital expenditure requirements that may fall due after March 2023. Based on this, we believe it remains appropriate to prepare our financial statements on a going concern basis.

However, the above indicates that there are material uncertainties (ability to fund raise further capital) related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, to continue realizing its assets and discharging its liabilities in the normal course of business.

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Funding Requirements

As of December 31, 2021, we had a net asset position of \$165.3 million (2020: \$48.4 million), including cash and cash equivalents of \$262.6 million (2020: \$101.8 million).

Our directors performed a going concern assessment for a period of twelve months from the date of approval of these financial statements to assess whether conditions exist that raise substantial doubt regarding the Company's ability to continue as a going concern. This assessment, when combined with additional borrowings we expect to receive at the end of March 2022 (Note 26), indicates we have sufficient liquidity to fund our liabilities as they become due for the next twelve months, but that additional funding is required to provide sufficient funds to meet our liabilities that may fall due beyond March 2023 if we continue with our planned growth strategy.

We believe that we will be successful in raising the additional capital we need to execute our planned growth strategy and to meet our working capital and capital expenditure requirements that may arise after March 2023. Based on this, we believe it remains appropriate to prepare our financial statements on a going concern basis.

Basis of Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. To determine whether the Group controls an entity, status of voting or similar rights, contractual arrangements and other specific factors are considered. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

Prior to December 31, 2021, the Group held certain rights in the form of purchase options to acquire additional equity interests in entities that it had an existing shareholding in. These rights are assessed as either substantive or protective in nature to conclude whether the Group exercises control over the entity. This assessment requires judgement relating to both the barriers that may prevent, and the extent to which the Group would benefit from, exercise of those rights and determines whether the Group should consolidate the entity.

In addition, the Company consolidates certain professional service corporations ("PCs") that are owned, directly or indirectly, and operated by appropriately licensed physicians. The Company maintains control of these PCs through contractual arrangements, which can include service agreements, financing agreements, equity transfer restriction agreements, and employment agreements, or a combination thereof, which are primarily established during the formation of the PCs. At inception, the contractual framework established between the Group and the PCs provides the Group with the power to direct the relevant activities in the conduct of the PC's non-clinical administrative and other non-clinical business activities. The physicians employed by the PC are exclusively in control of, and responsible for, all aspects of the practice of medicine for their patients. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and a substantive process and whether the acquired set has the ability to produce outputs.

Babylon Holdings Limited**Notes to the Consolidated Financial Statements**

Intercompany transactions, balances and unrealized gains on transactions between the Group's companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss and Other Comprehensive Loss, Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for using the equity method and are initially recognized at cost. The Consolidated Financial Statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of an investee.

Reclassifications

During the fourth quarter of 2021, the Group identified and corrected the classification of certain costs related to the below departments during the year ended December 31, 2020.

The reclassifications resulted in the following impact on the Consolidated Statement of Profit and Loss:

	For the Year Ended December 31, 2020		
	As previously reported	Adjustment	As reported
	\$'000	\$'000	\$'000
Platform & application expenses	(48,664)	10,527	(38,137)
Research & development expenses	(35,524)	(19,187)	(54,711)
Sales, general & administrative expenses	(103,341)	8,660	(94,681)
Operating loss	(175,511)	—	(175,511)
Loss for the financial year	(188,030)	—	(188,030)

The reclassifications also had an immaterial impact on the Consolidated Statement of Profit and Loss for the year ended December 31, 2019, which is not shown in the table above.

The Group has evaluated the effect of the reclassifications, both quantitatively and qualitatively, and concluded that the correction did not have a material impact on, nor require amendment of, any previously filed financial statements.

3. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. However, the resulting accounting estimates may differ from actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. No changes were made to the estimates and assumptions used in the last year.

Babylon Holdings Limited**Notes to the Consolidated Financial Statements**

The areas involving significant estimates or judgements are:

Business Combinations (Note 6)

We record tangible and intangible assets acquired and liabilities assumed in business combinations under the acquisition method of accounting. Acquisition consideration typically includes cash payments and equity issued as consideration. In acquisitions where no consideration is transferred, goodwill is measured based on the fair value of the acquiree. Amounts paid for each acquisition are allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition inclusive of identifiable intangible assets. The estimated fair value of identifiable assets and liabilities, including intangibles, are based on valuations that use information and assumptions available to management. We allocate any excess purchase price over the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed to goodwill. Significant management judgments and assumptions are required in determining the fair value of assets acquired and liabilities assumed, particularly acquired intangible assets, including estimated useful lives. The valuation of purchased intangible assets is based upon estimates of the future performance and discounted cash flows of the acquired business. Each asset acquired or liability assumed is measured at estimated fair value from the perspective of a market participant.

Revenue Recognition (Note 8)

Certain of the Group's contracts with customers include promises to transfer multiple services to a customer. The Group assesses the services promised in a contract and identifies distinct or bundled performance obligations in the contract. Identification of these performance obligations involves judgement to determine the promises and the ability of the customer to benefit independently from such promises. If multiple performance obligations are identified in the contract the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis, for which the Group recognizes revenue as or when the performance obligations under the contract are satisfied. Significant judgment is required to determine the stand-alone selling price for each distinct performance obligation and the determination may not always be discernible from past transactions or other observable evidence. We utilize several inputs when determining stand-alone selling price, including the price of services sold on a standalone basis, our overall pricing strategies, the cost of providing the service, market data and the geographic locations in which the service is provided.

The Group has determined that a portion of the transaction price under value-based care agreements is variable as it is dependent on factors such as the health of our members, our ability to realize savings in healthcare spend for those members and the achievement of certain quality performance metrics. The variable portion of our value-based care revenue is estimated using the most likely amount methodology and amounts are only included in revenue to the extent that it is highly probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. Value-based care revenue is recognized gross when it is assessed that the performance obligation relates to the whole of the patient journey with the Group responsible for arranging, providing and controlling the value-based care services provided to the attributed members. This is a significant judgement when assessing the performance obligation. For the year ended December 31, 2021, revenue related to value-based care arrangements totaling \$220.9 million (2020: \$26.0 million, 2019: \$0.0 million) was recognized gross.

Capitalization of Development Costs (Note 18)

The Group capitalizes expenditures for the development of technology to the extent that it is expected to meet the criteria in accordance with IAS 38, *Intangible Assets* ("IAS 38"). The decision to capitalize is based on significant judgments made by management, including the technical feasibility of completing the intangible asset so that it will be available for use or sale and assumptions used to demonstrate that the asset will generate probable future economic benefits (e.g., projected cash flow projections, discount rate). Development Costs of \$34.0 million (2020: \$43.0 million) were capitalized in the year based on a model whereby a percentage is allocated to employee related expenses based on the time spent on the development of assets. All employee expenses included in this balance relate to employees in the product and technology departments, and the percentage attributable varies dependent on the nature of the work performed and the type of asset being developed.

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

Impairment of Intangible Assets (Note 18)

The carrying values of our long-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. If any indication exists, then the asset's recoverable amount is estimated. Determining the recoverable amount is subjective and requires management to estimate future growth, profitability, discount and terminal growth rates, and project future cash flows, among other factors. Future events and changing market conditions may impact our assumptions as to prices, costs or other factors that may result in changes to our estimates of future cash flows.

If we conclude that a definite or indefinite long-lived intangible asset is impaired, we recognize a loss in an amount equal to the excess of the carrying value of the asset over its fair value at the date of impairment. The fair value at the date of the impairment becomes the new cost basis and will result in a lower depreciation expense than for periods before the asset's impairment.

Consolidation (Note 19)

Prior to December 31, 2021, the Group held certain rights in the form of purchase options to acquire additional equity interests in entities that it had an existing shareholding in. These rights are assessed as either substantive or protective in nature to conclude whether the Group exercises control over the entity. This assessment requires judgement relating to both the barriers that may prevent, and the extent to which the Group would benefit from, exercise of those rights and determines whether the Group should consolidate the entity.

Claims Payable (Note 23)

Claims payable includes estimates of our obligations for medical care services that have been rendered on behalf of our members, but for which claims have either not yet been received or processed, and loss adjustment expense reserve for the expected costs of settling these claims.

We utilize independent actuaries to develop estimates for medical expenses incurred but not yet paid ("IBNP") using actuarial processes that are applied on a systematic and consistent basis. These estimates use actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. These actuarial methods consider factors, such as historical data for payment patterns, seasonal variances, membership volume, as well as other medical cost trends. The independent actuaries provide us with reports that includes the results of their analysis of our medical claims liability. We do not solely rely on their report to adjust our claims liability. We utilize their calculation of our claims liability, together with management's judgment, to determine the assumptions to be used in the calculation of our liability for claims.

Claims payable includes claims reported but not yet paid, estimates for claims incurred but not reported, and estimates for the costs necessary to process unpaid claims at the end of each period. Each period, we re-examine previously established claims payable estimates based on actual claim submissions and other changes in facts and circumstances. As the Claims payable estimates recorded in prior periods develop, we adjust the amount of the estimates and include the changes in estimates in medical expenses in the period in which the change is identified.

Actuarial Standards of Practice generally require that the medical claims liability estimates be adequate to cover obligations under moderately adverse conditions. Moderately adverse conditions are situations in which the actual claims are expected to be higher than the otherwise estimated value of such claims at the time of estimate. In many situations, the claims amount ultimately settled will be different than the estimate that satisfies the Actuarial Standards of Practice. We include in our IBNP an estimate for medical claims liability under moderately adverse conditions, which represents the risk of adverse deviation of the estimates in its actuarial method of reserving.

We believe that Claims payable is adequate to cover future claims payments required. However, such estimates are based on knowledge of current events and anticipated future events. Therefore, the actual liability could differ materially from the amounts provided.

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

Classification of Warrants Assumed in the Merger (Note 29)

Warrants assumed in the Merger give the holder the right, but not the obligation to subscribe to the Company's Ordinary Shares at a fixed or determinable price for a specified period of five years. These instruments were considered to be part of the net assets acquired in the Merger and, therefore, have applied the provisions of debt and equity classification under IAS 32, *Financial Instruments: Presentation* ("IAS 32"). In the event of a tender or exchange offer made to and accepted by holders of more than 50% of the outstanding shares of the Company's common stock, all holders of the warrants would be entitled to receive cash for their warrants. Therefore, the warrants are accounted for as a financial liability, recognized at fair value upon the closing of the Merger, and subsequently remeasured at fair value through the Consolidated Statement of Profit and Loss.

4. Summary of Significant Accounting Policies

The consolidated Group financial statements have been prepared under the historical cost basis, as modified by the recognition of certain financial instruments measured at fair value and are presented in United States Dollar ("USD") which is the Group's presentation currency. All values are rounded to the nearest thousands, except where otherwise indicated.

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

Revenue Recognition

Revenue is primarily derived from the following sources: (1) capitation revenue from value-based care services, (2) software license fees for the provision of AI services, and (3) patient revenues from the provision of clinical services.

Revenue is recognized upon transfer of control of services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those services.

Contract assets are recognized when there is an excess of revenue earned over billings on contracts where the rights are conditional on something other than passage of time. Contract assets primarily relate to the Group's rights to consideration for work performed but subject to customer acceptance at the reporting date.

Income received in advance ("contract liability") is recognized when there are billings in excess of revenues earned for services rendered.

The Group's contracts with customers could include promises to transfer multiple services to a customer. The Group assesses the services promised in a contract and identifies distinct or bundled performance obligations in the contract. Identification of these performance obligations involves judgement to determine the promises and the ability of the customer to benefit independently from such promises. If multiple performance obligations are identified in the contract the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis, for which the Group recognizes revenue as or when the performance obligations under the contract are satisfied. Transaction prices are adjusted for the effects of a significant financing component if we expect, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that service will be more than one year.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how a customer consumes benefits as services are rendered, existence of enforceable rights to payment for performance to date, transfer of significant risks and rewards to the customer and acceptance of delivery of the service by the customer.

Value-based Care Revenue

Value-based care ("VBC") revenue consists primarily of per member per month ("PMPM") allocations for care management services by the Group under arrangements with various customers. Under the typical capitation arrangement, we are entitled to PMPM

Babylon Holdings Limited**Notes to the Consolidated Financial Statements**

fees to provide a defined range of VBC services to attributed members. PMPM fees are based upon fixed rates per member or a percentage of the per member premium of the health plan and are not dependent upon the volume of specific care services provided. In addition, the arrangements usually include payments dependent on factors such as the health of our members, our ability to realize savings in healthcare spend for those members and the achievement of certain quality performance metrics. Unlike clinical services revenue discussed below, the Group accepts partial or full financial risk (either global or professional) for members attributed to our VBC services in exchange for a fixed monthly allocation, which means we are responsible for the cost of all covered services provided to members.

In general, the Group considers all VBC revenue contracts as containing a single performance obligation to stand ready to provide managed VBC services to the attributed members. This performance obligation is satisfied over time as the Group stands ready to fulfill its obligation to the attributed members as a group. Accordingly, the Group recognizes revenue in the month in which attributed members are entitled to receive VBC services during the contract term.

Part of the consideration received under VBC revenue contracts is variable as the contracts contain provisions dependent on factors such as the health of our members, our ability to realize savings in healthcare spend for those members and the achievement of certain quality performance metrics. VBC revenue is estimated using the most likely amount methodology and amounts are only included in revenue to the extent that it is highly probable that a significant reversal of cumulative revenue will not occur once any uncertainty is resolved. Such uncertainties may only be resolved several months after the end of the reporting period because of the availability of sufficient reliable data relating to factors such as quality metrics, member specific attributes and healthcare service costs. Subsequent changes in VBC revenue and the amount of PMPM revenue to be recognized by the Company are reflected in subsequent periods.

VBC revenue is recognized gross when it is assessed that the performance obligation relates to the whole of the patient journey with the Group responsible for arranging, providing and controlling the VBC services provided to the attributed members, with expenses payable to other healthcare providers.

Software Licensing Revenue

Under IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") the Group must determine whether the Group's promise to grant a software license provides its customer with either a right to access the Group's intellectual property ("IP") or a right to use the Group's IP. A software license will provide a right to access the IP if there is significant development of the IP expected in the future, whereas for a right to use, the IP is to be used in the condition it is at the time the software license is signed and made available to the customer. Our license fee revenue consists of artificial intelligence ("AI") services that are provided on a continuous basis for the contractual period. Where we have determined that the customer obtains a right to access our AI services, we recognize revenue on a straight-line basis over the contractual term beginning when the customer has access to the service. Where we identify that the customer obtains a right to use license, we recognize revenue from the license upfront at the point in time at which the license is granted and the software is made available to the customer. Any contract specific revenue relating to localization of services prior to the commencement of software license term is not deemed to be distinct from the software license contract and is consequently also recognized over the software license term. Efforts to satisfy performance obligations are expended evenly throughout the performance period and so the performance obligation is considered to be satisfied evenly over time.

In some cases, we have concluded that upfront payments included in software license contracts with customers have a significant financing component considering the period between the upfront payment and the services provided, when the contract term is more than one year. As a result, the transaction price must be adjusted to account for the time value of money by using an appropriate discount rate. The discount rate utilized is determined based on the rate that would be reflected in a separate financing transaction with the customer. When a significant financing component exists, we recognize a contract liability for the entire upfront cash payment received, excluding the amount relating to the financing component from the transaction price. Additionally, interest expense is recognized over the duration of the contract under the amortized interest method.

Babylon Holdings Limited**Notes to the Consolidated Financial Statements*****Clinical Service Revenue***

Clinical service revenue represents clinical services provided to our business and private patients under an arrangement and is recognized when the services are rendered. Our clinical service fees are based on PMPM subscription fees and fees per appointment (“fee-for-service”). PMPM subscription fees give members access to our clinical services over the contractual period as set forth in the arrangement, recognized monthly based on the number of members covered by the plan in a given month. Fee-for-service is based on contracted rates determined in agreed-upon compensation schedules and is recognized when the services are rendered at a point in time. In arrangements where PMPM subscription fees are charged we assess whether any of the transaction price should be allocated to software licensing revenue and allocate on a contract by contract basis.

Cost of Care Delivery

Cost of care delivery primarily consists of claims costs from physicians and other health professionals in our provider network and costs incurred in connection with our provider network operations, including rent, insurance and other direct costs incurred in the delivery of patient care. Cost of care delivery is mainly driven by patient activity and required medical services that are relatively variable. Costs incurred relating to the delivery of VBC services is recognized as an expense within cost of care delivery over time as the expense is incurred.

Grant Income

We recognize income related to grants on a systematic and rational basis when it becomes probable that we have complied with the terms and conditions of the grant and in the period in which the corresponding costs or income related to the grant are recognized. We receive grants in the form of cash contributions towards outreach projects and tax credits for certain qualifying research and development expenditures. These grants are recognized as non-current deferred grant income liability, released either over the period of the grant contract or over the same period that the related capitalized development costs are amortized. The offset to the release of the long term deferred grant income liability is recognized as revenue for outreach grants and a reduction in Platform & application expenses for tax credits.

Platform & Application Expenses

Platform & application expenses are costs of revenue for our digital healthcare platform. These costs primarily include employee-related salaries, benefits, stock-based compensation, and contractor and consultant expenses that are engaged in providing professional services related to support and maintenance of the digital healthcare platform. These costs also include third-party application costs, hosting services, and other direct costs. The amortization of capitalized development costs are also included in Platform & application expenses.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and if the Group has sufficient resources to complete the development. Capitalized development costs are recorded as intangible assets and amortized from the point at which the development is complete, and the asset is available for use. Costs are capitalized based on a model whereby a percentage is allocated to employee related expenses based on the time spent on the development of assets. Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All employee expenses included in this balance relate to employees in the product and technology departments, and the percentage attributable varies dependent on the nature of the work performed and the type of asset being developed. Expenses that do not meet the criteria for capitalization are expensed as incurred within Platform & application expenses.

The technical feasibility of a new product is determined by a management team consisting of product, technology, and finance leads based on understanding the availability of adequate technical, financial and other resources required to develop the product. The commercial feasibility of a new product is determined by understanding how this product feeds into Babylon’s current offering. Commercial leads ascertain market interest by evaluating against existing and potential customer requirements. Feasibility is challenged with input from finance leads to verify the underlying financial implications of development and assess viability. Once the

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

technical and commercial feasibility has been established and the project has been approved for commencement, the project moves into the development phase.

As described in Note 3, development costs of \$34.0 million (2020: \$43.0 million) were capitalized during the year for those development and technology expenses that were deemed technologically feasible and probable of generating future economic benefits. During the period of development, the asset is tested for impairment at least annually.

Research & Development Expenses

Research & development expenses primarily included employee-related salaries, benefits, stock-based compensation, and contractor and consultant expenses that are engaged in performing activities to develop and improve the Group's digital healthcare platform. These costs also include third-party application costs, hosting services, and other indirect costs. Research costs and development costs that do not meet the criteria for capitalization are expensed as incurred within Research & development expenses.

Sales, General & Administrative Expenses

Sales, general & administrative expenses include employee-related expenses, contractors and consultants expense, stock-based compensation, property and facility related expenses, IT and hosting, marketing, training and recruiting expenses. Enterprise IT and hosting costs are primarily software subscriptions, domain and hosting costs. Our Sales, general & administrative expenses also include depreciation of property, fixtures and fittings and amortization of acquired intangible assets.

Claim Expenses and Claims Payable

Claims expense, presented within Cost of care delivery, and Claims payable includes costs for third party healthcare service providers who provide medical care to our members for which the Group is contractually obligated for financial risks relating to the medical services provided. The estimated reserve for IBNP claims is included in the liability for unpaid claims in the Consolidated Statement of Financial Position. Actual claims expense will differ from the estimated liability due to factors in estimated and actual member utilization of health care services, the amount of charges and other factors. We determine our estimates through a variety of actuarial models based on medical claims history to ensure our estimates represent the best, most reasonable estimate given the data available to us at the time the estimates are made.

Taxation

Tax on the Consolidated Statement of Profit and Loss for the year comprises current and deferred tax. Tax is recognized in the Consolidated Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Expenditures incurred for R&D activities have been claimed and will be reimbursed through the U.K. research and development expenditure credit scheme (the "RDEC Scheme"). Under the RDEC Scheme tax relief is given at 12.0% (up to April 1, 2020) and 13.0% (after April 1, 2020) of allowable R&D costs, which may result in a payable tax credit at an effective rate of 7.8% of qualifying expenditure for the year ended December 31, 2021. The Group recognizes the gross amount as Deferred grant income on the

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Notes to the Consolidated Financial Statements

Consolidated Statement of Financial Position and as a reduction to Platform & application expenses over the period of expected benefit from the expenditure. The related tax charge on the credit is recognized in the year of the tax credit.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

Net Loss Per Share

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of ordinary shares of the Group outstanding during the period. Diluted net loss per share is computed by giving effect to all potential ordinary shares, including outstanding stock options, warrants and convertible notes, to the extent dilutive. Basic and diluted net loss per share was the same for each period presented as the inclusion of all potential ordinary shares outstanding would have been anti-dilutive. We have included shares issuable for little or no cash consideration upon the satisfaction of certain conditions (contingently issuable shares), including options and warrants, within the computation of basic net loss per share as of the date that all necessary conditions have been satisfied (in essence, when issuance of the shares is no longer contingent).

Comprehensive Loss

Comprehensive loss consists of cumulative translation gains or losses. Unrealized gains or losses are net of any reclassification adjustments for realized gains and losses included in the Consolidated Statement of Profit and Loss.

Segment Reporting

IFRS 8, *Operating Segments* (“IFRS 8”) requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker (“CODM”). According to IFRS 8, the CODM represents a function whereby strategic decisions are made, and resources are assigned. The CODM function is carried out by the Group’s Chief Executive Officer.

Segment information is presented based on information used by the CODM in its decision-making processes. The CODM is responsible for the Group’s key strategic and business decisions and driving the direction and growth of the Group. These include but are not limited to international growth, new services, material business agreements and corporate and management structures. The CODM’s key decisions are based on the monthly management accounts in which segment information is presented on the basis of geographic areas. Each segment derives its revenues from software license fees for the provision of AI services, patient revenues from the provision of clinical services and VBC services provided by the segment which may differ from the geographic location of the customer. Earnings before depreciation, amortization, net finance income (costs), and income taxes (“EBITDA”) is used to measure performance of each segment because the Group believes that this information is most relevant in evaluating the results of the respective segments. The accounting policies for segment information, including transactions entered between segments are generally the same as those described in the summary of significant accounting policies. The CODM is not provided with total assets and liabilities by segment, and therefore the disclosures below do not include these measures.

Segment information is reported from a geographic presence perspective. The Group’s results are provided to CODM disaggregated by geographic region, including the United Kingdom (“UK”), the United States of America (“US”), Canada (until the disposal of our Canadian subsidiary), Rwanda, and Singapore. The Group assessed the geographical segments within the aggregation guidance provided in IFRS 8 and determined that the UK and U.S. segments each exceed the quantitative thresholds and represent individual reportable segments. The remaining geographical regions individually and in aggregate do not exceed the quantitative thresholds for reportable segments. Therefore, the UK and the U.S. segments are the Group’s reportable segments for the purposes of these Consolidated Financial Statements.

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Notes to the Consolidated Financial Statements

Business Combinations

The acquisition consideration is measured at fair value which is the aggregate of the fair values of the assets transferred, the liabilities incurred or assumed and the equity interests in exchange for control. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in the Consolidated Statement of Profit and Loss.

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. The allocation process requires an analysis of acquired contracts, customer relationships, contractual commitments, and legal contingencies to identify and record the fair value of all assets acquired and liabilities assumed. In valuing acquired assets and assumed liabilities, fair values are based on, but are not limited to, future expected cash flows, current replacement cost for similar capacity for certain fixed assets, market rate assumptions for contractual obligations, and appropriate discount rates and growth rates.

Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. Acquisition related costs are expensed as incurred and classified as Sales, general & administrative expenses in the Consolidated Statement of Profit and Loss.

Goodwill is capitalized as a separate item in the case of subsidiaries. Goodwill is denominated in the currency of the operation acquired.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the Consolidated Statement of Profit and Loss. When the Group increases its ownership interests held in one of its consolidated subsidiaries, any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings.

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

– Computer equipment	3 years
– Fixtures and fittings	3 – 5 years
– Deployed machinery	4 years

At the end of each reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Babylon Holdings Limited**Notes to the Consolidated Financial Statements**

When an asset is disposed of, the gain or loss is calculated by comparing proceeds received with its carrying amount and is recognized in the Consolidated Statement of Profit and Loss.

Other Intangible Assets

Intangible assets resulting from capitalized development costs in the normal course of business are recorded at historical cost. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are at least reviewed at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in Sales, general & administrative expenses.

The useful lives of the Group's intangible assets are:

– Development costs	1 – 10 years
– Developed technology	5 years
– Customer relationships	15 years
– Trade names	5 – 11 years
– Physician network	3 – 10 years
– Licenses	1 – 2 years

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss.

Goodwill

Goodwill is measured as described in “Business combinations” above. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized and is reviewed for impairment at least annually as of October 1 or more frequently if triggering events occur or impairment indicators exist. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (“CGUs”), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Trade Receivables

We use a forward-looking expected credit loss (“ECL”) model in determining our allowance for doubtful accounts as it relates to trade receivables, contract assets, and other financial assets. Our allowance is based on historical experience, and includes consideration of the aging of the receivables, the economic environment, industry trend analysis, and the credit history and financial conditions of the customers among other factors. We measure an impairment loss as the excess of the carrying amount over the present value of the estimated future cash flows discounted using the financial asset's original discount rate, and we recognize this loss in our Consolidated Statement of Profit and Loss. A financial asset is written-off or written-down to its net realizable value as soon as it is known to be impaired. We adjust previous write-downs to reflect changes in estimates or actual experience. Our allowance for doubtful accounts is not material.

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

Non-current Assets Held for Sale and Disposal Groups

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale,
- Management is committed to a plan to sell,
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn,
- An active program to locate a buyer has been initiated,
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and fair value less costs of disposal.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less from the date of purchase. As of December 31, 2021, the Group had restricted cash of \$0.3 million (2020: \$0.0 million).

Impairment of Non-financial Assets Excluding Deferred Tax Assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that carrying values may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal (market value) and value in use determined using estimates of discounted future net cash flows of the asset or group of assets to which it belongs. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Employee Benefits

Defined Contribution Plans

Obligations for contributions to defined contribution pension plans are recognized as an expense in the Consolidated Statement of Profit and Loss in the periods during which services are rendered by employees.

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Notes to the Consolidated Financial Statements

Short-term Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based Payment Transactions

The Group and the Company operates an equity compensation scheme. It issues equity settled share-based payments to both employees and non-employees within the Group, whereby services are rendered in exchange for rights to purchase shares of the Company, which are primarily composed of restricted stock awards and options. Non-employees include contractors and advisors.

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards, net of estimated forfeitures. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions (if applicable) are expected to be met, such that the amount ultimately recognized 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. Compensation expense associated with equity compensation awards is recognized on a straight-line basis over the requisite period. The forfeitures rate is estimated and revised at each reporting date based on historical actuals. 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.

Valuation of Ordinary Shares

As there has been no public market for the Group's ordinary shares prior to October 21, 2021, the estimated fair value of the ordinary shares has been determined by the Board of Directors as of the date of each grant, with input from management, considering the most recently available third-party valuations of the Group's ordinary shares, and the assessment of additional objective and subjective factors that they believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognized in the Consolidated Statement of Profit and Loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, United States Dollars, at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognized as other comprehensive loss.

Provisions

A provision is recognized in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be

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Notes to the Consolidated Financial Statements

required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Equity Issuance Costs

The Group recognizes incremental external costs directly attributable to an equity issuance transaction as a deduction from equity. Any transaction costs are therefore deducted from share premium where possible to do so.

Debt Issuance Costs

The Group recognizes incremental external costs directly attributable to a debt issuance transaction as a reduction of the carrying value of the related debt liability. The costs are amortized over the life of the debt using the effective interest rate method. The amortized costs are reported as Finance costs on the Consolidated Statement of Profit and Loss.

Leases

Our lease contracts primarily include real estate leases for buildings and are accounted for under IFRS 16 *Leases* (“IFRS 16”).

We assess whether a contract is or contains a lease, at inception of a contract. We recognize a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which we are the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, we recognize the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Financial Instruments

Derivatives

Derivatives are initially measured at fair value and are subsequently remeasured to fair value at each reporting date. Warrants are derivatives that give the holder the right, but not the obligation to subscribe to the Company’s Ordinary Shares at a fixed or determinable price for a specified period. Changes in fair value are recognized in Change in fair value of warrant liabilities in the Consolidated Statement of Profit and Loss.

For warrants that are tradeable, fair value is determined using market price on the NYSE under the ticker BBLN.W. For non-tradeable warrants, fair value is determined based on the terms of the warrants. For non-tradeable warrants with identical terms to the tradeable warrants, fair value is determined using market price of the tradeable warrants. For non-tradeable warrants with terms that are not identical to the tradeable warrants, fair value is determined using a Monte Carlo simulation that takes into account the exercise price, the term of the warrant, the underlying share price (BBLN) at the measurement date, the risk-free rate, and a volatility rate derived from peer group companies.

Loans and Borrowings

Interest-bearing loans and borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Convertible Loan Notes

Under IAS 32, the liability and equity components of convertible loan notes must be presented separately on the Consolidated Statement of Financial Position. If the conversion option exchanges a fixed number of shares for a fixed amount of cash (“fixed for fixed”) then it is classified as an equity instrument. The Group has examined the terms of each issue of convertible loan notes and determined their accounting treatment accordingly.

Babylon Holdings Limited**Notes to the Consolidated Financial Statements**

The Group considers loans where the holder on the principal amount, for which there is no obligation to settle in cash, is also recognized in the share premium reserve. Upon redemption of the instrument and the issue of share capital, the amount is reclassified from the share premium reserve to share capital and share premium.

The Group considers convertible loans where the holder does have the option to repay in cash or where there is not a fixed for fixed conversion feature to be convertible debt instruments with an embedded equity conversion feature and recognizes the principal of the loan note as a debt liability in the liabilities section of the Consolidated Statement of Financial Position and the equity conversion feature as an equity derivative instrument that is measured at fair value through profit or loss. The accrued interest on the principal amount is recorded as interest expense in the Consolidated Statement of Profit and Loss and as an increase in the debt liability. Upon redemption of the instrument and the issue of share capital, the amount is reclassified from the debt liability to share capital and share premium.

Fair Value Measurements

The accounting standard regarding fair value of financial instruments and related fair value measurements defines financial instruments and requires disclosure of the fair value of financial instruments held by the Group. The accounting standards define fair value, establish a three-level valuation hierarchy for disclosures of fair value measurement and enhance disclosure requirements for fair value measures. The three levels are defined as follow:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the fair value hierarchy by re-assessing categorization at the end of each reporting period.

The carrying amounts reported in the Consolidated Statement of Financial Position for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The Group does not have any other material assets or liabilities that are recognized at fair value on a recurring basis.

New Standards and Interpretations Not Yet Adopted

The following new and amended standards have been issued but have not been applied by the Group in these Consolidated Financial Statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- Amendments to References to the Conceptual Framework in IFRS 3: *Business Combinations*, Amendments to IAS 16: *Property, Plant and Equipment — Proceeds before Intended Use*, and Annual Improvements to IFRS Standards 2018-2020 (effective date January 1, 2022)
- Amendments to IAS 1: *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current*, Amendments to Disclosure of Accounting Policies in IAS 1: *Presentation of Financial Statements* and IFRS Practice Statement 2: *Making Materiality Judgements*, Amendments to Definition of Accounting Estimates in IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, and Amendments to Deferred Tax related to Assets and Liabilities arising from a Single Transaction in IAS 12: *Income Taxes* (effective date January 1, 2023)

Babylon Holdings Limited**Notes to the Consolidated Financial Statements**

- Amendments to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture in IFRS 10 *Consolidated Financial Statements* and IAS 28: *Investments in Associates and Joint Ventures* (effective date deferred indefinitely)

The adoption of the following new and amended standards may have a material effect on the financial statements. The Company is still assessing the impact.

- Amendments to IAS 37: *Onerous Contracts — Cost of Fulfilling a Contract* (effective date January 1, 2022)
- IFRS 17: *Insurance Contracts* (effective date January 1, 2023)

5. Alkuri Merger and PIPE Transaction

On June 3, 2021, we entered into the Merger Agreement with Alkuri, Alkuri's sponsor and the Founder and Chief Executive Officer of Babylon. The Merger Agreement provided for the Merger, and Alkuri and Babylon entered into subscriptions agreements (the "Subscription Agreements") with certain accredited investors (the "PIPE Investors") providing for issuance and the sale, in private placements, of an aggregate of 22,400,000 Class A Ordinary Shares to the PIPE Investors at a price of \$10.00 per share (the "PIPE Transaction"). The Merger and the PIPE Transaction closed on October 21, 2021 and were effectuated as follows:

- The shareholders of Alkuri, including Alkuri's sponsor, exchanged their equity interests for Class A Ordinary Shares of Babylon Holdings Limited. As Alkuri does not meet the definition of a business, the Merger was accounted for as a recapitalization in accordance with IFRS 2 with Babylon Holdings Limited being the accounting successor. At the closing of the Merger, Alkuri merged with and into Liberty USA Merger Sub, Inc., a new wholly owned subsidiary, with Alkuri continuing as the surviving company and a wholly owned subsidiary of Babylon Holdings Limited. Each Alkuri unit consisting of Alkuri common stock and warrants was automatically separated into its component securities without any action on the part of the holders of such units. Each share of Alkuri common stock was automatically converted into the right to receive one Class A Ordinary Share of Babylon Holdings Limited. Each warrant to purchase shares of Alkuri's common stock that was outstanding immediately prior to the Merger was assumed by the Company and automatically converted into a warrant to purchase Class A Ordinary Shares in the Company.
- Pursuant to the Merger Agreement, the Company issued 10,973,903 Class A Ordinary Shares to the shareholders of Alkuri (excluding the Sponsor Earnout Shares discussed below) and assumed warrants previously issued by Alkuri, consisting of 5,933,333 private placement warrants and 8,625,000 public warrants, which were converted into warrants to purchase 14,558,333 Class A Ordinary Shares ("Alkuri Warrants"). The warrants to purchase 14,558,333 Class A Ordinary Shares give the holder the right to purchase such shares at a fixed amount for a period of five years subject to the terms and conditions of the warrant agreement. The issuance of shares to shareholders and investors in Alkuri as part of the Merger resulted in a \$122.8 million increase in Share premium. The impact to Share capital was not material.
- As part of the Merger, Babylon issued 38,800,000 Class B Ordinary Shares to its Founder and Chief Executive Officer ("Stockholder Earnout") and 1,293,750 Class A Ordinary Shares to Alkuri's sponsor ("Sponsor Earnout Shares"), subject to transfer restrictions if and until milestones based on the trading price of the Class A Ordinary Shares on the New York Stock Exchange following the closing of the Merger are achieved (collectively "Earnout Shares"). The restrictions on the Earnout Shares are to be released in four equal portions subject to achieving milestones on the trading price of our Class A ordinary Shares on the New York Stock Exchange of \$12.50, \$15.00, \$17.50 and \$20.00 within and for specified time periods. In the event that such milestones are not met within and for the required time periods, all of the Earnout Shares for which the applicable milestone has not been met will be automatically converted into redeemable shares of Babylon, which Babylon can redeem for \$1.00. As continuing employment is not a condition for achievement of the Earnout Shares, it was concluded that the Earnout Shares were not compensatory in nature and should be accounted for as an equity transaction between parties to the Merger. Therefore, the Earnout Shares were reflected in the measurement of the Recapitalization transaction expense. See Note 15 for additional discussion.

Babylon Holdings Limited**Notes to the Consolidated Financial Statements**

- In exchange for the Class A Ordinary Shares and warrants issued to Alkuri, and the issuance of the Stockholder Earnout Shares and the Sponsor Earnout Shares, the Company received the net assets held by Alkuri of \$5.3 million, which was primarily composed of cash held in Alkuri's trust account of \$36.4 million and current liabilities of \$31.1 million. In accordance with IFRS 2, the difference between the fair value of the identifiable net assets contributed by Alkuri and the fair value of the equity instruments issued to the former Alkuri shareholders (including its sponsor) is treated as an expense, resulting in a Recapitalization transaction expense of \$148.7 million included within Operating loss.
- Concurrent with the Merger, the Company received proceeds of \$224.0 million through the private placement of Class A Ordinary Shares to the PIPE Investors, which included existing investors, Alkuri's sponsor, and other new investors in the PIPE Transaction. The PIPE Transaction has been treated as a capital contribution, which resulted in a \$224.2 million increase in Share premium. The impact to Share capital was not material.

Upon the closing of the Merger and PIPE Transaction, Babylon Holdings Limited became a publicly traded corporation, listing its Class A Ordinary Shares and its public warrants on the New York Stock Exchange under the ticker symbols BBLN and BBLN.W, respectively. Babylon incurred incremental transaction costs directly attributable to the issuance of shares to the shareholders of Alkuri pursuant to the Merger Agreement and to the PIPE Investors in the PIPE Transaction, which were reflected as a reduction in Share premium.

6. Acquisitions

As part of our business strategy, we have acquired, and may acquire in the future, certain businesses and technologies primarily to expand our service offerings.

Acquisitions in the Current Period***Higi***

Prior to October 29, 2021, Higi SH Holdings Inc. ("Higi"), a provider of digital healthcare services via a network of smart health stations in the United States, was accounted for as an associate because the Group was able to demonstrate significant influence through representation on the board and the power to participate in the financial and operating policy decisions. On November 1, 2021, the Group determined that through its option to acquire the outstanding shares of Higi, it possessed substantive rights which provided the Group with the power to exert control, not just significant influence, over Higi and thus, November 1, 2021 was determined to be the acquisition date with a 25% ownership interest.

On December 7, 2021, the Company exercised its option to acquire the remaining equity interest in Higi pursuant to the Second Amended and Restated Agreement and Plan of Merger dated October 29, 2021. The closing of this acquisition occurred on December 31, 2021. The exercise price of the option to acquire the remaining Higi equity stake included the payment of \$8.4 million of cash and the issuance of 3,412,107 Class A Ordinary Shares at the closing; the payment of \$7.4 million at the closing to satisfy the principal and interest payable by a subsidiary of Higi pursuant to a promissory notes including one in favor of ALP Partners Limited (further disclosed in Note 30), an entity owned by our founder and Chief Executive Officer; the future payment of up to \$0.3 million in cash and issuance of up to 490,782 additional Class A Ordinary Shares after the expiration of a 15-month indemnification holdback period, and the issuance of 1,980,000 restricted stock units for Higi continuing employees and consultants in respect of Class A Ordinary Shares. The Higi shareholders receiving our shares are subject to a lockup and were granted certain registration rights. The transfer of cash and shares upon exercise of the option to acquire the remaining non-controlling interest after November 1, 2021 was accounted for as an equity transaction between consolidated subsidiaries under IFRS 10, *Consolidated Financial Statements*.

We accounted for the consolidation of Higi using the acquisition method of accounting for business combinations achieved without the transfer of consideration, as control of Higi was obtained through contract. The fair value of the 74.7% non-controlling interest was estimated to be \$64.3 million. The most significant input to the fair value of the non-controlling interest in Higi was the transaction price, given the proximity of the legal closing of the transaction to the time control was obtained. Prior to consolidating Higi, the Company accounted for its 25.5% interest as an investment in an associate. The acquisition-date fair value of the previous equity interest was \$21.8 million, which resulted in a non-cash gain of \$10.5 million upon remeasurement of the equity interest in Higi.

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

prior to the business combination. The gain is included in Gain on remeasurement of equity interest in the Consolidated Statement of Profit and Loss.

The intangible assets acquired include developed technology, license agreements and licensed trade names. We estimated the fair values of the property, plant and equipment and license arrangements using a cost approach that reflects the costs necessary to replace the service capacity of the acquired assets. We estimated the fair value of developed technology utilizing the relief from royalty method. This form of the income approach utilizes management's estimates of future operating results and cash flows using a royalty rate that reflects market participant assumptions. The royalty rate used in the valuation of developed technology was 3%. We estimated the fair value of the trade name utilizing the relief from royalty method. This form of the income approach utilizes management's estimates of future operating results and cash flows using a royalty rate that reflects market participant assumptions. The royalty rate used in the valuation of the trade name was 1%. The income approaches described above utilize management's estimates of future operating results and cash flows using a weighted average cost of capital that reflects market participant assumptions. The group has recorded the excess of the aggregate acquisition date fair values of non-controlling interest and the interest the Group previously held in Higi over the fair value of net assets acquired as goodwill. The goodwill reflects our expectations of favorable future growth opportunities, anticipated synergies through the use of our digital healthcare platform, and the assembled workforce. We expect that the majority of the goodwill acquired in the acquisition will not be deductible for corporate income tax purposes.

Transaction related costs are included in Sales, general & administrative expenses in our Consolidated Financial Statements. Total transaction related costs incurred during the year ended December 31, 2021 were \$0.4 million.

We have performed a preliminary valuation analysis of the fair market value of the assets and liabilities of Higi upon consolidation. The final purchase price allocations will be determined when we have completed and fully reviewed the detailed valuations and could differ materially from the preliminary allocation. The final allocation may include changes of acquired intangible assets as well as goodwill and other changes to assets and liabilities, including deferred taxes. The estimated useful lives of acquired intangible assets are also preliminary.

The acquisition-date fair value of Higi has been allocated on a preliminary basis as follows:

	Recognized values on acquisition \$'000
Carrying value of existing equity interest	11,274
Gain on remeasurement of existing equity interest	10,495
Fair value of non-controlling interest	64,274
Acquisition date fair value of Higi	86,043
Accounts receivable	2,314
Property, plant and equipment	17,618
License arrangements	2,650
Trade names	3,100
Developed technology	5,900
Deferred tax liability	(730)
Other assets and liabilities, net	(5,983)
Net assets acquired	24,869
Goodwill	61,174

For the two months ended December 31, 2021, Higi contributed revenue of \$2.1 million and losses before tax of \$4.0 million to the Group's consolidated results. If the acquisition had occurred on January 1, 2021, management estimates that consolidated revenue for the year ended December 31, 2021 would have been \$331 million (higher by \$7.9 million) and consolidated losses before tax would have been \$390.0 million (higher by \$14.1 million). In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2021.

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Notes to the Consolidated Financial Statements

Meritage Medical Network

On April 1, 2021, the Group acquired all the outstanding equity interests of Meritage Medical Network (“Meritage”), a California professional corporation, for total consideration of \$16.1 million, of which \$27.9 million related to cash paid, net of \$14.1 million in cash acquired, and \$2.3 million related to the fair value of warrants issued to the former shareholders of Meritage. This acquisition is intended to expand the growth of our value-based care services to patients within the Meritage network.

We accounted for this acquisition under the acquisition method of accounting and have reported the results of operations as of the acquisition date. The intangible assets acquired include customer relationships, trade names, physician networks and a license. We estimated the fair value of customer relationship intangibles using an income approach, utilizing the excess earnings method for customer relationships. This form of the income approach utilizes management’s estimates of future operating results and cash flows using a weighted average cost of capital that reflects market participant assumptions. We estimated the fair value of trade names and the license using a cost approach that reflects the costs necessary to replace the service capacity of the acquired assets. We estimated the fair value of the trade name using an income approach, utilizing the relief from royalty method. This form of the income approach utilizes management’s estimates of future operating results and cash flows using a royalty rate that reflects market participant assumptions. Other significant judgements used in the valuation of tangible liabilities assumed in the acquisition included a valuation of the healthcare related liabilities acquired, which were primarily based on historical claims experience to estimate the liability on the acquisition date. The Group has recorded the excess of the fair value of the consideration transferred in the acquisitions over the fair value of net assets acquired as goodwill. The goodwill reflects our expectations of favorable future growth opportunities, anticipated synergies through the use of our digital healthcare platform and the assembled workforce. We expect that the majority of the goodwill acquired in the acquisition will not be deductible for corporate income tax purposes.

Acquisition related costs are included in Sales, general & administrative expenses in our Consolidated Financial Statements. Total acquisition related costs incurred for this acquisition during the year ended December 31, 2021 were \$0.2 million.

The estimated fair value of assets acquired as of the acquisition date were as follows:

	Recognized values on acquisition \$’000
Cash paid, net of cash acquired	13,798
Issuance of warrants	2,349
Aggregate purchase price	16,147
Accounts receivable	751
Customer relationships	11,600
Physician’s network	3,500
Trademark	1,900
License	590
Claims payable	(13,436)
Deferred tax liability	(2,610)
Other assets and liabilities, net	(817)
Net assets acquired	1,478
Goodwill	14,669

For the nine months ended December 31, 2021, Meritage contributed revenue of \$53.0 million and losses before tax of \$15.5 million to the Group’s consolidated results. If the acquisition had occurred on January 1, 2021, management estimates that consolidated revenue would have been \$339.4 million (higher by \$16.5 million) and consolidated losses before tax would have been \$376.1 million (higher by \$0.1 million) for the year ended December 31, 2021. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2021.

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

Health Innovators, Inc.

In fiscal year 2019, the Group acquired preference shares in Health Innovators Inc. for initial consideration of \$4.0 million satisfied in cash. As a result, the Group has rights associated with the ownership of \$56.7 million shares (approximately 80% ownership), subject to further investments, repurchase by Health Innovators Inc. if further investments were not made, and restrictions and limitations in Health Innovators Inc.'s charter and the stock purchase agreement through which the Group made its investment. Additionally, the Group has power over the investee, exposure and rights to variable returns and the ability to influence returns, giving the group control over the investee.

Babylon Holdings Limited has the option to increase their investment in stages, exercisable for a period of 4-years. The investment option is considered a derivative and has no impact to the Consolidated Financial Statements given it is eliminated upon consolidation.

Management has elected to recognize non-controlling interest ("NCI") on the proportionate basis. In the event of a liquidation, Babylon has a preferential right to recover amounts invested prior to any distribution to other shareholders or Babylon will receive its percentage of net assets of Health Innovators, whichever is greater. On the acquisition date, the net assets of Health Innovators were valued at \$3.9 million which was less than the priority payment of \$4.0 million. Net assets at December 31, 2020 and December 31, 2021 were lower than Babylon's total investment at that date. As a result, in the Consolidated Statement of Financial Position as of December 31, 2020 and December 31, 2021, Babylon consolidated 100% of Health Innovators Inc.'s net assets and no NCI has been recognized.

In fiscal year 2020, Babylon invested further in Health Innovators Inc. for consideration of \$6.6 million satisfied in cash resulting in approximately 80% ownership. In December 2021, Babylon acquired all of the remaining outstanding equity interests of Health Innovators Inc. in exchange for 247,112 Babylon Class A Ordinary Shares. The transaction was accounted for as an equity transaction between consolidated subsidiaries and did not have a material impact on the Consolidated Financial Statements.

Fiscal Year 2020 Acquisitions

On October 1, 2020, the Group entered into an Asset Purchase Agreement to acquire the contracts of the Fresno Health Care business of FirstChoice Medical Group (together, "Fresno") for \$25.7 million of cash consideration. The acquisition of the contracts and transfer of related operational processes is required to be accounted for under IFRS 3. The Group incurred \$0.7 million of direct costs for legal, financial advisory, tax, and other services related to the transaction. These are operating costs which have been expensed to Sales, general & administrative expenses during the period in which they were incurred and are final.

The fair value of assets acquired as of the acquisition date were as follows:

	Recognized values on acquisition \$'000
Acquiree's net assets at the acquisition date:	
Intangible assets	7,900
Right-of-use asset	153
Lease liability	(153)
Net identifiable assets and liabilities	7,900
Goodwill	17,771
Consideration paid	25,671

The assets acquired include customer relationships, trademarks and trade names, and physician networks. To determine the fair value of the acquired assets the Company used the present value of future cash flows for customer relationships, the expected revenue attributable over ten years with a 0.5% royalty rate and 10% discount rate for trademarks and trade names, and the expected replacement costs over two years for physician networks.

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

The purchase price of \$25.7 million exceeded the fair value of the net assets acquired from Fresno by \$17.8 million and was recorded as goodwill, which has been allocated to the Fresno CGU. Goodwill represents benefits from Fresno's assembled workforce and expected synergies and has been calculated by subtracting the fair value of net assets acquired from the consideration paid.

Total revenues attributable to the assets acquired from Fresno since the acquisition were \$6.1 million for the year ended December 31, 2020. Net loss attributable to the assets acquired from Fresno since the acquisition was \$2.8 million for the year ended December 31, 2020. If the acquisition had occurred on January 1, 2020, management estimates that consolidated revenue would have been \$128.3 million (higher by \$49.0 million) and consolidated losses would have been \$179.4 million (lower by \$4.0 million) for the year ended December 31, 2020. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2020.

7. Disposals of Subsidiaries

On January 14, 2021, the Group entered into a Share Purchase Agreement ("SPA") with TELUS Corporation ("TELUS"), a Canadian publicly traded holding company which is the parent of various telecommunication subsidiaries, for the sale of the Babylon Health Canada Limited business. The entire issued share capital of Babylon Health Canada Limited was transferred to TELUS for a base price of \$1.8 million in Canadian dollars ("CAD"), which has been adjusted for working capital and net indebtedness. An additional \$3.5 million CAD payment was made by TELUS that was attributable to a partial repayment of an Intercompany Loan due from Babylon Canada to Babylon Partners Limited. The remaining amount of the Intercompany loan was forgiven immediately prior to the execution of the SPA.

Effect of disposal:

	For the Year Ended December 31, 2021 \$'000
Cash and cash equivalents	(57)
Prepayments and contract assets	(1,322)
Property, plant and equipment	(922)
Right-of-use assets	(797)
Trade and other receivables	(619)
Accruals and provisions	658
Lease liabilities	837
Borrowings	3,075
Trade and other payables	588
Net assets and liabilities derecognized	1,441
Consideration received	2,344
Working capital adjustment	132
Gain on disposal	3,917

There were no disposals of subsidiaries in the years ended December 31, 2020 and 2019.

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Notes to the Consolidated Financial Statements

8. Revenue

i) Disaggregation of Revenue

	For the Year Ended December 31,		
	2021	2020	2019
	\$'000	\$'000	\$'000
Value-based care	220,852	26,038	—
Software licensing	60,052	24,603	2,002
Clinical services	42,017	28,631	14,032
	322,921	79,272	16,034

In January 2021, we entered into a License and Support Agreement (“License Agreement”) with TELUS. As part of the License Agreement, the Group received an upfront payment of \$66.9 million in exchange for the right to use the Company’s digital healthcare platform (“Software Platform”), specified upgrades to be delivered over a 24-month period, post-contract support (“PCS”), and a right to access enhancements to the Group’s Software Platform over a period of seven years. We identified that the License Agreement included multiple performance obligations and allocated the transaction price to the separate performance obligations on a relative standalone basis. We determined the standalone selling prices based on our overall pricing objectives, taking into consideration market inputs and entity specific factors, including standalone selling prices when available. We also concluded that the upfront payment included a significant financing component. As a result, the transaction price was adjusted to account for the time value of money and interest expense will be recognized over the duration of the contract.

ii) Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	As of December 31,	
	2021	2020
	\$'000	\$'000
Trade receivables (Note 20)	8,278	4,674
Contract assets (Note 20)	4,484	2,378
Contract liabilities (Note 8 iii)	94,182	76,018

The contract assets primarily relate to the Group’s rights to consideration for work performed but subject to customer acceptance at the reporting date. There was no impact on contract assets as a result of acquisition of subsidiaries. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The Group’s customers generally pay for invoices in the month following the issuance date.

iii) Transaction Price Allocated to the Remaining Performance Obligations

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

	2022	2023	2024	2025	2026 and beyond	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As of December 31, 2021	23,786	18,918	19,349	17,852	14,277	94,182

Babylon Holdings Limited**Notes to the Consolidated Financial Statements**

The table below shows significant changes in contract liabilities:

	2021	2020
	\$'000	\$'000
Balance on January 1	76,018	81,584
Amounts billed but not recognized	61,176	18,080
Revenue recognized	(43,012)	(23,646)
Balance on December 31	94,182	76,018

No revenue was recognized from performance obligations satisfied (or partially satisfied) in previous periods.

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Notes to the Consolidated Financial Statements

9. Segment Information

Below is a summary of the Group's segments and a reconciliation between the results from operations as per segment information and the results from operations as per the Consolidated Statements of Profit and Loss.

	For the Year Ended December 31, 2021					Total as per statement of profit and loss
	UK	US	All other segments	Total segments	Reconciliation adjustments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	88,967	232,296	1,610	322,873	48	322,921
Inter-segment revenue	2,205	(3,964)	1,756	(3)	3	0
Segment revenue	91,172	228,332	3,366	322,870	51	322,921
Cost of care delivery	(41,542)	(253,998)	(1,590)	(297,130)	7,458	(289,672)
Other operating expenses, excluding amortization and depreciation	(114,975)	(105,602)	(171,951)	(392,528)	(8,226)	(400,754)
Change in fair value of warrant liabilities	—	—	27,811	27,811	—	27,811
Exchange (loss) / gain	(1,844)	189	1,390	(265)	1,133	868
Gain on sale of subsidiary	—	—	2,687	2,687	1,230	3,917
Gain on remeasurement of equity interest	—	—	10,495	10,495	—	10,495
Share of loss of equity-accounted investees	—	(2,602)	—	(2,602)	—	(2,602)
Segment EBITDA	(67,189)	(133,681)	(127,792)	(328,662)	1,646	(327,016)
Depreciation and amortization						(35,004)
Change in fair value of warrant liabilities						(27,811)
Exchange gain						(868)
Gain on sale of subsidiary						(3,917)
Gain on remeasurement of equity interest						(10,495)
Share of loss of equity-accounted investees						2,602
Operating loss						(402,509)

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Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

	UK	US	All other segments	Total segments	Reconciliation adjustments	Total as per statement of profit and loss
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	44,000	32,226	2,968	79,194	78	79,272
Inter-segment revenue	1,194	(3,094)	1,766	(134)	134	0
Segment revenue	45,194	29,132	4,734	79,060	212	79,272
Cost of care delivery	(34,600)	(34,381)	(7,205)	(76,186)	8,932	(67,254)
Other operating expenses, excluding amortization and depreciation	(127,762)	(27,190)	(3,990)	(158,942)	(14,100)	(173,042)
Exchange (loss) / gain	403	(246)	17,060	17,217	(20,053)	(2,836)
Share of loss of equity-accounted investees	—	—	(1,124)	(1,124)	—	(1,124)
Segment EBITDA	(116,765)	(32,685)	9,475	(139,975)	(25,009)	(164,984)
Depreciation and amortization						(14,487)
Exchange loss						2,836
Share of loss of equity-accounted investees						1,124
Operating loss						(175,511)

For the Year Ended December 31, 2019

	UK	US	All other segments	Total segments	Reconciliation adjustments	Total as per statement of profit and loss
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	14,633	—	1,410	16,043	(9)	16,034
Inter-segment revenue	4,081	(2,669)	(1,382)	30	(30)	—
Segment revenue	18,714	(2,669)	28	16,073	(39)	16,034
Cost of care delivery	(25,707)	(160)	(373)	(26,240)	6,430	(19,810)
Other operating expenses, excluding amortization and depreciation	(119,895)	(23,273)	(5,340)	(148,508)	(8,040)	(156,548)
Exchange (loss) / gain	314	(83)	16,584	16,815	260	17,075
Segment EBITDA	(126,574)	(26,185)	10,899	(141,860)	(1,389)	(143,249)
Depreciation and amortization						(2,496)
Exchange gain						(17,075)
Operating loss						(162,820)

Reconciliation adjustments include allocation and classification differences of costs between management accounts and statutory reporting, reversals of inter-segment revenue and foreign exchange variances.

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

Major Customers

Below is a summary of the revenue derived from the Group's major customers:

	For the Year Ended December 31,					
	2021		2020		2019	
	\$'000	% of revenue	\$'000	% of revenue	\$'000	% of revenue
Customer 1	119,785	37.1 %	11,918	15.0 %	2,215	13.8 %
Customer 2	39,764	12.3 %	9,706	12.3 %	2,465	15.4 %
Customer 3	38,705	12.0 %	9,505	12.0 %	5,607	34.9 %
Customer 4	N/A	N/A	14,937	18.9 %	N/A	N/A

Geographical Information

Revenue from external customers attributed to individual countries is summarized as follows:

	For the Year Ended December 31,		
	2021	2020	2019
	\$'000	\$'000	\$'000
UK	35,490	28,827	12,189
US	232,708	32,689	—
Asia-Pacific	14,965	11,585	2,215
Canada	38,705	3,207	564
Rest of World	1,053	2,964	1,066
Total	322,921	79,272	16,034

In 2021 38.3% (\$92.6 million) and 61.1% (\$147.8 million) of non-current assets of the Group are derived from and located within the UK and US, respectively. In 2020 64.8% (\$70.9 million) and 34.5% (\$37.8 million) of non-current assets of the Group are derived from and located within the UK and US, respectively.

In 2021 84.5% (\$7.0 million) and 11.0% (\$0.9 million) of total Group trade receivables were attributable to the UK and US, respectively. In 2020 47.6% (\$2.2 million) and 50.1% (\$2.3 million) of total Group trade receivables were attributable to the UK and US, respectively.

10. Employee Benefits Expense

	For the Year Ended December 31,		
	2021	2020	2019
	\$'000	\$'000	\$'000
Wages and salaries	148,728	108,018	57,388
Social security and pension contributions	17,118	13,404	8,254
Share-based compensation	46,307	9,557	7,966
Total	212,153	130,979	73,608

Of the total employee benefits expense, \$62.3 million (2020: \$34.5 million, 2019: \$3.7 million) has been recognized in Cost of care delivery, \$6.9 million (2020: \$8.8 million, 2019: \$7.2 million) in Platform & application expenses, \$42.9 million (2020: \$53.3 million, 2019: \$36.6 million) in Research & development expenses, and \$100.1 million (2020: \$34.4 million, 2019: \$26.0 million) in Sales, general & administrative expenses.

During 2021, the Group capitalized employee costs of \$34.0 million (2020: \$43.0 million, 2019: \$36.0 million) as development costs.

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Notes to the Consolidated Financial Statements

Average Staff Numbers

	For the Year Ended December 31,		
	2021	2020	2019
Engineers	427	515	670
Sales & marketing	89	88	108
Finance, HR & legal	242	146	178
Clinical operations	856	586	476
Clinicians	959	773	124
Total	2,573	2,108	1,556

11. Platform & Application Expenses

	For the Year Ended December 31,		
	2021	2020*	2019*
	\$'000	\$'000	\$'000
Employee benefits	6,873	8,800	7,225
Depreciation and amortization	16,842	11,088	1,182
IT and hosting costs	14,760	8,660	6,621
Contractors and consultants expense	1,941	3,010	7,381
Impairment	941	6,436	—
Other	1,472	143	1,160
Total	42,829	38,137	23,569

* Restated to reflect reclassification of certain expense items described in Note 2.

12. Research & Development Expenses

	For the Year Ended December 31,		
	2021	2020*	2019
	\$'000	\$'000	\$'000
Employee benefits	42,877	53,332	36,630
Contractors and consultants expense	3,917	645	14,752
Other	740	734	(177)
Total	47,534	54,711	51,205

* Restated to reflect reclassification of certain expense items described in Note 2.

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

13. Sales, General & Administrative Expenses

	For the Year Ended December 31,		
	2021	2020*	2019*
	\$'000	\$'000	\$'000
Employee benefits expense	100,095	34,362	26,020
Professional fees	19,200	8,645	4,469
IT and hosting costs	16,430	11,559	9,988
Depreciation and amortization	16,222	3,399	1,315
Marketing	9,982	6,575	7,691
Insurance	9,598	4,172	2,444
Contractors and consultants expense	7,425	2,501	7,008
Staffing, training and recruitment	6,321	3,494	6,393
Property related expenses	5,677	8,651	10,214
Local taxes	2,311	2,359	2,321
Office and clinical supplies	1,119	2,120	2,362
Other	2,293	6,844	4,045
Total	196,673	94,681	84,270

* Restated to reflect reclassification of certain expense items described in Note 2.

14. Finance Income and Costs

	For the Year Ended December 31,		
	2021	2020	2019
	\$'000	\$'000	\$'000
Finance costs(i)	(14,291)	(4,530)	(1,116)
Finance income(ii)	326	610	1,015
Change in fair value of warrant liabilities	27,811	—	—
Exchange gain / (loss)	868	(2,836)	17,075
Net finance income (expense)	14,714	(6,756)	16,974

(i) The following items are included under finance costs:

	For the Year Ended December 31,		
	2021	2020	2019
	\$'000	\$'000	\$'000
Interest payable	10,234	252	851
Interest on leases	617	572	265
Interest on contract liabilities	3,440	3,706	—
Total finance costs	14,291	4,530	1,116

(ii) In 2021, 2020 and 2019 finance income related to interest received

15. Recapitalization Transaction Expense

As discussed in Note 5, the Merger resulted in a non-cash Recapitalization transaction expense. The Company issued Class A Ordinary Shares and warrants with a combined fair value of \$153.8 million to Alkuri's shareholders (including its sponsor), based on the opening prices of Babylon Holdings Limited Class A Ordinary Shares and warrants as reported by the New York Stock Exchange on October 22, 2021 of \$10.01 and \$2.13, respectively. In exchange for the Class A Ordinary Shares and warrants issued to Alkuri, and the issuance of the Stockholder Earnout Shares and the Sponsor Earnout Shares, the Company received identifiable net assets with a fair value of \$5.3 million. The fair value of the Class A Ordinary Shares and warrants in excess of the fair value of identifiable net assets contributed by Alkuri resulted in a Recapitalization transaction expense of \$148.5 million in accordance with IFRS 2. This one-

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Notes to the Consolidated Financial Statements

time expense as a result of the Merger of \$148.5 million, is recognized as Recapitalization transaction expenses in the Consolidated Statement of Profit and Loss.

As continuing employment is not a condition for achievement of the Stockholder Earnout Shares, it was concluded that the Stockholder Earnout Shares issued in the transaction were not compensatory in nature, but instead were part of an equity transaction between parties to the Merger. The Stockholder Earnout Shares are accounted for as part of the Merger and reflected in the stock price of \$10.01 used in the measurement of the Recapitalization transaction expense under IFRS 2. The Sponsor Earnout Shares have been included within Alkuri Ordinary in the table below, and the Stockholder Earnout Shares have been included through their direct impact to the opening share price used to determine the fair value of shares exchanged.

In addition, the Company incurred a non-cash Recapitalization transaction expense relating to the PIPE Transaction. The fair value of the equity instruments issued to the PIPE investors was \$224.2 million. In exchange, the Company received cash of \$224.0 million. The excess of the fair value of equity instruments issued over the cash acquired of \$0.2 million has also been recorded as a non-cash IFRS 2 expense.

The following table displays the calculation of the Recapitalization transaction expense:

	Amount	Number of
	\$'000	shares/warrants
(a) Alkuri Ordinary Shares		12,267,653
(b) Opening price of Babylon Ordinary Shares on NYSE as of October 22, 2021	10.01	
(c) Fair value of Company shares issued to Alkuri shareholders (a*b)	122,799	
(d) Outstanding Alkuri Warrants on October 22, 2021		14,558,333
(e) Opening price of Babylon Warrants on NYSE as of October 22, 2021		
Public warrants	2.13	8,625,000
Private placement warrants	2.13	5,933,333
(f) Fair value of outstanding Alkuri Warrants (d*e)	31,009	
Total fair value of Alkuri Ordinary Shares and Alkuri Warrants (c+f)	153,808	
Alkuri's identifiable net assets	5,310	
IFRS 2 Expense on the closing date	148,498	
PIPE Transaction		
(a) PIPE Ordinary Shares		22,400,000
(b) Opening price of Babylon Ordinary Shares on NYSE as of October 22, 2021	10.01	
(c) Fair value of Company shares issued to PIPE investors (a*b)	224,224	
PIPE's identifiable net assets	224,000	
IFRS 2 Expense on the closing date	224	
Total IFRS 2 Expense	148,722	
Total cash proceeds received	229,311	
Expense of share issue	(32,787)	
Cash proceeds	196,524	

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16. Taxation

Recognized in the Consolidated Statement of Profit and Loss

	For the Year Ended December 31,		
	2021	2020	2019
	\$'000	\$'000	\$'000
Current tax			
Current tax on loss for the period	801	569	(3,457)
Adjustments to tax in respect of previous periods	31	4,070	(2,102)
Total current tax	832	4,639	(5,559)
Deferred tax			
Origination and reversal of timing differences	(2,306)	—	—
Total deferred tax	(2,306)	—	—
Tax (benefit) provision	(1,474)	4,639	(5,559)

Analysis of tax recognized in the Consolidated Statement of Profit and Loss

	For the Year Ended December 31,		
	2021	2020	2019
	\$'000	\$'000	\$'000
Loss before tax	(375,985)	(183,391)	(145,846)
Tax on loss on ordinary activities at standard CT rate (19.00%)	(71,437)	(34,844)	(27,711)
State and local income taxes, net of federal benefit	(320)	—	—
Benefit of foreign operations	(218)	—	—
Deferred tax not recognized	38,563	31,271	25,552
Expenses not deductible for tax purposes	33,512	4,142	187
Non-taxable income	(11,003)	—	—
Change in fair value of warrants	8,903	—	—
Tax arising on share in associates	495	—	—
Adjustments to tax in respect of previous periods	31	4,070	(2,102)
All other, net	—	—	(1,485)
Tax (benefit) provision	(1,474)	4,639	(5,559)

A reduction in the UK corporation tax rate from 19.0% to 17.0% (effective April 1, 2020) was substantively enacted on September 6, 2016. The March 2020 Budget announced that a rate of 19.0% would continue to apply with effect from April 1, 2020, and this change was substantively enacted on March 17, 2020. An increase in the UK corporation rate from 19.0% to 25.0% (effective April 1, 2023) was substantively enacted on May 24, 2021. This will increase the Company's future tax charge accordingly. The deferred tax liability at December 31, 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19.0%).

Unrecognized deferred tax assets

Due to uncertainty over future profitability, a deferred tax asset of \$179.3 million (2020: \$80.8 million) relating to losses and other deductions, as well as intangible asset and short-term timing differences, has not been recognized. The unrecognized deferred tax assets in each jurisdiction have been measured using the rates that would be expected to apply in the periods when the underlying timing differences, on which deferred tax is computed, are expected to unwind.

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17. Property, Plant and Equipment

	Computer Equipment	Fixtures and Fittings	Deployed Machinery	Total
	\$'000	\$'000	\$'000	\$'000
<i>Cost</i>				
Balance at January 1, 2020	2,463	390	—	2,853
Additions	308	411	—	719
Reclassification to assets held for sale	—	(621)	—	(621)
Effect of movements in foreign exchange	89	—	—	89
Balance at December 31, 2020	2,860	180	—	3,040
Balance at January 1, 2021	2,860	180	—	3,040
Additions	2,830	5,273	—	8,103
Acquisitions through business combinations	105	41	17,618	17,764
Effect of movements in foreign exchange	(107)	(103)	—	(210)
Balance at December 31, 2021	5,688	5,391	17,618	28,697
	Computer Equipment	Fixtures and Fittings	Deployed Machinery	Total
	\$'000	\$'000	\$'000	\$'000
<i>Depreciation</i>				
Balance at January 1, 2020	991	61	—	1,052
Depreciation	931	3	—	934
Effect of movements in foreign exchange	(346)	66	—	(280)
Balance at December 31, 2020	1,576	130	—	1,706
Balance at January 1, 2021	1,576	130	—	1,706
Depreciation	1,255	81	750	2,086
Effect of movements in foreign exchange	(76)	(9)	—	(85)
Balance at December 31, 2021	2,755	202	750	3,707
<i>Net book value</i>				
At January 1, 2020	1,472	329	—	1,801
At December 31, 2020 and January 1, 2021	1,284	50	—	1,334
At December 31, 2021	2,933	5,189	16,868	24,990

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18. Intangible Assets and Goodwill

The changes in the carrying amount of goodwill and intangible assets for the years ended December 31, 2021 and 2020 were as follows:

	Goodwill	Development	Intangibles	Customer	Trademarks	Physician	Licenses	Total Other
	\$'000	Costs	under	Relationships	\$'000	Networks	\$'000	Intangible
		\$'000	Development	\$'000	\$'000	\$'000	\$'000	Assets
			\$'000	\$'000				(Excluding
								Goodwill))
								\$'000
<i>Cost</i>								
Balance at January 1, 2020	61	15,558	28,873	—	—	—	—	44,431
Acquisitions through business combinations	17,771	—	—	3,100	3,300	1,500	—	7,900
Additions	—	940	43,027	—	—	—	—	43,967
Transfers	—	51,932	(51,932)	—	—	—	—	—
Effect of movements in foreign exchange	—	632	1,170	—	—	—	—	1,802
Balance at December 31, 2020	17,832	69,062	21,138	3,100	3,300	1,500	—	98,100
Balance at January 1, 2021	17,832	69,062	21,138	3,100	3,300	1,500	—	98,100
Acquisitions through business combinations	75,846	8,550	—	11,600	5,000	3,500	590	29,240
Additions	—	—	33,999	—	—	—	—	33,999
Transfers	—	33,056	(33,056)	—	—	—	—	—
Effect of movements in foreign exchange	—	(1,312)	(213)	—	—	—	—	(1,525)
Balance at December 31, 2021	93,678	109,356	21,868	14,700	8,300	5,000	590	159,814
<i>Amortization and impairment</i>								
Balance at January 1, 2020	—	680	—	—	—	—	—	680
Amortization for the year	—	10,157	—	845	83	38	—	11,123
Impairment charge	—	6,436	—	—	—	—	—	6,436
Effect of movements in foreign exchange	—	1,008	—	—	—	—	—	1,008
Balance at December 31, 2020	—	18,281	—	845	83	38	—	19,247
Balance at January 1, 2021	—	18,281	—	845	83	38	—	19,247
Amortization for the year	—	21,287	—	2,835	3,450	1,025	393	28,990
Impairment charge	—	941	—	—	—	—	—	941
Effect of movements in foreign exchange	—	(785)	—	—	—	—	—	(785)
Balance at December 31, 2021	—	39,724	—	3,680	3,533	1,063	393	48,393
<i>Net book value</i>								
At January 1, 2020	61	14,878	28,873	—	—	—	—	43,751
At December 31, 2020 and January 1, 2021	17,832	50,781	21,138	2,255	3,217	1,462	—	78,853
At December 31, 2021	93,678	69,632	21,868	11,020	4,767	3,937	197	111,421

Goodwill of \$75.8 million (2020: \$17.8 million) has been acquired through business combinations (Note 6). All development costs, including intangibles under development, have been internally generated by the Group. During 2021, \$33.1 million (2020: \$51.9 million) of intangibles under development were transferred to development costs as these projects were completed. Intangibles under development are tested for impairment at least annually.

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The total net book value is considered to be the recoverable amount, as this balance is reviewed annually and impaired as necessary (Note 4). All development costs are related to software and artificial intelligence development and there are no distinguishable individually material intangible assets within the capitalized development costs. Following an assessment of the future development of our technology, capitalized development costs were impaired by \$0.9 million (2020: \$6.4 million). The impairment recognized in 2020 was primarily the result of the discontinuation of certain features surrounding a proprietary data structure for encounters on our software platform that were deemed to be no longer technologically feasible.

Impairment Analysis for CGUs Containing Goodwill and Intangibles

Goodwill and other intangibles are subject to impairment testing on an annual basis or whenever events or circumstances indicate that the carrying amount of goodwill may no longer be recoverable. As of October 1, 2021, the date of the Goodwill impairment testing, all of the Goodwill of the Group was allocated to the California IPA CGU. The fair value of the California Independent Physicians Association CGU (“California IPA CGU”, formerly “Fresno CGU”) was determined using a discounted cash flow model, a form of the income approach.

The recoverable amount of the California IPA CGU that included these intangible assets was estimated based on the present value of the future cash flows expected to be derived from the California IPA CGU (value in use), using a discount rate of 14.5% and a terminal value growth rate of 3.0% from 2027. The recoverable amount of the California IPA CGU was estimated to be higher than its carrying amount, and as a result there was no impairment related to the California IPA CGU in 2021.

The below are factors considered when performing the 2021 sensitivity analysis:

Terminal value growth rate: Babylon used a terminal growth value of 3.0% which reflects long-term assumptions of growth. A 2.75% terminal growth rate would have resulted in a reduction to the fair value of the California IPA CGU of \$1.3 million, and a 2.5% terminal growth rate would have resulted in a reduction of \$3.2 million.

Discount factor: Babylon used a discount factor of 14.5% based on market participation assumptions of comparable public companies. An increase in the discount rate to 15.0% would have resulted in a reduction to the fair value of the California IPA CGU of \$4.8 million, and a discount rate of 15.5% would have resulted in a reduction of \$9.2 million.

No reasonably possible change to the key assumptions would lead to an impairment of goodwill

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19. Investments in Subsidiaries and Associates

The Group and Company have the following investments:

Subsidiary Undertakings	Country of Incorporation	Principal Activity	Ownership (As of December 31, 2021)	Ownership (As of December 31, 2020)
Company:				
Babylon Partners Limited	UK	Application development	100.0%	100.0%
Babylon Healthcare Services Limited	UK	Digital Healthcare services	100.0%	100.0%
Babylon Rwanda Limited	Rwanda	Digital Healthcare services	100.0%	100.0%
Babylon Inc.	USA	Digital Healthcare services	100.0%	100.0%
Babylon Health Canada Limited	Canada	Digital Healthcare services	—	100.0%
Babylon Liberty Corp.	USA	Digital Healthcare services	100.0%	—
Babylon Malaysia SDN BHD	Malaysia	Digital Healthcare services	100.0%	100.0%
Babylon International Limited	UK	Digital Healthcare services	100.0%	100.0%
Babylon Health Ireland Limited	Ireland	Digital Healthcare services	100.0%	100.0%
Babylon Singapore PTE Limited	Singapore	Digital Healthcare services	100.0%	100.0%
Health Innovators Inc.	USA	Digital Healthcare services	100.0%	70.1%
Babylon Acquisition Corp.	USA	Digital Healthcare services	—	100.0%
Babylon Technology LTDA	Brazil	Digital Healthcare services	100.0%	100.0%
Higi SH Holdings Inc.	USA	Digital Healthcare services	100.0%	19.0%
Group:				
Babylon Healthcare Inc.	USA	Digital Healthcare services	100.0%	100.0%
Babylon Healthcare NJ, PC	USA	Healthcare services	100.0%	100.0%
Babylon Healthcare, PLLC	USA	Healthcare services	100.0%	100.0%
Babylon Medical Group (formerly Marcus Zachary DO), PC	USA	Healthcare services	100.0%	100.0%
California Telemedicine Associates, PC	USA	Healthcare services	100.0%	100.0%
Telemedicine Associates, P.C.	USA	Healthcare services	100.0%	100.0%
Babylon Healthcare, PC	USA	Healthcare services	100.0%	100.0%
Babylon Healthcare NC, PC	USA	Healthcare services	—	100.0%
Babylon Healthcare, PA	USA	Healthcare services	100.0%	—
Meritage Medical Network	USA	Healthcare services	100.0%	—
Meritage Health Ventures, LLC	USA	Healthcare services	100.0%	—
Meritage Health Plan	USA	Healthcare services	100.0%	—
Meritage Management, LLC	USA	Healthcare services	100.0%	—
Higi SH LLC	USA	Digital Healthcare services	100.0%	19.0%
Higi Health Holdings LLC	USA	Digital Healthcare services	100.0%	—
Higi SH Canada ULC	Canada	Digital Healthcare services	100.0%	19.0%
Higi Health LLC	USA	Digital Healthcare services	51.0%	—
Health Innovators Limited	UK	Digital Healthcare services	100.0%	70.1%
DTDHI Health India PVT Ltd	India	Digital Healthcare services	97.8%	68.6%

Babylon Acquisition Corp. merged with Higi SH on December 31, 2021, with Higi SH Holdings Inc. being the surviving entity.

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Professional service corporations

As discussed in Note 2, we consolidated certain PCs which are owned, directly or indirectly, and operated by licensed physicians. The following provides summary financial data for the PCs that are included in the Consolidated Financial Statements:

	As of December 31,	
	2021	2020
	\$'000	\$'000
Total assets	104,703	35,535
Total liabilities	168,240	42,699
	For the Year Ended December 31,	
	2021	2020
	\$'000	\$'000
Total revenues	154,508	17,436
Cost of care delivery	(155,191)	(20,175)
Sales, general & administrative expenses	(55,006)	(3,799)

20. Trade and Other Receivables, Prepayments and Contract Assets

	As of December 31,	
	2021	2020
	\$'000	\$'000
Trade receivables (Note 8)	8,278	4,674
Other receivables	13,796	8,914
Prepayments	21,516	6,463
Contract assets	4,484	2,378
VAT receivable (payable)	2,045	(63)
	50,119	22,366

The Group has assessed its expected credit loss estimate, in line with the requirements of IFRS 9 by taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions. As part of this assessment, the Group has performed a recoverability assessment of its outstanding trade and other receivables at the reporting date and concluded that the expected credit loss as of December 31, 2021 is immaterial (2020: \$0.0 million).

The table below shows significant changes in contract assets:

	2021	2020
	\$'000	\$'000
Balance at January 1	2,378	1,541
Revenues recognized but not billed	3,444	1,511
Amounts reclassified to trade receivable	(1,338)	(674)
Balance at December 31	4,484	2,378

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21. Trade and Other Payables, Accruals and Provisions

The components of Trade and other payables and Accruals and provisions are reflected in the table below:

	As of December 31,	
	2021	2020
	\$'000	\$'000
Trade payables	17,178	3,739
Accruals	36,366	15,409
Provisions	490	3,227
Taxation and Social Security	4,039	4,006
Employee loans	1,193	—
Other	276	—
	59,542	26,381

22. Deferred Grant Income

The following table is a summary of activity related to deferred grants for the periods presented:

	\$'000
Balance at January 1, 2020	—
Grants related to prior years	3,173
Grants received in 2020	4,315
Grant income recognized	—
Adjustment, net	—
Balance at December 31, 2020	7,488
Balance at January 1, 2021	7,488
Grants related to prior years	—
Grants received in 2021	2,769
Grant income recognized	(1,959)
Adjustment, net	146
Balance at December 31, 2021	8,444

23. Claims Payable

The following table is a summary of claims activity for the periods presented:

	\$'000
Balance at January 1, 2020	—
Claims expense	24,146
Claims paid	(21,137)
Adjustment, net	881
Balance at December 31, 2020	3,890
Balance at January 1, 2021	3,890
Claims expense	216,791
Claims paid	(196,053)
Adjustment, net	—
Balance at December 31, 2021	24,628

Babylon Holdings Limited**Notes to the Consolidated Financial Statements****24. Cash and Cash Equivalents**

The components of cash and cash equivalents are reflected in the table below:

	As of December 31,	
	2021	2020
	\$'000	\$'000
Cash in hand and at banks	262,276	97,757
Short term investment funds	—	4,000
Restricted cash	305	—
	262,581	101,757

The Group's short term investment funds are highly liquid, redeemable within 90 days at a known amount of cash and are subject to an insignificant risk of change in value and therefore meet the definition of a cash equivalent.

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25. Leases

The Group leases several assets which consist of buildings and IT equipment. The Group recognizes right-of-use assets and lease liabilities for its building leases only, as the leases for IT equipment meet the exemption requirements as short-term leases and leases of low-value assets. Therefore, the disclosures below for the Group's right-of-use assets relate only to buildings.

Right-of-use asset	\$'000
<i>Cost</i>	
Balance at January 1, 2020	6,501
Additions to right-of-use-assets	2,300
Reclassification to assets held for sale	(872)
Effect of change in foreign currency	228
Balance at December 31, 2020	8,157
Balance at January 1, 2021	8,157
Additions to right-of-use-assets	11,399
Disposals	(4,291)
Effect of change in foreign currency	(166)
Balance at December 31, 2021	15,099
<i>Amortization</i>	
Balance at January 1, 2020	1,272
Amortization charge for the year	2,430
Reclassification to assets held for sale	(243)
Effect of change in foreign currency	184
Balance at December 31, 2020	3,643
Balance at January 1, 2021	3,643
Amortization charge for the year	3,929
Disposals	(4,291)
Effect of change in foreign currency	(25)
Balance at December 31, 2021	3,256
<i>Net book value</i>	
Balance at January 1, 2020	5,229
Balance at December 31, 2020 and January 1, 2021	4,514
Balance at December 31, 2021	11,843
Lease liability	\$'000
Balance at January 1, 2020	3,583
Additions to lease liabilities	2,362
Interest expense on lease liabilities ⁽ⁱ⁾	572
Payments on leases	(1,541)
Reclassification to liabilities associated with the assets held for sale	(607)
Effect of change in foreign currency	130
Balance at December 31, 2020	4,499
Balance at January 1, 2021	4,499
Additions to lease liabilities	11,826
Interest expense on lease liabilities ⁽ⁱ⁾	617
Payments on leases	(4,156)
Reclassification to liabilities associated with the assets held for sale	—
Effect of change in foreign currency	(154)
Balance at December 31, 2021	12,632

(i) Interest paid on lease liabilities are presented within cash flows from financing activities.

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In March 2020, the Group renewed its head office lease to December 2022 with intention to hand in notice and vacate in 2021. As such, a lease modification was applied in 2020 as per IFRS 16 to extend the lease to the intended exit date. The Group entered into a new lease agreement for four floors of a building facility as the head office in London. The commencement date of the lease was in June 2021, with the initial term of the lease being 39 months. The lease provides for an annual rent of \$4.9 million after a twelve-month rent-free period following the lease commencement date.

When measuring the lease liabilities, the Group discounted lease payments using its incremental borrowing rate. The weighted-average rate applied is 12.0%.

The following amounts have been recognized in the Consolidated Statement of Profit and Loss for which the Group is a lessee:

	For the Year Ended December 31,		
	2021	2020	2019
	\$'000	\$'000	\$'000
Depreciation expense on right-of-use assets	3,929	2,430	1,272
Interest expense on lease liabilities	617	572	265
Expenses relating to short term leases	2,489	4,756	6,127
Profit and loss impact	7,035	7,758	7,664

The following table provides the undiscounted maturities of lease liabilities:

	As of December 31,	
	2021	2020
	\$'000	\$'000
Less than one year	4,595	2,348
One to two years	5,612	684
Two to three years	4,290	598
Three to four years	362	572
Four to five years	371	375
More than five years	705	1,282
Total	15,935	5,859

26. Loans and Borrowings

	As of December 31,	
	2021	2020
	\$'000	\$'000
Non-current liabilities		
Loan notes	200,000	—
Unamortized fair value adjustment, discount, and debt issuance costs	(31,399)	—
	168,601	—
Current liabilities		
Convertible loan notes	—	70,000
Other	185	357
	185	70,357

Albacore Original Notes

On October 8, 2021, Babylon entered into a note Subscription Agreement (the “Note Subscription Agreement”). The Note Subscription Agreement provided for the issuance of up to \$200.0 million in unsecured notes due 2026 (the “Unsecured Notes”) to affiliates of, or funds managed or controlled by, AlbaCore Capital LLP (the “Note Subscribers”). On November 4, 2021 (“Note Closing Date”), Babylon issued the full \$200.0 million (“Principal Amount”) of Unsecured Notes under the Note Subscription Agreement at a discount of 95.5% of the Principal Amount. The Unsecured Notes will bear interest accruing on the Principal Amount

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(which for these purposes shall include any capitalized interest from time to time) at the following rates: (i) 8.00% per annum for the period commencing from (and including) the Note Closing Date to (but excluding) the date falling two years after the Note Closing Date; (ii) 10.00% per annum for the period commencing from (and including) the date falling two years after the Note Closing Date, to (but excluding) the date falling three years after the Note Closing Date; and (iii) 12.00% per annum for the period commencing from (and including) the date falling three years after the Note Closing Date. The applicable interest rate is subject to a step-up margin of 6.5 basis points per annum if Babylon and its subsidiaries do not achieve a target of adding 100,000 Medicaid lives to value-based care contracts by January 1, 2024. Interest is payable on the Unsecured Notes semi-annually on May 4 and November 4 each year, with the first interest payment due on the six-month anniversary of the Note Closing Date on May 4, 2022. At Babylon's election, up to 50.00% of the interest payable in respect of any interest period may be satisfied by the issuance by Babylon of further Unsecured Notes to be immediately consolidated and form a single series with the outstanding Unsecured Notes. The Unsecured Notes will mature five years from the Note Closing Date on November 4, 2026 (the "Final Maturity Date").

Babylon is required to redeem the Unsecured Notes (unless previously purchased and cancelled or redeemed) on the Final Maturity Date at 100% of the principal amount on such date. Babylon may redeem the Unsecured Notes at any time at a redemption amount (the "Redemption Amount") equal to: (i) from (and including) the Note Closing Date to (but excluding) the date falling one year after the Note Closing Date, the amount that is the greater of (A) 104.00% of the principal amount (including capitalized interest) and (B) 104.00% of the principal amount (including capitalized interest) plus an interest make whole premium; (ii) from (and including) the date falling one year after the Note Closing Date to (but excluding) the date falling two years after the Note Closing Date, 104.00% of the principal amount (including any capitalized interest); and (iii) on or after the date falling two years after the Closing Date and until (but not including or after) the Final Maturity Date, 107.00% of the principal amount (including any capitalized interest). Each holder of Unsecured Notes (each a "Noteholder") has the option to require Babylon to redeem the Unsecured Notes held by such Noteholder at the Redemption Amount upon specified change of control events.

The terms of the Unsecured Notes include covenants, which covenants are subject to certain limitations and exceptions, limiting the ability of Babylon and its subsidiaries to, among other things: incur additional debt; pay or declare dividends or distributions on Babylon's share capital; repay or distribute any share premium reserve or redeem, repurchase or retire its share capital; incur or allow to remain outstanding guarantees; make certain joint venture investments; enter into finance or capital lease contracts; create liens on Babylon's or its subsidiaries' assets; enter into sale and leaseback transactions; pay management and advisory fees outside the ordinary course of business; acquire a company or any shares or securities or a business or undertaking; merge or consolidate with another company; borrow or receive investments from certain shareholders other than through Babylon; and sell, lease, transfer or otherwise dispose of assets. The terms of the Unsecured Notes also include customary events of default.

On the Note Closing Date, Babylon issued warrants to subscribe for an aggregate of 1,757,499 Class A Ordinary Shares (the "AlbaCore Warrants") to the Note Subscribers on a pro rata basis by reference to the relevant proportion of the Principal Amount of Unsecured Notes subscribed for by each Note Subscriber. The AlbaCore Warrants confer the right to subscribe for up to 1,757,499 Class A Ordinary Shares exercisable on certain agreed upon exercise events, subject to: (i) Babylon's right to elect to redeem the AlbaCore Warrants in whole or in part in cash upon an exercise event; (ii) an agreed adjustment formula to reduce the number of Class A Ordinary Shares to be issued upon exercise of the AlbaCore Warrants in certain circumstances linked to Babylon's trading performance; and (iii) customary adjustments for certain share capital reorganizations (such as share splits and consolidations).

We capitalized debt issuance costs of \$3.4 million in connection with the issuance of the Unsecured Notes. Please refer to Note 29 for additional discussion surrounding the AlbaCore Warrants.

AlbaCore Additional Notes and Warrants

On December 23, 2021, Babylon entered into an additional note subscription agreement (the "Second Note Subscription Agreement") providing for the issue of not less than \$75 million and not more than \$100 million additional Unsecured Notes (the "Additional Notes") to AlbaCore Partners III Investment Holdings Designated Activity Company, and any new note subscribers that are affiliates of, or funds managed or controlled by, AlbaCore Capital LLP and that adhere to the Second Note Subscription Agreement (the "Second Note Subscribers").

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The closing of the issue of the Additional Notes under the Second Note Subscription Agreement, for the principal amount of between \$75 million to \$100 million, is anticipated to occur on March 31, 2022 (the “Second Closing Date”). The terms and conditions of the Additional Notes are the same as the terms of the original Unsecured Notes, with the exception that the Additional Notes will be issued at 100% of their principal amount. At Babylon’s election, up to 50.00% of the interest payable in respect of any interest period may be satisfied by the issuance by Babylon of further Unsecured Notes to be immediately consolidated and form a single series with the outstanding Unsecured Notes.

On the Second Closing Date, Babylon will issue AlbaCore Warrants to subscribe for an aggregate of 878,750 additional Class A Ordinary Shares to the Second Note Subscribers. Upon an exercise event, the AlbaCore Warrants are exercisable in full and not in part only.

Upon any exercise event Babylon has a right to elect to satisfy the subscription entitlement in respect of the AlbaCore Warrants by issuing Class A Ordinary Shares, by making a redemption payment in cash, or by a combination of both (in such proportions as Babylon may in its absolute discretion determine). The cash redemption payment per Note Warrant shall be determined by reference to the closing price for the Class A Ordinary Shares on such date as is specified in the Amended and Restated Warrant Instrument in respect of each exercise event, provided that if the closing price is in excess of \$15.00 per Class A Ordinary Share (subject to customary adjustments), the cash redemption payment shall be capped at \$15.00 per Note Warrant.

Where Babylon elects upon exercise of the AlbaCore Warrants to issue Class A Ordinary Shares in satisfaction in whole or in part of the subscription entitlement under the AlbaCore Warrants, Babylon is required to issue one Class A Ordinary Share credited as fully paid and free from all encumbrances (except as set out in Babylon’s memorandum and articles of association from time to time) per AlbaCore Warrant held, subject to a proportionate downwards adjustment to the number of Class A Ordinary Shares to be issued per AlbaCore Warrant where the closing price of the Class A Ordinary Shares on such date as is specified in the Amended and Restated Warrant Instrument in respect of each exercise event is in excess of \$15.00 per Class A Ordinary Share.

VNV Loan and Unsecured Bonds

On July 15, 2021, Babylon Holdings entered into a loan agreement with VNV Group for \$5.0 million (“VNV Loan”). The interest rate on the loan was 14%.

On August 18, 2021, the Group issued \$50.0 million in unsecured bonds at a discount of 4.0% (“Unsecured Bonds”), including the non-cash conversion of \$8.0 million in borrowings under the VNV Loan agreement into Unsecured Bonds. The interest rate on the loan is 0%, with interest payable quarterly. The proceeds from the Unsecured Bonds can be used for general corporate purposes. The Company utilized proceeds of \$7.2 million from the Unsecured Bonds to settle the remainder of the VNV Loan principal and interest. Cash proceeds from the bond issuance, net of discounts, repayments of borrowings, and transaction expenses totaled \$32.1 million. The Unsecured Bonds had a one-year term and were redeemable by Babylon Holdings at any time. The Unsecured Bonds were repaid in full following the closing of the Merger.

Convertible Loan Note Agreements

On November 12, 2020, the Group executed a Convertible Loan Note agreement (“CLN” or “Loan Notes”) with a borrowing capacity of up to \$200.0 million, under which \$30.0 million Tranche 1 Notes and \$70.0 million Tranche 2 Notes were issued to Global Health Equity (Cyprus) Ltd (“GHE” or the “Noteholder” or the “Lender”) in November and December 2020. GHE is part of the VNV Global group. VNV Global has a pre-existing equity interest in Babylon. The notes had a nominal value of \$1.

Tranche 1 Notes

Tranche 1 Notes of \$30.0 million were issued to GHE on November 12, 2020. Interest accrues at a fixed non-compounding rate of 1% per annum from the date of issuance to redemption or conversion. These notes were subsequently converted into Series C Preferred Shares after the issuance of the Tranche 2 Notes and shareholder approval of the conversion feature.

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Tranche 2 Notes

Tranche 2 Notes of \$70.0 million were issued on December 16, 2020 and are not interest bearing. The Tranche 2 Notes are exchangeable into a variable number of Series C Preferred Shares upon the earlier of the occurrence of certain events or June 30, 2021. These notes were subsequently converted into Series C Preferred Shares after shareholder approval of the conversion feature.

As the Tranche 2 Notes fail the definition of equity, the Group considered whether the conversion feature in the Tranche 2 Notes is a non-closely related embedded derivative which would require separation from the debt host contract and to be accounted for separately as a standalone derivative at fair value through profit or loss ("FVTPL"). It has been determined that the Tranche 2 Notes represent a hybrid instrument containing a debt host debt contract and a non-closely related embedded derivative for the conversion feature.

The debt host contract is measured at amortized cost using the effective interest rate ("EIR") method. The fair value of the embedded derivative and transaction costs associated with issuance of the instrument are not material.

On June 30, 2021, the \$70.0 million Tranche 2 notes were converted into 41,012,358 "C" preference shares.

Changes in Loans and Borrowings from Financing Activities

	Albacore Notes \$'000	VNV Loan Notes \$'000	Unsecured Bonds \$'000	Convertible Loan Notes \$'000	Other Loans and Borrowings \$'000	Total Loans and Borrowings \$'000
Balance at January 1, 2020	—	—	—	—	—	—
Changes from financing cash flows						
Proceeds from issuance of notes and warrants	—	—	—	100,000	357	100,357
Total changes from financing cash flows	—	—	—	100,000	357	100,357
Other changes						
Convertible loan notes converted	—	—	—	(30,000)	—	(30,000)
Total other changes	—	—	—	(30,000)	—	(30,000)
Balance at December 31, 2020	—	—	—	70,000	357	70,357
Balance at January 1, 2021	—	—	—	70,000	357	70,357
Changes from financing cash flows						
Proceeds from issuance of notes and warrants	191,000	15,000	64,563	—	—	270,563
Payment of debt issuance costs	(3,429)	—	(1,375)	—	—	(4,804)
Repayment of cash loan	—	(7,000)	(75,000)	—	—	(82,000)
Total changes from financing cash flows	187,571	8,000	(11,812)	—	—	183,759
Other changes						
Fair value of warrants issued	(16,930)	—	—	—	—	(16,930)
Unpaid debt issuance costs	(2,801)	—	(171)	—	—	(2,972)
Amortization of fair value adjustment, discount, and debt issuance costs	761	—	3,983	—	—	4,744
Convertible loan notes converted	—	—	—	(70,000)	—	(70,000)
Non-cash conversion of loan notes to bonds	—	(8,000)	8,000	—	—	—
Other loans and borrowings activity, net	—	—	—	—	(172)	(172)
Total other changes	(18,970)	(8,000)	11,812	(70,000)	(172)	(85,330)
Balance at December 31, 2021	168,601	—	—	—	185	168,786

During the year ended December 31, 2021, interest paid on Loans and borrowings was \$1.4 million (2020: \$0.2 million). As of December 31, 2021, the unpaid portion of interest on Loans and borrowings, recognized within Accruals and provisions, was \$2.5 million (2020: \$0.0 million).

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The Group operates a defined contribution plan, under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. During fiscal year 2021, the Group paid fixed contributions totaling \$6.3 million (2020: \$5.2 million, 2019: \$3.1 million).

Equity Incentive Plans

Immediately prior to the closing of the Merger referred to in Note 5, we effected a reclassification (referred to below as the “Reclassification”) whereby all outstanding shares of Babylon, including the various options previously granted under the below plans, were reclassified to Class A Ordinary Shares or Class B Ordinary Shares, subject to a conversion ratio of approximately 0.3 (the “Conversion Ratio”). The description of activity in the narratives and tables below have been adjusted to reflect the Reclassification.

On July 27, 2015, the Board of Directors adopted the Babylon Holdings Limited Long Term Incentive Plan (the “LTIP”). Options granted under the LTIP were originally granted over Company’s Class B Shares. Following the Reclassification, the options subsist over Class A Ordinary Shares.

On February 21, 2021, the Board of Directors adopted the Company Share Option Plan (“CSOP”) and was intended to qualify as a company share option plan that meet certain requirements under the Income Tax Act of 2003. The options granted under the CSOP are, subject to certain qualifying conditions being met, potentially U.K. tax-favored options.

In March 2021, the Company made an offer to all existing UK participants in the LTIP to convert their LTIP share options into the CSOP or into restricted stock awards (“RSAs”). All employees who elected to have their LTIP option converted to a new CSOP or RSA had their existing LTIP options forfeited and were granted an increased number of share options in line with the increased exercise price under the CSOP and RSA plans resulting in an equivalent economic value as compared to the grantee’s original award. There were no changes made to other terms, including vesting conditions or the period the original share options were granted. For the participants who accepted the offer to transfer their LTIP awards into RSAs, a total of 4,265,770 LTIP options were cancelled and replaced with 5,046,059 RSAs during the year ending December 31, 2021. For the participants who accepted the offer to transfer their awards into CSOP options, a total of 6,660,027 LTIP options were cancelled and replaced with 7,726,002 CSOP options during year ending December 31, 2021.

On October 21, 2021, the shareholders approved the Babylon Holdings Limited 2021 Equity Incentive Plan, including the Non-Employee Sub-Plan (collectively, the “2021 Plan”). The 2021 Plan authorizes (a) the issuance of 13,700,125 Class A Ordinary Shares plus, (b) unless a lesser amount is approved by the Board prior to January 1st of a given year, an automatic increase on January 1st of each year, commencing on January 1, 2022 and ending on (and including) January 1, 2031, in an amount equal to 5% of the total number of Class A Ordinary Shares outstanding on December 31st of the preceding calendar year, and (c) all or any part of an option or options to acquire unissued shares granted under the prior plans (the LTIP or CSOP described above) shall become available for award granted under the 2021 Plan subject to a maximum of 7,223,177 shares. Upon approval of the 2021 Plan, the LTIP and CSOP were no longer available for future awards. The 2021 Plan provides for the grant of options, share appreciation rights (“SARs”), RSAs, restricted share units (“RSUs”), and other share-based awards.

Share-based Payments

The Group issues equity settled share-based payments to employees of the Group and advisors, whereby services are rendered in exchange for rights over shares in the Group. Employees of all Group companies participate within this scheme through a variety of plans described above.

Under these plans, options are granted to employees at the start of their employment and typically expire between 0 to 15 years. Generally, upon completion of the first year of employment, 25.0% of options will vest, and the remainder will vest monthly over the

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next three years. In certain circumstances, additional options are granted to employees to recognize performance. Such options vest in the same manner as those granted on joining. Share-based compensation expense is recognized using the graded vesting method.

Share-based payments are recognized as expense for RSUs, RSAs and options, net of forfeitures, as follows:

	For the Year Ended December 31,		
	2021	2020	2019
	\$'000	\$'000	\$'000
Total share-based compensation expense	46,307	9,557	7,966

Restricted Stock Awards

The Company recorded share-based compensation expense related to RSAs of \$3.6 million during the year ended December 31, 2021. As of December 31, 2021, the unrecognized compensation cost related to unvested RSAs is \$1.3 million, which is expected to be recognized over the next one to two years.

Restricted Stock Units

The following table displays RSU activity and weighted average grant date fair values for the year ended December 31, 2021:

	RSUs	Weighted Average Grant Date Fair Value Per RSU (1)
Balance at January 1, 2021	—	\$ —
Granted	6,997,284	\$ 6.23
Vested and issued	—	\$ —
Forfeited	—	\$ —
Balance at December 31, 2021	6,997,284	\$ 6.23
Vested and unissued at December 31, 2021	1,760,363	\$ 6.23
Unvested at December 31, 2021	5,236,921	\$ 6.23

(1) The calculation of weighted average grant date fair value excludes RSUs issued to Higi employees further discussed below.

In connection with the acquisition of Higi described in Note 6, Babylon exchanged vested and unvested options held by employees of Higi for 1,980,000 RSUs of Babylon to be issued from the 2021 Plan, which are included in amounts granted in the table above. Of the RSUs issued to Higi under the Second Amended and Restated Agreement and Plan of Merger, 1,167,669 RSUs awarded to the former Higi employees were vested upon grant date in exchange for the surrender of vested Higi awards upon exercise of the option to acquire the remaining non-controlling interests. The vesting conditions associated with the unvested RSUs issued to the former Higi employees reflect the vesting of the original Higi equity award. The transaction was accounted for under IFRS 2 for replacement awards and the Company will recognize the compensatory portion of the award over the service period of the unvested RSUs issued to Higi employees. As of December 31, 2021, the unrecognized compensation cost associated with the 812,331 remaining unvested RSUs is \$5.4 million, which is expected to be recognized over a weighted average period of 1.3 years.

The Company recorded share-based compensation expense related to RSUs of \$6.5 million during the year ended December 31, 2021. There were no RSUs granted prior to 2021.

As of December 31, 2021, the Company had \$24.4 million in unrecognized compensation cost related to unvested RSUs unrelated to the acquisition of Higi described above, which is expected to be recognized over a weighted average period of 3.4 years.

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Options

Options have been granted under the LTIP and CSOP described above. The fair value of each employee and non-employee stock option award was estimated on the date of grant for each option using the Black-Scholes option pricing model yielding a weighted average fair value of \$7.79 for options granted during the year ended December 31, 2021. The key assumptions used for options granted during the year ended December 31, 2021, were as follows:

Fair value of underlying stock	\$2.97 – \$9.20
Volatility	63.4% – 70.0%
Risk-free interest rate	0.12% – 1.68%
Dividend yield	0% – 0%
Expected term (in years)	10.00 – 14.50

The number and weighted average exercise price of share options for the Group are as follows:

	2021		2020		2019	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	\$		\$		\$	
Outstanding at the beginning of the year	0.02	21,107,487	—	20,120,425	—	19,666,539
Granted during the year	3.67	8,155,289	0.11	4,109,243	—	2,786,856
Forfeited / canceled during the year	0.18	(6,204,471)	0.04	(3,122,181)	—	(2,332,970)
Exercised during the year	1.42	(162,040)	—	—	—	—
Outstanding at the end of the year	1.47	22,896,265	0.02	21,107,487	—	20,120,425
Exercisable at the end of the year	1.54	19,105,908	0.01	16,461,945	—	11,817,828

As of December 31, 2021, the outstanding options had remaining contractual terms ranging from 6.9 – 15.0 years.

Restricted Growth Shares

In February 2021, the Board approved a grant of 10,150,368 of Class G Shares to three employees (“Growth Shares”), with a subscription price of \$0.03 per share. The Growth Shares had vesting terms of one year from the grantee’s date of hire. The Growth Shares allowed the grantee to benefit from the difference between the value of the number of Growth Shares awarded and the benchmark valuation. The Growth Shares included a conversion feature to convert into the Company’s Class A Ordinary Shares upon an exit event, which included a business merger, an initial public offering, or certain other events (collectively referred to as an “Exit Event”). The Growth Shares were redeemable at the sole discretion of the Company at \$0.00001227 or at some other amount at the discretion of the Board of Directors prior to an Exit Event upon cessation of employment. Using a Monte Carlo simulation, the Group calculated the grant date fair value of \$9.7 million for the Growth Shares, all of which was recognized during the year ended December 31, 2021. The key assumptions used were a pre-money equity valuation of \$3.5 billion and a volatility rate of 54%. All outstanding Growth Shares were converted into 712,413 Class A Ordinary Shares, subject to achievement of the original vesting conditions, following the Merger in October 2021. There were no Growth Shares outstanding as of December 31, 2021.

28. Capital and Reserves

Capital and Reserves Following the Merger

As outlined in Note 5, the Consolidated Financial Statements are prepared as a continuation of the financial statements of Babylon Holdings Limited, which have been adjusted to reflect the conversion of historical Ordinary A Shares, Ordinary B Shares, and Series C shares into Class A and Class B Ordinary Shares following the listing on the New York Stock Exchange, as well as the application of the Conversion Ratio.

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The share capital of Babylon Holdings Limited immediately following the closing of the transaction is as follows:

In thousands of shares	Number of Shares	Share Capital	Description
Class A Ordinary Shares	295,589	12	Issuance to Babylon Shareholders
Class A Ordinary Shares	22,400	1	Issuance to PIPE Investors
Class A Ordinary Shares	12,268	—	Issuance to SPAC Investors and Shareholders
	330,257	13	
Class B Ordinary Shares	79,638	3	Issuance to Babylon Shareholders
	409,895	16	

Each Class A and Class B Ordinary Share has a par value of \$0.0000422573245084686.

The following tables display the number of shares of Babylon Holdings Limited prior and following the Merger:

In thousands of shares	Class A Ordinary Shares 2021	Class B Ordinary Shares 2021	Ordinary A Shares 2021	Ordinary B Shares 2021	Preference C Shares 2021	Ordinary Redeemable G1 Shares 2021
Authorized	6,500,000	3,100,000	10,000,000	11,000,000	10,000,000	50,000
On issue at January 1, 2021	—	—	135,136	664,605	252,065	—
Issued during the year prior to Merger	—	—	—	17,206	41,012	10,150
Conversion into Class A and B Shares	330,257	79,638	(135,136)	(681,811)	(293,077)	(10,150)
Issued following the Merger	3,668	—	—	—	—	—
On issue at December 31, 2021 – fully paid	333,925	79,638	—	—	—	—

Share Rights

Each Class A Ordinary Share will have the right to exercise one vote at any general meeting of the shareholders of the Company, to participate pro rata in all dividends declared by the Company, and the rights in the event of the Company's dissolution. Each Class B Ordinary Share will have the same economic terms as the Babylon Class A Ordinary Shares except for the Class B Ordinary Shares will have 15 votes per share.

There were 100,000 Deferred Shares with a par value of \$0.00004, which are non-voting shares and did not convey upon the holder the right to be paid a dividend or notice to attend, vote or speak at a shareholder meeting. No Deferred Shares have been issued.

Capital & Reserves Prior to the Merger

During the year ended December 31, 2021, \$70.0 million Loan Notes were converted into 41,012,358 "C" preference shares. These shares had a fixed for fixed conversion feature and are therefore accounted for as equity investments.

During the year ended December 31, 2020, the Group issued 24,796,225 \$0.00001277 "C" preference shares for a consideration of \$42.1 million. \$30.0 million Loan Notes were converted into 17,708,792 shares related to the principle and \$0.2 million Loan Notes were converted to 111,239 shares related to interest. The Loan Notes that were converted into our "C" preference shares had a fixed conversion feature and are therefore accounted for as equity investments. The remaining 6,976,194 shares were settled in cash for a consideration of \$1.9 million.

Tranche 1 Notes

On November 12, 2020 Tranche 1 Notes of \$30.0 million were issued to GHE and paid to Babylon in two parts of \$5.0 million on November 16, 2020 and December 2, 2020. The Tranche 1 Notes accrue interest of 11% per year and shareholder approval is

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required for the Tranche 1 Notes to be convertible into a fixed number of Series C Preferred Shares at a price of US \$1.706802577 per share within six months of the first issuance date.

The conversion of the Tranche 1 Notes was approved by shareholders on December 16, 2020. Subsequent to this conversion approval, the principal of the Tranche 1 Notes was reclassified from being recognized as a financial liability to be classified as equity. No material gain or loss was recognized on conversion. The share capital in relation to the Series C Preferred Shares issued on conversion was recorded at the nominal value of the shares issued.

Tranche 2 Notes

Tranche 2 Notes of \$70.0 million were issued on December 16, 2020 and are not interest bearing. The Tranche 2 Notes are exchangeable into a variable number of Series C Preferred Shares upon the earlier of the occurrence of certain events or June 30, 2021.

Tranche 2 Notes converted to equity on June 30, 2021. The principal of the Tranche 2 Notes was reclassified from being recognized as a financial liability to be classified as equity. No material gain or loss was recognized on conversion. The share capital in relation to the Series C Preferred Shares issued on conversion was recorded at the nominal value of the shares issued.

All shares issued rank pari-passu aside from the following:

- the A Ordinary Shares in issue at any time shall (as a separate class) carry fifty per cent (50.0%) of the total voting rights of the Shares; and
- the B Ordinary Shares and the Series C Preferred Shares in issue at any time shall (as if the B Ordinary Shares and the Series C Preferred Shares constituted one and the same class) carry fifty per cent (50.0%) of the total voting rights of the Shares;
- the Holders of a majority of the A Ordinary Shares shall have the right from time to time to appoint such number of persons to be Directors of each Group Company equal to the number of Directors which the Holders of B Ordinary Shares and Series C Preferred Shares are entitled to appoint (in aggregate) plus one additional Director; and in each case to remove from office any persons appointed and to appoint another person in his or her place
- The Series C Largest Shareholder shall have the right from time to time to appoint one person to be a Director and to remove from office any person so appointed and to appoint another person in his or her place.
- For so long as a holder of B Ordinary Shares or Series C Preferred Shares is also a Qualifying Stakeholder, each such Qualifying Stakeholder shall have the right from time to time to appoint one person to be a Director for each whole Qualifying Stake held by them and to remove from office any person so appointed and to appoint another person in his or her place.
- G1 Ordinary Redeemable Shares do not have the right to vote, nor to receive dividends, and have capital rights to convert into Ordinary B Shares in connection with an exit event. G1 Ordinary Redeemable shares are redeemable at the sole discretion of the Company.

On any return of capital on liquidation, the assets of the Group available for distribution shall be distributed:

- a) first, in paying to each of the Series C Preferred Shareholders, in priority to any other classes of Shares, an amount per Series C Preferred Share held equal to the Preference Amount
- b) second, in paying to the 2016/2017 Subscribers pro rata to their respective holdings of Hoxton Shares and Kinnevik Shares an amount equal to the Hurdle Amount; and
- c) the balance of the surplus assets (if any) shall be distributed among the holders of the A Ordinary Shares and the B Ordinary Shares pro rata as if they constituted one and the same class.

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Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entities are recognized in other comprehensive loss and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Other Comprehensive Income (“OCI”) Accumulated in Reserves, Net of Tax

	2021	2020	2019
	\$'000	\$'000	\$'000
January 1,	1,675	(1,904)	7,789
Foreign operations – foreign currency translation differences	(1,702)	3,579	(9,693)
December 31,	(27)	1,675	(1,904)

Retained Earnings

The retained earnings account represents retained profits or losses less amounts distributed to shareholders.

Share-based Payment Reserve

The share-based payment reserve represents amounts accruing for equity-based share options granted.

29. Warrant Liability

The Company’s warrants are classified and accounted for as liabilities at fair value, with changes in fair value recorded in the Consolidated Statement of Profit and Loss. The following table displays the number of warrants in issue as of December 31, 2021:

(In thousands)	Tradeable No. of warrants	Non-tradeable No. of warrants	Total No. of warrants
In issue at January 1, 2021	—	—	—
Issuance of Alkuri Warrants on October 21, 2021	8,625	5,933	14,558
Issuance of AlbaCore Warrants on November 4, 2021	—	1,758	1,758
In issue at December 31, 2021	8,625	7,691	16,316

Alkuri Warrants

As of December 31, 2021 there were 14,558,333 Alkuri Warrants outstanding related to the Merger. The warrants entitle the holder to purchase one Class A Ordinary Share of Babylon Holdings Limited at an exercise price of \$11.50 per share. Until warrant holders acquire the Company’s ordinary shares upon exercise of such warrants, they have no rights with respect to the Company’s ordinary shares. The warrants expire on October 21, 2026, or earlier upon redemption or liquidation in accordance with their terms. The initial fair value of the Alkuri Warrants on the date of issuance was determined by using the prevailing market price for warrants that are trading on the NYSE under the ticker BBLN.W. The market price per tradeable warrant as at October 22, 2021 was \$2.13.

AlbaCore Warrants

As of December 31, 2021 there were 1,757,499 AlbaCore Warrants outstanding. The warrants entitle the holder to purchase one ordinary share of Babylon Holdings Limited at subscription price of \$0.00004 per share. Until warrant holders acquire the Company’s Class A Ordinary Shares upon exercise of such warrants, they have no rights with respect to the Company’s ordinary shares. The warrants expire on November 4, 2026, or earlier upon redemption or liquidation in accordance with their terms. The initial fair value

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

of the AlbaCore Warrants on the date of issuance was determined utilizing a price per warrant of \$9.63, which has been derived using a Monte Carlo simulation.

Changes in Warrant Liability

The fair value of the Alkuri Warrants is determined by using the prevailing market price for warrants that are trading on the NYSE under the ticker BBLN.W. The market price per tradeable warrant as at December 31, 2021 was \$0.68. The fair value of the AlbaCore Warrants is determined utilizing a price per warrant of \$5.82, which has been derived using a Monte Carlo simulation.

See reconciliation of fair values below:

	Tradeable (Level 1) \$'000	Non-tradeable (Level 2) \$'000	Non-tradeable (Level 3) \$'000	Total \$'000
Balance at December 31, 2019	—	—	—	—
Balance at December 31, 2020	—	—	—	—
Fair value of Alkuri Warrants upon issuance	18,371	12,638	—	31,009
Fair value of AlbaCore Warrants upon issuance	—	—	16,930	16,930
Change in fair value of warrant liabilities	(12,506)	(8,603)	(6,702)	(27,811)
Balance at December 31, 2021	5,865	4,035	10,228	20,128

30. Related Parties

Transactions with Key Management Personnel

During 2021, the remuneration of directors and other key management personnel — including company pension contributions made to money purchase schemes on their behalf — amounted to \$6.5 million (2020: \$1.0 million, 2019: \$0.9 million). The remuneration of the highest paid key manager was \$2.2 million (2020: \$0.3 million, 2019: \$0.3 million). These remuneration costs are recorded as an operating expense in Sales, general & administrative expenses.

For the year ended December 31, 2021, share-based compensation expense related to key management personnel was \$2.1 million (2020: \$0.0 million, 2019: \$0.1 million).

Directors' remuneration is borne by the Company's subsidiary, Babylon Partners Limited.

ALP Note

On June 3, 2020, in connection with our initial investment in Higi, ALP Partners Limited ("ALP"), as lender, entered into a promissory note with Higi, as borrower, in which Higi promised to pay ALP an aggregate principal sum of \$5.0 million (the "ALP Note"). On December 7, 2021, we exercised our option to acquire the remaining equity interest in Higi pursuant to the Higi Acquisition Agreement. The closing of this acquisition occurred on December 31, 2021. The exercise price of the option to acquire the remaining Higi equity stake included the payment of \$5.4 million at the closing to satisfy the principal and interest payable by a subsidiary of Higi pursuant to the ALP Note. Refer to Note 6.

PIPE Transaction

On June 3, 2021, we completed the PIPE Transaction, in which we issued and sold, in private placements that closed immediately prior to the Merger, an aggregate of 22,400,000 of our Class A Ordinary Shares to certain Babylon shareholders for \$10.00 per share. The PIPE Transaction included the issuance of 500,000 Class A Ordinary Shares to VNV (Cyprus) Limited, 500,000 Class A Ordinary Shares to Black Ice Capital Limited, an affiliate of VNV (Cyprus) Limited, 500,000 Class A Ordinary Shares to Invik S.A. and 200,000 Class A Ordinary Shares to ALP.

Babylon Holdings Limited**Notes to the Consolidated Financial Statements****31. Financial Instruments and Risk Management**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

There were no transfers between fair value levels during the year.

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2021 and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value.

	Fair Value			Total
	Level 1	Level 2	Level 3	
	\$'000	\$'000	\$'000	\$'000
Tradeable Alkuri Warrants	5,865	—	—	5,865
Non-tradeable Alkuri Warrants	—	4,035	—	4,035
AlbaCore Warrants	—	—	10,228	10,228
	5,865	4,035	10,228	20,128

The tradeable Alkuri Warrants were valued using the instrument's publicly listed trading price as of the date of the Consolidated Statement of Financial Position, which is considered to be a Level 1 measurement due to the use of an observable market quote in an active market.

As the non-tradeable Alkuri Warrants have identical terms as the tradeable Alkuri Warrants, the non-tradeable Alkuri Warrants were valued using the tradeable Alkuri Warrants' publicly listed trading price, which is considered to be a Level 2 fair value measurement due to the use of an observable market quote from a similar instrument in an active market.

The AlbaCore Warrants were valued using a Monte Carlo simulation, which is considered to be a Level 3 fair value measurement. The primary unobservable input utilized in determining the fair value of the AlbaCore Warrants is the expected volatility of our ordinary shares. The expected volatility of the Company's ordinary shares was determined using peer group companies. Due to the nominal exercise price of the AlbaCore Warrants, changes in volatility would not result in a material change in the fair value of the warrants.

Babylon Holdings Limited**Notes to the Consolidated Financial Statements**

The key inputs into the Monte Carlo simulation model for the AlbaCore Warrants were as follows:

	As of November 4, 2021	As of December 31, 2021
Underlying stock price (USD)	\$ 9.66	\$ 5.83
Exercise price (USD)	\$ 0.00004	\$ 0.00004
Volatility	66.7 %	71.6 %
Remaining term (years)	5.00	4.85
Risk-free rate	1.09 %	1.23 %

31.1 Financial Risk Management

The Group's activities are exposed to various financial risks: credit risk, liquidity risk and currency risk in cash flows. The Group's global risk management program focuses on uncertainty in the financial markets and aims to minimize the potential adverse effects on the Group's profits. The Group may use derivatives to mitigate certain risks.

The Group's financial department controls the management of liquidity risk and currency risk in accordance with the Group's policies. This department centrally identifies, evaluates and makes decisions whether to hedge financial risks to which the Group is exposed.

31.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities. Our cash and cash equivalents, deposits, and loans with banks and financial institutions are potentially subject to concentration of credit risk.

Bank Balances

The Group seeks to limit its credit risk with respect to banks by only dealing with reputable banks. Additionally, the Group holds bank accounts in the countries in which subsidiaries operate from.

The maximum amount of the Group's credit risk exposure is the carrying amounts of cash and cash equivalents, trades receivable and loans with banks and financial institutions. The Group attempts to mitigate such exposure to its cash by investing only in financial institutions with investment grade credit ratings or secured investments. The Group does not have significant exposure to credit risk at December 31, 2021 for any financial instruments.

Trade Receivables and Contract Assets

The Group has a diverse customer base geographically and by industry. The responsibility for customer credit risk management rests with management. The Group seeks to limit its credit risk with respect to customers by implementing due diligence procedures on all customers. Payment terms vary and are set in accordance with practices in the different geographies and end-markets served. Credit limits are typically established based on internal or external rating criteria, which take into account such factors as the financial condition of the customers, their credit history and the risk associated with their industry segment.

More than 50% of the Group's customers are repeat customers, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are a business or end-user customer, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

The Group receives cash payment for large contracts up front in some instances, in addition to contracting with government funded entities which subsequently carries lower risks.

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

The Group applies the simplified approach under IFRS 9 and has calculated expected credit losses based on lifetime expected credit losses, taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions and concluded that no expected credit loss provision is required as of December 31, 2021 (2020: \$0.0 million).

31.2 Liquidity Risk

Liquidity risk relates to the Group's ability to meet its cash flow requirements. The Group has a prudent policy to cover its liquidity risks which is focused on having sufficient cash and cash equivalents available.

31.3 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group operates internationally, and it is exposed to fluctuations in exchange rates. The currency risk arises from future commercial transactions, recognized assets and liabilities and net investments abroad.

The Group's policy to manage risk is to initially mitigate the risk using natural hedges (offsetting of receivables and payables) in addition to implementing investment procedures. Several of the Group's companies operate in foreign countries and therefore, their net assets are exposed to the risk associated with translating foreign currencies.

The Group has applied the following significant exchange rates:

United States Dollar	Average Rate			Year-end spot rate		
	2021	2020	2019	2021	2020	2019
GBP	0.7277	0.7760	0.7835	0.7409	0.7321	0.7618
CAD	1.2536	1.3433	1.3251	1.2725	1.2750	1.3033
RWF	1,003.4066	959.1820	914.2488	1,037.6458	988.0837	947.0750
SGD	1.3427	1.3789	1.3111	1.3496	1.3224	1.3456
INR	73.7902	74.0038	N/A	74.3047	73.2901	N/A

The net impact from the fluctuation of operational foreign exchange rates amounted to \$(1.7) million (2020: \$3.6 million, 2019: \$(9.7) million).

Sensitivity Analysis

The Group only has significant exposure to movement of the sterling ("GBP") against the United States dollar ("USD"). A reasonably possible strengthening/weakening of the GBP against the United States dollar ("USD") at December 31, 2021, December 31, 2020, and December 31, 2019 would have affected the measurement of financial instruments denominated in a foreign currency. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The fluctuation seen primarily relates to the impacts of Brexit and COVID-19 over the last two years but is expected to stabilize moving forward.

	Profit or loss	
	Strengthening \$'000	Weakening \$'000
December 31, 2021		
GBP (5.0% movement)	(373,578)	(371,938)
December 31, 2020		
GBP (5.0% movement)	(184,067)	(184,416)
December 31, 2019		
GBP (5.0% movement)	(156,489)	(150,290)

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

	Equity, net of tax	
	Strengthening	Weakening
	\$'000	\$'000
December 31, 2021		
GBP (5.0% movement)	(168,522)	(168,930)
December 31, 2020		
GBP (5.0% movement)	(48,743)	(48,394)
December 31, 2019		
GBP (5.0% movement)	(175,371)	(173,872)

31.5 Interest Rate Risk

The interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Group does not have any borrowings at floating interest rates that would expose the Group to cash flow interest rate risk.

31.6 Capital Management

The Group is currently loss-making and in the development and growth phase of its value-based care business model. Consequently there is an ongoing need for capital to fund the business and its continued growth. These capital requirements are currently met primarily from a mixture of equity capital raised from investors and debt capital borrowed from lenders. Capital management is focused on having sufficient financial resources to execute the Group's business plan with additional capital being raised when required.

32. Net Loss Per Share

The following table sets forth the computation of basic and dilutive net loss per share attributable to the Group's ordinary shareholders:

	2021	2020	2019
	\$'000	\$'000	\$'000
Net loss attributable to ordinary shareholders	(368,482)	(186,799)	(140,287)
Weighted average shares outstanding – Basic and Diluted	271,321	242,936	241,903
Net loss per ordinary share – Basic and Diluted	(1.36)	(0.77)	(0.58)

Basic net loss per share is computed by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of the Reclassification as discussed in Note 27 and applied retrospectively to all prior periods presented. As of December 31, 2021, Stockholder Earnout Shares and Sponsor Earnout Shares of 38,800,000 and 1,237,800, respectively, included in shares outstanding have been excluded from the calculation of weighted average shares outstanding, as they are contingently issuable subject to achieving certain milestones on the trading price of our Class A Ordinary Shares on the New York Stock Exchange discussed in Note 5.

For the periods included in these financial statements the Group was loss-making in all periods, therefore, anti-dilutive instruments are excluded in the calculation of diluted weighted average number of ordinary shares outstanding, including certain outstanding equity awards during the periods and warrants issued in 2021 and outstanding as of December 31, 2021. These options, restricted stock, and warrants could potentially dilute basic earnings per share in the future. See Note 27 for details of outstanding options and unvested restricted stock.

33. Assets and Liabilities Classified as Held for Sale

On January 14, 2021, the Group entered into an SPA with TELUS, which is the parent of various telecommunication subsidiaries, for the sale of the Babylon Health Canada Limited business. The entire issued share capital of Babylon Health Canada Limited was

Babylon Holdings Limited

Notes to the Consolidated Financial Statements

transferred to TELUS for a base price of \$1.8 million CAD, which has been adjusted for working capital and net indebtedness, through this transaction. An additional \$3.5 million CAD payment was made by TELUS that was attributable to a partial repayment of an Intercompany Loan due from Babylon Canada to Babylon Partners Limited. The remaining amount of the Intercompany loan was forgiven immediately prior to the execution of the SPA. The transaction met the criteria to be classified as held for sale at December 31, 2020.

The following major classes of assets and liabilities relating to these operations have been classified as held for sale in the Consolidated Statement of Financial Position on December 31, 2020:

	2020
	\$'000
Cash and cash equivalents	577
Prepayments and contract assets	1,125
Property, plant and equipment	621
Right-of-use assets	629
Trade and other receivables	330
Assets held for sale	3,282
Accruals and provisions	813
Lease liabilities	607
Trade and other payables	402
Liabilities directly associated with the assets held for sale	1,822

As of December 31, 2021, there are no major classes of assets and liabilities relating to operations that have been classified as held for sale in the Consolidated Statement of Financial Position.

34. Subsequent Events

Austin Office Lease

On November 1, 2021, Babylon Inc. entered into a sublease agreement for 37,883 rentable square feet of office space in Austin, Texas. The lease commenced on February 1, 2022 and shall automatically terminate on March 31, 2029. Minimum payments for the non-cancellable lease term are \$16.6 million. The Company intends to use the office space as its United States headquarters and will house approximately 200 employees.

Grant of RSUs

On March 14, 2022, the Remuneration Committee of the Board of Directors granted employees RSUs under the 2021 Equity Incentive Plan, under which the holders have the rights to receive an aggregate 17,233,274 shares of the Company's Class A Ordinary Shares. Pursuant to the terms of the RSU awards, unvested shares are forfeited upon separation from the Company.

**FORM OF WARRANT AMENDMENT
AMENDMENT NO. 1 TO WARRANT AGREEMENT**

A-1

FORM OF WARRANT AMENDMENT

AMENDMENT NO. 1 TO WARRANT AGREEMENT

This Amendment (this “**Amendment**”) is made as of , 2022, by and between Babylon Holdings Limited, a company incorporated in Jersey under registration number 115471 (the “**Company**”), and Computershare Trust Company, N.A., a federally chartered trust company, as warrant agent (the “**Warrant Agent**”), and constitutes an amendment to that certain Warrant Agreement, dated as of February 4, 2021, between Alkuri Global Acquisition Corp. (“**Alkuri**”) and Continental Stock Transfer & Trust Company, a New York corporation, as warrant agent, (“**Continental**”), as amended by the Warrant Assumption and Amendment Agreement, dated as of October 21, 2021, among the Company, Alkuri and Computershare Trust Company, N.A., as warrant agent (the “**Warrant Agent**”) (the “**Existing Warrant Agreement**”). Capitalized terms used but not otherwise defined in this Amendment shall have the meanings given to such terms in the Existing Warrant Agreement.

WHEREAS, on October 21, 2021, the Company completed its business combination with Alkuri (the “**Business Combination**”),

WHEREAS, in accordance with Section 4.5 of the Existing Warrant Agreement, upon effectiveness of the Business Combination, the Registered Holders of the Warrants thereafter had the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Warrants and in lieu of shares of the common stock of Alkuri immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, an Alternative Issuance (as defined in the Existing Warrant Agreement) in Class A ordinary shares, par value \$0.0000422573245084686 per share, of the Company (the “**Class A ordinary shares**”);

WHEREAS, Section 9.8 of the Existing Warrant Agreement provides that the Company and the Warrant Agent may amend, subject to certain conditions provided therein, the Existing Warrant Agreement with the vote or written consent of Registered Holders of at least 50% of the number of the then outstanding Public Warrants and, solely with respect to any amendment to the terms of the Private Placement Warrants or any provision of the Existing Agreement with respect to the Private Placement Warrants, the vote or written consent of 50% of the number of the then outstanding Private Placement Warrants;

WHEREAS, the Company desires to amend the Existing Warrant Agreement to provide the Company with the right to require the Registered Holders of the Warrants to exchange all of the outstanding Warrants for Class A ordinary shares, on the terms and subject to the conditions set forth herein; and

WHEREAS, in the exchange offer and consent solicitation undertaken by the Company pursuant to the Registration Statement on Form F-4 filed with the U.S. Securities and Exchange Commission, the Registered Holders of more than 50% of the number of the then outstanding Public Warrants and more than 50% of the Private Placement Warrants have consented to and approved this Amendment.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree to amend the Existing Warrant Agreement as set forth herein.

1. Amendment of Existing Warrant Agreement. The Existing Warrant Agreement is hereby amended by adding:

(a) the new Section 6A thereto:

“6A Mandatory Exchange.

6A.1 Company Election to Exchange. Notwithstanding any other provision in this Agreement to the contrary, all (and not less than all) of the outstanding Warrants may be exchanged, at the option of the Company, at any time while they are exercisable and prior to their expiration, at the office of the Warrant Agent, upon notice to the Registered Holders of the then outstanding Warrants, as described in Section 6A.2 below, for Class A ordinary shares (or any Alternative Issuance pursuant to Section 4.5), at the exchange rate of 0.2655 Class A ordinary shares (or any Alternative Issuance pursuant to Section 4.5 for each Warrant held by the Registered Holder thereof (the “**Consideration**”) (subject to equitable adjustment by the Company in the event of any stock splits, stock dividends, recapitalizations or similar transaction with respect to the Class A ordinary shares). In lieu of issuing fractional shares, any Registered Holder of Warrants who would otherwise have been entitled to receive fractional shares as Consideration will, after aggregating all such fractional shares of such Registered Holder, receive one additional whole Class A ordinary share in lieu of such fractional shares.

6A.2 Date Fixed for, and Notice of, Exchange. In the event that the Company elects to exchange all of the Warrants, the Company shall fix a date for the exchange (the “**Exchange Date**”). Notice of exchange shall be mailed by first class mail, postage prepaid, by the Company not less than fifteen (15) days prior to the Exchange Date to the Registered Holders at their last addresses as they shall appear on the registration books. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Registered Holder received such notice. The Company will make a public announcement of its election following the mailing of such notice.

6A.3 Exercise After Notice of Exchange. The Warrants may be exercised, for cash at any time after notice of exchange shall have been given by the Company pursuant to Section 6A.2 hereof and prior to the Exchange Date. On and after the Exchange Date, the Registered Holder of the Warrants shall have no further rights except to receive, upon surrender of the Warrants, the Consideration.”

2. Miscellaneous Provisions.

2.1 Severability. This Amendment shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Amendment or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Amendment a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

2.2 Applicable Law. The validity, interpretation, and performance of this Amendment and of the Warrants shall be governed in all respects by the laws of the State of New York, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. The Company hereby agrees that any action, proceeding or claim against it arising out of or relating in any way to this Amendment shall be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive forum for such action, proceeding or claim. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Notwithstanding the foregoing, the provisions of this paragraph will not apply to suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended, or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum.

2.3 Counterparts. This Amendment may be executed in any number of counterparts (which may include counterparts delivered by any standard form of telecommunication) and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. The words “execution,” “signed,” “signature,” and words of like import in this Amendment or in any other certificate, agreement or document related to this Amendment, if any, shall include images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, “pdf,” “tif” or “jpg”) and other electronic signatures (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act and any other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code.

2.4 Effect of Headings. The section headings herein are for convenience only and are not part of this Amendment and shall not affect the interpretation thereof.

2.5 Entire Agreement. The Existing Warrant Agreement, as modified by this Amendment, constitutes the entire understanding of the parties and supersedes all prior agreements, understandings, arrangements, promises and commitments, whether written or oral, express or implied, relating to the subject matter hereof, and all such prior agreements, understandings, arrangements, promises and commitments are hereby canceled and terminated.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties has caused this Amendment to be duly executed as of the date first above written.

BABYLON HOLDINGS LIMITED

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY, N.A.,
as Warrant Agent

By: _____
Name:
Title:

[Signature Page to Warrant Amendment]



BABYLON HOLDINGS LIMITED
Offer to Exchange Warrants to Acquire Class A Ordinary Shares
of
Babylon Holdings Limited
for
Class A Ordinary Shares
of
Babylon Holdings Limited
and
Consent Solicitation

PRELIMINARY PROSPECTUS

The Exchange Agent for the Offer and the Consent Solicitation is:

Computershare Trust Company, N.A.

By First Class Mail, Registered or Certified Mail:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
PO Box 43011
Providence, RI 02940-3011

By Express or Overnight Delivery:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
150 Royall Street, Suite V
Canton, MA 02021

Any questions or requests for assistance may be directed to the dealer manager at the address and telephone number set forth below. Requests for additional copies of this Prospectus/Offer to Exchange and the Letter of Transmittal and Consent may be directed to the Information Agent. Beneficial owners may also contact their custodian for assistance concerning the Offer and Consent Solicitation.

The Information Agent for the Offer and Consent Solicitation is:

D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, NY 10005
Attention: Michael Horthman
Bank and Brokers Call Collect: (212) 269-5550
All Others, Please Call Toll-Free: (800) 817-5468
Email: babylon@dfking.com

The Dealer Manager for the Offer and the Consent Solicitation is:

BofA Securities, Inc.
One Bryant Park
New York, New York 10036

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

The Registrant has entered into indemnification agreements with each of its directors to indemnify them against certain liabilities and expenses arising from their being a director to the maximum extent permitted by Jersey law. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, the Registrant has been informed that in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Subject to the Jersey Companies Law, the Registrant's Articles of Association permit the Registrant to indemnify any director or officer against any liability incurred by them for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the company and to purchase and maintain insurance against any liability for any director, officer, employee or auditor of the company.

However, Article 77 of the Jersey Companies Law limits the ability of a Jersey company to exempt or indemnify a director from any liability arising from acting as a director. It provides that neither a company (or any of its subsidiaries) nor any other person for some benefit conferred or detriment suffered directly or indirectly by the company may exempt or indemnify any director from, or against, any liability incurred by him as a result of being a director of the company except where the company exempts or indemnifies him against:

- (a) any liabilities incurred in defending any proceedings (whether civil or criminal):
 - (i) in which judgment is given in his or her favor or he or she is acquitted;
 - (ii) which are discontinued otherwise than for some benefit conferred by him or her or on his or her behalf or some detriment suffered by him or her; or
 - (iii) which are settled on terms which include such benefit or detriment and, in the opinion of a majority of the directors of the company (excluding any director who conferred such benefit or on whose behalf such benefit was conferred or who suffered such detriment), he or she was substantially successful on the merits in his or her resistance to the proceedings; or
- (b) any liability incurred otherwise than to the company if he or she acted in good faith with a view to the best interests of the company;
- (c) any liability incurred in connection with an application made under Article 212 of the Jersey Companies Law in which relief is granted to him or her by the court; or
- (d) any liability against which the company normally maintains insurance for persons other than directors.

Article 77 of the Jersey Companies Law permits a company to purchase and maintain directors' and officers' insurance and the Registrant maintains a directors' and officers' liability insurance policy for the benefit of its directors and officers.

Item 21. Exhibits and Financial Statement Schedules.**(a) Exhibits**

The following exhibits are included in this registration statement on Form F-4:

Exhibit No.	Description
2.1 [^]	Merger Agreement, dated as of June 3, 2021, by and among Alkuri Global Acquisition Corp., Babylon Holdings Limited, Liberty USA Merger Sub, Inc., Alkuri Sponsors LLC, and Dr. Ali Parsadoust (incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form F-4, filed with the SEC on July 2, 2021).
2.2 [^]	Amended and Restated Agreement and Plan of Merger, dated as of March 5, 2021 by and among Babylon Holdings Limited, Babylon Acquisition Corp. and Higi SH Holdings Inc. (incorporated by reference to Exhibit 2.2 to the Company's Registration Statement on Form F-4/A, filed with the SEC on September 15, 2021)
2.3 [^]	Letter Agreement, dated as of June 2, 2021 by and among Babylon Holdings Limited, 7Wire Ventures Fund, L.P., Flare Capital Partners I, LP, Flare Capital Partners I-A, LP and William Wrigley, Jr. as Trustee of Trust #101 (incorporated by reference to Exhibit 2.3 to the Company's Registration Statement on Form F-4/A, filed with the SEC on September 15, 2021).
2.4 [^]	Second Amended and Restated Agreement and Plan of Merger, dated as of October 29, 2021, by and among Higi SH Holdings Inc., Babylon Holdings Limited, Babylon Acquisition Corp. and Shareholder Representative Services LLC, solely in its capacity as Stockholder Representative.
3.1 [^]	Amended and Restated Memorandum and Articles of Association (incorporated by reference to Exhibit 1.1 to the Company's Form 20-F, filed with the SEC on March 30, 2022).
4.1 [^]	Specimen Class A Ordinary Share Certificate of Babylon Holdings Limited (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form F-4/A, filed with the SEC on September 15, 2021).
4.2 [^]	Specimen Warrant Certificate of Babylon Holdings Limited (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form F-4/A, filed with the SEC on September 15, 2021).
4.3 [^]	Warrant Agreement, dated February 4, 2021, by and between Alkuri Global Acquisition Corp. and Continental Stock Transfer & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form F-4/A, filed with the SEC on September 15, 2021).
4.4 [^]	Form of Warrant Assumption and Amendment Agreement (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form F-4/A, filed with the SEC on September 27, 2021).
4.5 [^]	Note Subscription Agreement among Babylon Holdings Limited and certain subscribers (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form F-1, filed with the SEC on November 9, 2021).
4.6 [^]	Warrant Instrument, dated November 4, 2021, with respect to warrants to purchase Class A ordinary shares from Babylon Holdings Limited to certain Note subscribers (incorporated by reference to Exhibit 4.6 to the Company's Registration Statement on Form F-1, filed with the SEC on November 9, 2021).
4.7 [^]	Note Certificates for Notes due 2026 (incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form F-1, filed with the SEC on November 9, 2021).
4.8 [^]	Note Certificates for additional Notes due 2026 (incorporated by reference to Exhibit 4.1 to the Company's Report on Form 6-K, filed with the SEC on April 6, 2022).

Exhibit No.	Description
4.9 ^	Amended and Restated Warrant Instrument (incorporated by reference to Exhibit 4.2 to the Company’s Report on Form 6-K, filed with the SEC on April 6, 2022).
4.10 ^	Note Subscription Agreement, made on December 23, 2021, between Babylon Holdings Limited and the Note Subscribers named therein (incorporated by reference to Exhibit 4.1 to the Company’s Report on Form 6-K, filed with the SEC on December 29, 2021).
5.1 *	Opinion of Walkers (Jersey) LLP
8.1 *	Tax Opinion of Latham & Watkins LLP as to U.S. tax matters
10.1 ^	Form of Subscription Agreement (incorporated by reference to Exhibit 10.1 to the Company’s Report on Form 8-K, filed with the SEC on June 4, 2021).
10.2 ^	Voting and Support Agreement dated as of June 3, 2021, by and among Alkuri Global Acquisition Corp. and certain shareholders of Babylon Holdings Limited (incorporated by reference to Exhibit 10.3 to the Company’s Report on Form 8-K, filed with the SEC on June 4, 2021).
10.3 ^	Lockup Agreement dated as of June 3, 2021, by and among Babylon Holdings Limited, Alkuri Sponsors LLC, and certain shareholders of Babylon Holdings Limited (incorporated by reference to Exhibit 10.4 of Alkuri Global Acquisition Corp.’s Form 8-K, filed with the SEC on June 4, 2021).
10.4 ^	Director Nomination Agreement dated as of June 3, 2021, by and between Babylon Holdings Limited and Works Capital LLC (incorporated by reference to Exhibit 10.5 of Alkuri Global Acquisition Corp.’s Form 8-K, filed with the SEC on June 4, 2021).
10.5 ^	Registration Rights Agreement dated as of June 3, 2021, by and among Alkuri Sponsors LLC, Babylon Holdings Limited and certain shareholders of Babylon Holdings Limited (incorporated by reference to Exhibit 10.6 of Alkuri Global Acquisition Corp.’s Form 8-K, filed with the SEC on June 4, 2021).
10.6 ^	Lease of 1 Knightsbridge Green, London SW1 (incorporated by reference to Exhibit 10.7 to the Company’s Registration Statement on Form F-4/A, filed with the SEC on September 27, 2021).
10.7 ^ #	Babylon Holdings Limited Long Term Incentive Plan, and form agreements thereunder (incorporated by reference to Exhibit 10.8 to the Company’s Registration Statement on Form F-4/A, filed with the SEC on September 27, 2021).
10.8 ^ #	Babylon Holdings Limited Company Share Option Plan, and form agreements thereunder (incorporated by reference to Exhibit 10.9 to the Company’s Registration Statement on Form F-4/A, filed with the SEC on September 27, 2021).
10.9 ^ #	Babylon Holdings Limited Employee Benefit Trust (incorporated by reference to Exhibit 10.10 to the Company’s Registration Statement on Form F-4/A filed with the SEC on September 27, 2021).
10.10 ^	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.11 to the Company’s Registration Statement on Form F-4/A filed with the SEC on September 27, 2021).
10.11 ^	2021 Equity Incentive Plan (incorporated by reference to Exhibit 4.13 to the Company’s Form 20-F, filed with the SEC on March 30, 2022).
10.12 ^	Bond Terms and Conditions, dated as of August 18, 2021, between Babylon Holdings Limited and Nordic Trustee & Agency AB (incorporated by reference to Exhibit 10.13 to the Company’s Registration Statement on Form F-4/A filed with the SEC on September 27, 2021)

Exhibit No.	Description
10.13 [^]	Lease of 2500 Bee Cave Road, Rollingwood, Texas 78746 (incorporated by reference to Exhibit 4.15 to the Company's Annual Report on Form 20-F filed with the SEC on March 30, 2022).
10.14*	Form of Dealer Manager Agreement
10.15*	Form of Tender and Support Agreement, dated May 19, 2022, by and between the Company and the Supporting Warrantholders
21.1 [^]	List of Subsidiaries of Babylon Holdings Limited (Exhibit 8.1 to the Company's Annual Report on Form 20-F filed with the SEC on March 30, 2022).
23.1*	Consent of Independent Registered Public Accounting Firm — KPMG LLP
23.2*	Consent of Walkers (Jersey) LLP (included in Exhibit 5.1)
23.3*	Consent of Latham & Watkins LLP (included in Exhibit 8.1)
24.1*	Power of Attorney (included on signature page)
99.1*	Form of Letter of Transmittal and Consent
99.2*	Form of Notice of Guaranteed Delivery
107*	Calculation of Filing Fee Tables
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Filed herewith.

[^] Previously
filed.

Management contract or compensatory plan.

Item 22. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period during which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) (§230.424(b) of this chapter) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-4 has duly caused this registration statement on Form F-4 to be signed on its behalf by the undersigned, thereunto duly authorized, in London, United Kingdom on May 20, 2022.

BABYLON HOLDINGS LIMITED

By: /s/ Ali Parsadoust
Name: Ali Parsadoust
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below appoints Ali Parsadoust, Charles Steel and Henry Bennett, jointly, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto any said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or would do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement on Form F-4 has been signed below by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Ali Parsadoust</u> Ali Parsadoust	Chief Executive Officer and Director (Principal Executive Officer)	May 20, 2022
<u>/s/ Charles Steel</u> Charles Steel	Chief Financial Officer (Principal Financial and Accounting Officer)	May 20, 2022
<u>/s/ Mohannad AlBlehed</u> Mohannad AlBlehed	Director	May 20, 2022
<u>/s/ Per Briloth</u> Per Briloth	Director	May 20, 2022
<u>/s/ Georgi Ganev</u> Georgi Ganev	Director	May 20, 2022
<u>/s/ Mairi Johnson</u> Mairi Johnson	Director	May 20, 2022
<u>/s/ David Warren</u> David Warren	Director	May 20, 2022

SIGNATURE OF AUTHORIZED U.S. REPRESENTATIVE

Pursuant to the requirements of the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of Babylon Holdings Limited has signed this registration statement on Form F-4 on May 20, 2022.

BABYLON INC.

By: /s/ Paul-Henri Ferrand

Name: Paul-Henri Ferrand

Title: President, Chief Executive Officer and Secretary

20 May 2022

Our Ref: JH/DL/LS/TF/J46288

Babylon Holdings Limited
31 Esplanade
St Helier
Jersey
JE2 3QA

(the "Addressee")

Dear Addressee

BABYLON HOLDINGS LIMITED (THE "COMPANY")

We have been asked to provide this legal opinion to you with regard to the laws of Jersey in relation to the Registration Statement on Form F-4 (the "**Registration Statement**") being filed with the Securities and Exchange Commission in relation to the Company's registration under the US Securities Act of 1933, as amended (the "**Securities Act**") of up to 4,294,703 Class A ordinary shares to be issued in connection with an offer and consent solicitation with the holders of a total number of 14,558,313 outstanding warrants held by the same in the Company (the "**Shares**").

For the purposes of giving this opinion, we have examined and relied upon the originals, copies or translations of the documents listed in Schedule 1 (the "**Documents**").

In giving this opinion we have relied upon the assumptions set out in Schedule 2, which we have not independently verified.

We are Jersey lawyers and express no opinion as to any laws other than the laws of Jersey in force and as interpreted at the date of this opinion. We have not, for the purposes of this opinion, made any investigation of the laws, rules or regulations of any other jurisdiction. Except as explicitly stated herein, we express no opinion in relation to any representation or warranty contained in the Documents nor upon matters of fact or the commercial terms of the transactions contemplated by the Documents.

Based upon the foregoing examinations and assumptions and having regard to legal considerations which we consider relevant, and subject to the qualifications set out in Schedule 3, and under the laws of Jersey, we give the following opinions in relation to the matters set out below.

In this opinion, the term "non-assessable" means, in respect of a Share, that the consideration for which the Company has agreed to issue that Share (whether in cash or in some other form) has been paid in full to the Company, such that no further or additional sum is payable to the Company or owed by the holder of that Share in respect of the purchase price of that Share.

Walkers (Jersey) LLP

Registered as a limited liability partnership in Jersey with registration number 84
PO Box 72, Walker House, 28-34 Hill Street, St Helier, Jersey JE4 8PN, Channel Islands
T +44(0)1534 700 700 F +44(0)1534 700 800 www.walkersglobal.com

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OPINION

As a matter of Jersey law, and on the basis of and subject to the assumptions and qualifications set out herein, we are of the opinion that the Shares, once issued upon completion of the process set out within the Registration Statement, will be validly issued, fully paid and non-assessable.

GOVERNING LAW, LIMITATIONS, BENEFIT AND DISCLOSURE

This opinion shall be governed by and construed in accordance with the laws of Jersey and is limited to the matters expressly stated herein.

This opinion is limited to matters of Jersey law and practice as at the date hereof and we have made no investigation and express no opinion with respect to the law or practice of any other jurisdiction.

We assume no obligation to advise you (to any other person who may rely on this opinion in accordance with this paragraph), or undertake any investigations, as to any legal developments or factual matter arising after the date of this opinion that might affect the opinions expressed herein.

We consent to the filing of a copy of this opinion as Exhibit 5.1 to the Registration Statement and to reference to us being made in the Registration Statement. In giving this consent, we do not admit that we are included in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations promulgated by the US Securities and Exchange Commission under the Securities Act.

Yours faithfully

/s/ Walkers (Jersey) LLP

WALKERS (JERSEY) LLP

SCHEDULE 1

LIST OF DOCUMENTS EXAMINED

- (a) the Registration Statement;
 - (b) the Certificate of Incorporation dated 11 April 2014 and the Memorandum and Articles of Association in force as at the date hereof (the "**Memorandum and Articles**");
 - (c) the results of an online search of the public records of the Company conducted on __ May 2022 maintained by the Registrar (the "**Company Search**");
 - (d) copies of the following COBO consents:
 - (i) a consent to issue shares dated 1 January 2017 issued to the Company by the Jersey Financial Services Commission (the "**Commission**") under the Control of Borrowing (Jersey) Order 1958, as amended (**COBO Law**);
 - (ii) a consent to issue certain warrants dated 23 March 2021 issued to the Company by the Commission under the COBO Law; and
 - (iii) a consent to issue warrants, options and share appreciation rights in connection with the Registration Statement dated 7 September 2021 issued to the Company by the Commission under the COBO Law.
 (e (i) to (iv) above being, together, the "**COBO Consents**");
 - (e) a copy of the Second Amended and Restated Agreement and Plan of Merger governed by the laws of the State of Delaware and made on 29 October 2021 between (1) SH Holdings, Inc, (2) the Company, (3) Babylon Acquisition Corp, and (4) Shareholder Representative Services LLC;
 - (f) a warrant agreement by and between Alkuri Global Acquisition Corp ("**Alkuri**") and Continental Stock Transfer & Trust Company ("**Continental**") dated 4 February 2021; a warrant assumption and amendment agreement between the Company, Alkuri and Continental dated 21 October 2021;
 - (g) a draft tender and support agreement in respect of certain of the warrants pursuant to the Registration Statement (the "**TSA**");
 - (h) a consent to circulate a prospectus dated 7 September 2021 issued to the Company by the Commission, pursuant to the Companies (General Provisions) (Jersey) Order 2002, as amended;
 - (i) a consent to circulate a prospectus dated 20 May 2022 issued to the Company by the Commission, pursuant to the Companies (General Provisions) (Jersey) Order 2002, as amended (the "**CGPO Consent**"); and
 - (j) copies of resolutions of the directors of the Company passed on:
 - (i) 3 June 2021;
 - (ii) 6 September 2021;
 - (iii) 19 October 2021;
 - (iv) 2 December 2021; and
 - (v) 19 May 2022
-

each at meetings of the board of directors of the Company (together, the “**Director Resolutions**”)

SCHEDULE 2

ASSUMPTIONS

1. The originals of all documents examined in connection with this opinion are authentic. The signatures, initials and seals on the Documents are genuine and are those of a person or persons given power to execute the (where at all relevant) the Documents under the Director Resolutions or any power of attorney given by the Company to execute such documents. All documents purporting to be sealed have been so sealed. All copies are complete and conform to their originals. Any translations are a complete and accurate translation of the original document they purport to translate. The Documents conform in every material respect to the latest drafts of the same produced to us and, where provided in successive drafts, have been marked up to indicate all changes to such documents. Where any means of electronic signature has been used or when any contract has been formed by means of electronic communication, the method used identifies the person who provided the signature or formed the contract, indicates the person's approval of the document or contract, was adopted with the intention of creating a duly executed, valid and binding contract or document, and was carried out with the consent of all other parties to or intended recipients of such contract or document.
 2. The Company has received in full the consideration for which the Company agreed to issue the Shares.
 3. Words and phrases used in the Registration Statement have the same meaning and effect as they would if the Registration Statement were governed by Jersey law.
 4. No other event occurs after the date of this opinion which would affect the opinion herein stated.
 5. There is no provision of law or regulation of any jurisdiction other than Jersey which would have any adverse implication in relation to the opinion expressed hereunder.
 6. There has been no amendment to any of the COBO Consents or the CGPO Consent.
 7. Where a Share is to be issued upon tender & exchange, or exercise of, a warrant or option or pursuant to a conversion of a Class A Ordinary Share, the issue of such Shares will be and where relevant has been duly authorized and approved by the board of directors the Company.
 8. The TSA has been duly executed and dated by all parties thereto.
 9. The requisite number of warrant holders have or will have approved (a) the tender & exchange of such warrants for the issue of the Shares and (b) the amendments under the Warrant Amendments (as defined in the Registration Statement), pursuant to both the TSA and the Registration Statement.
 10. All of the necessary conditions for the Warrant Amendments (as set out in the Registration Statement) have been or will be met prior to the issue of the Shares.
 11. The Memorandum and Articles are the memorandum and articles of association of the Company and are in force at the date hereof and have embodied in them or attached to them copies of all resolutions or agreements or acts of court to which the provisions of Articles 100 or 125 of the Companies (Jersey) Law 1991 as amended (the "CJL") apply.
-

SCHEDULE 3**QUALIFICATIONS**

1. The obligations of the Company under, or in respect of, the Shares will be subject to any law from time to time in force relating to bankruptcy, insolvency, liquidation, reorganization or administration or any other law or legal procedure affecting generally the enforcement of creditors' rights.
 2. Our opinion is subject to any matter of fact that has not been disclosed to us.
 3. The register of members of a Jersey company is prima facie evidence of any matters which are by the CJL directed or authorized to be inserted in it. The CJL requires that the register of members of a Jersey company includes, among other things, the name and address of every member and, where he or she is a member because he or she holds shares in the company, the number of shares held by the member and, in the case of shares which are not fully paid, the amount remaining unpaid on each share.
-

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LATHAM & WATKINS LLP

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Madrid	Washington, D.C.
Milan	

May 20, 2022

Babylon Holdings Limited
 1 Knightsbridge Green
 London, SW1X 7QA
 United Kingdom

Re: Registration Statement on Form F-4

To the addressee set forth above:

We have acted as special U.S. tax counsel to Babylon Holdings Limited, a company incorporated in Jersey under registration number 115471 (the “**Issuer**”), in connection with (a) the offer to exchange (the “**Exchange Offer**”) by the Issuer, any and all of the Issuer’s outstanding (i) publicly traded warrants (the “**Public Warrants**”) to purchase the Issuer’s Class A ordinary shares, par value \$0.0000422573245084686 per share (the “**Class A Ordinary Shares**”), that were issued under the Warrant Agreement, dated as of February 4, 2021 (as amended or supplemented from time to time, the “**Warrant Agreement**”), by and among the Issuer, Alkuri Global Acquisition Corp. and Continental Stock Transfer & Trust Company, as warrant agent, in connection with the initial public offering of units of Ark Global Acquisition Corp. (the “**IPO**”), and (ii) warrants to purchase Class A Ordinary Shares that were issued under the Warrant Agreement in a private placement simultaneous with the IPO (together with the Public Warrants, the “**Warrants**”), in each case, for Class A Ordinary Shares; and (b) the solicitation of consents from the holders of the Warrants to certain proposed amendments to the Warrant Agreement (the “**Consent Solicitation**”). The Exchange Offer and Consent Solicitation are being made pursuant to a registration statement on Form F-4 under the Securities Act of 1933, as amended (the “**Act**”), filed with the Securities and Exchange Commission (the “**Commission**”) on May 20, 2022 (the “**Registration Statement**”), a preliminary prospectus and offer to exchange dated May 20, 2022 (the “**Preliminary Prospectus and Offer to Exchange**”) and the related Letter of Transmittal and Consent, both filed as exhibits to the Issuer’s Schedule TO, dated May 20, 2022, filed with the Commission. This letter is being delivered to you pursuant to Section 6(c) of the Dealer Manager and Solicitation Agent Agreement dated May 20, 2022 (the “**Agreement**”) between you and the Issuer.

The facts, as we understand them, and upon which with your permission we rely in rendering the opinion herein, are set forth in the Preliminary Prospectus and Offer to Exchange. In addition, in our capacity as special U.S. tax counsel, we have made such legal and factual examinations and inquiries as we have deemed necessary or appropriate. In our examination, we have assumed the accuracy of all information provided to us.

Based on such facts and subject to the qualifications, assumptions and limitations set forth herein and in the Preliminary Prospectus and Offer to Exchange, we hereby confirm that

LATHAM & WATKINS LLP

the statements in the Preliminary Prospectus and Offer to Exchange under the caption “Material U.S. Federal Income Tax Considerations,” insofar as such statements purport to constitute summaries of United States federal income tax law and regulations or legal conclusions with respect thereto, constitute accurate summaries of the matters described therein in all material respects.

No opinion is expressed as to any matter not discussed herein.

We are opining herein as to the effect on the subject transaction only of the federal income tax laws of the United States, and we express no opinion with respect to the applicability thereto, or the effect thereon, of other federal laws, the laws of any state or any other jurisdiction, or as to any matters of municipal law or the laws of any local agencies within any state. For the avoidance of doubt, we express no opinion with respect to the passive foreign investment company status of the Issuer.

This opinion is rendered to you as of the date of this letter, and we undertake no obligation to update this opinion subsequent to the date hereof. This opinion is based on current provisions of the Internal Revenue Code of 1986, as amended, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and the courts having jurisdiction over such matters. Our opinion is not binding upon the Internal Revenue Service or the courts, and there can be no assurance that the Internal Revenue Service will not assert a contrary position. Furthermore, no assurance can be given that future legislative, judicial or administrative changes, on either a prospective or retroactive basis, would not affect the conclusions stated in this opinion. Any variation or difference in the facts from those set forth in the Preliminary Prospectus and Offer to Exchange or any other documents we reviewed in connection with the transactions referenced in the first paragraph may affect the conclusions stated herein.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Act. We consent to your filing this opinion as an exhibit to the Registration Statement and to the reference to our firm contained in the Preliminary Prospectus and Offer to Exchange under the headings “Material U.S. Federal Income Tax Considerations” and “Legal Matters.” In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Sincerely,

/s/ Latham & Watkins LLP

Babylon Holdings Limited

Dealer Manager and Solicitation Agent Agreement (the “Agreement”)

New York, New York
May 20, 2022

BofA Securities, Inc.,
as Dealer Manager

c/o BofA Securities, Inc.
One Bryant Park
New York, New York 10036

Ladies and Gentlemen:

Babylon Holdings Limited, a public company incorporated under the laws of the Bailiwick of Jersey, Channel Islands (the “Company” or “we”), plans to make an offer (such offer as described in the Prospectus (as defined below), together with the related Consent Solicitation (as defined below), the “Exchange Offer”), for any and all of its outstanding public warrants and private placement warrants (but excluding, for the avoidance of doubt, the AlbaCore Warrants) (as set forth in the Prospectus) (the “Warrants”), in exchange for consideration consisting of 0.295 Ordinary Shares (as defined below), par value \$0.0000422573245084686 per share (the “Shares”) for each Warrant tendered, on the terms and subject to the conditions set forth in the Offering Documents (as defined below). Certain terms used herein are defined in Section 21 hereof.

Concurrently with making the Exchange Offer, the Company plans to solicit consents (the “Consents”) from the holders of Warrants (as described in the Offering Documents, the “Consent Solicitation”) to make certain amendments to the terms of the Warrants. Subject to the terms and conditions set forth in the Offering Documents, if Consents are received from the holders of at least 50% of the number of the then outstanding public warrants and from at least 50% of the number of the then outstanding private placement warrants (which is the minimum number required to amend the Warrant Agreement), the Warrant Amendment set forth in the Offering Documents shall be adopted.

1. Appointment as Dealer Manager and Solicitation Agent.

(a) BofA Securities, Inc. will act as the exclusive dealer manager and solicitation agent for the Exchange Offer and the Consent Solicitation (the “Dealer Manager” or “you”) in accordance with your customary practices, including without limitation to use commercially reasonable efforts to solicit tenders pursuant to the Exchange Offer, the solicitation of Consents pursuant to the Consent Solicitation and assisting in the distribution of the Offering Documents and to perform such services as

are customarily performed by investment banking firms acting as dealer managers and solicitation agents of an exchange offer of like nature.

You agree that all actions taken by you as Dealer Manager have complied and will comply in all material respects with all applicable laws, regulations and rules of the United States, including, without limitation, the applicable rules and regulations of the registered national securities exchanges of which you are a member and of FINRA.

The Dealer Manager, in its sole discretion, may continue to own or dispose of, in any manner it may elect, any Warrants it may beneficially own at the date hereof or hereafter acquire, in any such case, subject to applicable law. The Dealer Manager has no obligation to the Company, pursuant to this Agreement or otherwise, to tender or refrain from tendering Warrants beneficially owned by it in any Exchange Offer (or to deliver Consents in any related Consent Solicitation). The Dealer Manager acknowledges and agrees that if any Exchange Offer is not consummated for any reason, the Company shall have no obligation, pursuant to this Agreement or otherwise, to acquire any Warrants from the Dealer Manager or otherwise to hold the Dealer Manager harmless with respect to any losses it may incur in connection with the resale to any third parties of any Warrants.

The Company agrees that it will not file, use or publish any material in connection with the Exchange Offer, use the name BofA or BofA Securities, Inc. or refer to you or your relationship with the Company, without your prior written consent to the form of such use or reference. There shall be no fee for any such permitted use or reference other than as set forth herein.

2. Compensation. The Company shall pay to you, promptly after the Expiration Date, in respect of your services as Dealer Manager the fee set forth in the attached Schedule A (the "Fee"). The Company shall also promptly reimburse you, only in the event of the consummation of the Exchange Offer, for the reasonable fees, costs and out-of-pocket expenses of your counsel, Davis Polk & Wardwell LLP, for their representation of you incurred in connection with the Exchange Offer, not to exceed \$150,000.

3. Representations and Warranties. The Company represents and warrants to, and agrees with, you as set forth below in this Section 3:

(a) *Form F-4*. The Company has prepared and filed with the Commission the Pre-Effective Registration Statement on Form F-4, including a related Preliminary Prospectus, for registration under the Securities Act of the Shares in connection with the Exchange Offer. The Pre-Effective Registration Statement will have been declared effective by the Commission prior to the Expiration Date and any request on the part of the Commission or any other federal, state or local or other governmental or regulatory agency, authority or instrumentality or court or arbitrator for the amending or supplementing of the Offering Documents or for additional information has been complied with. The Company meets the conditions for the use of Form F-4 with respect to the Pre-Effective Registration Statement and the Registration Statement in connection with the Exchange Offer as contemplated by this Agreement.

(b) *Pre-Effective Registration Statement, Registration Statement, Preliminary Prospectus and Prospectus*.

(i) The Pre-Effective Registration Statement and any amendment

thereto, as of the Commencement Date, the Registration Statement, as of the Effective Date, the Expiration Date and the Exchange Date, and the Preliminary Prospectus and any amendments and supplements thereto, as of its date, the Commencement Date and the Exchange Date, comply, and will comply, in all material respects with the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder (including Rule 13e-4 and Rule 14e under the Exchange Act), (ii) the Prospectus (together with any supplement and amendment thereto), as of the date it is first filed in accordance with Rule 424(b) under the Securities Act (if it is so filed) and the Exchange Date, will comply, in all material respects with the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder (including Rule 13e-4 and Rule 14e under the Exchange Act), (iii) the Pre-Effective Registration Statement and any amendment thereto as of the Commencement Date, and the Registration Statement, as of the Effective Date, the Expiration Date and the Exchange Date, did not contain, and will not contain, any untrue statement of a material fact and did not omit, and will not omit, to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iv) the Preliminary Prospectus as of its date did not contain any untrue statement of a material fact and did not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (v) the Prospectus (together with any supplement or amendment thereto), as of the date it is first filed in accordance with Rule 424(b) (if required), the Expiration Date and the Exchange Date, will not contain any untrue statement of a material fact and will not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that the Company makes no representations or warranties as to the information contained in or omitted from the Pre-Effective Registration Statement, the Registration Statement, any Preliminary Prospectus or the Prospectus (or any supplement or amendment thereto) in reliance upon and in conformity with information furnished to the Company in writing by or on behalf of the Dealer Manager expressly for inclusion therein (the “Dealer Manager Information”), it being understood that the Dealer Manager Information shall include only the name and the contact information of the Dealer Manager.

(c) *Documents Incorporated by Reference.* The documents incorporated by reference in the Schedule TO (as defined below), when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with the Dealer Manager Information.

(d) *Schedule TO.* (i) on the Commencement Date, the Company will duly file with the Commission the Schedule TO pursuant to Rule 13e-4 promulgated by the Commission under the Exchange Act, a copy of which Schedule TO (including the documents required by Item 12 thereof to be filed as exhibits thereto) in the form in which it is to be so filed has been or will be furnished to the Dealer Manager; (ii) any amendments to the Schedule TO and the final form of all such documents filed with the Commission or published, sent, or given to holders of Warrants will be furnished to you prior to any such amendment, filing, publication, or distribution; (iii) the Schedule TO as so filed and as amended or supplemented from time to time

will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder; and (iv) the Schedule TO as filed or as amended or supplemented from time to time will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading, except that the Company makes no representation or warranty with respect to any statement contained in, or any matter omitted from, the Schedule TO and in conformity with the Dealer Manager Information.

(e) *Rule 165 Material.* The Rule 165 Material when filed with the Commission complied or will comply in all material respects with the applicable requirements of the Securities Act; and no Rule 165 Material, at the time of first use, when taken together with each Preliminary Prospectus and the Prospectus, as then amended or supplemented, contained or will contain any untrue statement of a material fact or omitted or will omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions in the Rule 165 Material made in reliance upon and in conformity with the Dealer Manager Information.

(f) *No Stop Orders.* No stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose or pursuant to Section 8A under the Securities Act are pending before or, to the knowledge of the Company, threatened by the Commission.

(g) *Emerging Growth Company.* From the time of initial filing of the Registration Statement to the Commission through the date hereof, the Company has been and is an “emerging growth company,” as defined in Section 2(a) of the Securities Act (an “Emerging Growth Company”).

(h) *Testing-the-Waters Materials.* The Company (i) has not alone engaged in any Testing-the-Waters Communication with any person other than Testing-the-Waters Communications with the consent of the Dealer Manager with entities that are reasonably believed to be qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are reasonably believed to be accredited investors within the meaning of Rule 501 under the Securities Act and (ii) has not authorized anyone other than the Dealer Manager to engage in Testing-the-Waters Communications. The Company reconfirms that the Dealer Manager has been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed or approved for distribution any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act. “Testing-the-Waters Communication” means any communication with potential investors undertaken in reliance on Section 5(d) or Rule 163B of the Securities Act.

(i) *Financial Statements.* The financial statements included in each of the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus, together with the related schedules and notes thereto, comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act, as applicable, and present fairly in all material respects the consolidated financial

position of the Company and its subsidiaries as of the dates shown and its results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, and applied on a consistent basis throughout the periods involved. The other financial information included in each of the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby. The statistical, industry-related and market-related data included in each of the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus are based on or derived from sources which the Company reasonably and in good faith believes are reliable and accurate and such data is consistent with the sources from which they are derived, in each case in all material respects.

(j) *No Material Adverse Change.* There has not occurred any Material Adverse Change, or any development involving a prospective Material Adverse Change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, since the date of the latest audited financial statements included within the Commission Reports, except as disclosed in the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus.

(k) *Organization and Good Standing.* The Company has been duly incorporated, is validly existing as a public company in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own or lease its property and to conduct its business as described in each of the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, singly or in the aggregate, have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole.

(l) *Significant Subsidiaries.* Each “significant subsidiary” (as such term is defined in Rule 1-02 of Regulation S-X) of the Company (the “Significant Subsidiaries”) has been duly incorporated, organized or formed, is validly existing as a corporation or other business entity in good standing under the laws of the jurisdiction of its incorporation, organization or formation (to the extent the concept of good standing or any functional equivalent is applicable in such jurisdiction), has the corporate or other business entity power and authority to own or lease its property and to conduct its business as described in each of the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, singly or in the aggregate, have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole; all of the issued shares of capital stock or other equity interests of each Significant Subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except for such liens, encumbrances, equities

or claims that would not be, singly or in the aggregate, material to the Company and its subsidiaries, taken as a whole.

(m) *Capitalization.* All the outstanding shares of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and are not subject to any pre-emptive or similar rights; except as described in or expressly contemplated by the Preliminary Prospectus and the Prospectus, there are no outstanding rights (including, without limitation, pre-emptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares or other equity interest in the Company or any of its subsidiaries, or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any shares of the Company or any such subsidiary, any such convertible or exchangeable securities or any such rights, warrants or options; the share capital of the Company conforms in all material respects to the description thereof contained in the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus; and, except as described under the caption “Basis of Consolidation—Subsidiaries” with respect to professional service corporations in Note 2 to the Company’s Consolidated Financial Statements, all the outstanding shares or other equity interests of each subsidiary owned, directly or indirectly, by the Company have been duly and validly authorized and issued, are fully paid and non-assessable (except, in the case of any foreign subsidiary, for directors’ qualifying shares) and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party other than as described in the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus. The Shares to be issued in exchange for the Warrants as contemplated by the Offering Documents have been duly authorized for issuance and sale by the Company, and, when issued and delivered as contemplated therein, will be duly and validly issued, fully paid and nonassessable; neither the filing of the Registration Statement nor the issuance of the Shares as contemplated by the Offering Documents will give rise to any preemptive or similar rights, other than those which have been waived or satisfied.

(n) *Required Filings.* The Company has filed with the Commission pursuant to Rule 13e-4(c)(1) under the Exchange Act (or Rule 425 under the Securities Act) or otherwise all written communications made by the Company or any affiliate of the Company in connection with or relating to the Exchange Offer or the Consent Solicitation that are required to be filed with the Commission, in each case on the date of their first use.

(o) *Compliance.* The Company has complied in all material respects with the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder in connection with the Exchange Offer, the Consent Solicitation, the Offering Documents and the transactions contemplated hereby and thereby. The Company is subject to and in full compliance with the reporting requirements of Section 13 or Section 15(d) of the Exchange Act. The Company has not received from the Commission any written comments, questions or requests for modification of disclosure in respect of any Commission Reports, except for comments, questions or requests (i) that have been satisfied by the provision of supplemental information to the staff of the Commission, or (ii) in respect of which the Company has agreed with the staff of the Commission to make a prospective change in future Commission Reports, of which agreement the Dealer Manager and its counsel have been made aware.

(p) *Stock Options.* Except as described in the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus, the Company has not sold, issued or distributed any Ordinary Shares during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulation D or S of, the Securities Act, other than shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans or pursuant to outstanding restricted stock units, options, rights or warrants.

(q) *Due Authorization.* The Company has full right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated hereby has been duly and validly taken.

(r) *Dealer Manager and Solicitation Agent Agreement.* This Agreement has been duly authorized, executed and delivered by the Company.

(s) *No Violation or Default.* Neither the Company nor any of its subsidiaries: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any of its subsidiaries under), nor has the Company or any of its subsidiaries received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in the case of each of clauses (i), (ii) and (iii) as could not reasonably be expected to result in a Material Adverse Effect.

(t) *No Conflicts.* The execution, delivery and performance by the Company of this Agreement, the conduct and consummation of the Exchange Offer and the consummation by the Company of any other transactions contemplated by this Agreement or the Preliminary Prospectus and the Prospectus will not (i) conflict with or violate any provision of the Company's Amended and Restated Memorandum and Articles of Association (the "Babylon Articles"), (ii) conflict with or violate any provision of any of the Company's subsidiaries' certificates or articles of incorporation, bylaws or other organizational or charter documents, (iii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any of its subsidiaries, or give to others any rights of termination, amendment, anti-dilution or similar adjustments, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or subsidiary debt or otherwise) or other understanding to which the Company or any of its subsidiaries is a party or by which any property or asset of the Company or any of its subsidiaries is bound or affected, or (iv) conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to

which the Company or any of its subsidiaries is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or any of its subsidiaries is bound or affected; except in the case of each of clauses (ii), (iii) and (iv), such as could not reasonably be expected to result in a Material Adverse Effect.

(u) *No Consents Required.* The execution and delivery by the Company of, and the performance by the Company of its obligations under this Agreement will not contravene any provision of applicable law or the Babylon Articles or any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, and no consent, approval, authorization or order of, or qualification with, any governmental body, agency or court is required for the performance by the Company of its obligations under this Agreement, except such as may be required by the securities or Blue Sky laws of the various states or the rules and regulations of the Financial Industry Regulatory Authority, Inc. in connection with the offer and sale of the Shares.

(v) *No Legal Proceedings.* There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject i) other than proceedings accurately described in all material respects in each of the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus and proceedings that would not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole, or on the power or ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated by each of the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus or ii) that are required to be described in the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus and are not so described; and there are no statutes, regulations, contracts or other documents that are required to be described in the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus or to be filed as exhibits to the Registration Statement that are not described in all material respects or filed as required.

(w) *Independent Accountants.* KPMG LLP (United Kingdom), who have certified certain financial statements of the Company and its consolidated subsidiaries, for the applicable periods, and delivered their report with respect to the audited financial statements and schedules filed with the Commission as part of the Registration Statement and included in each of the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus, is an independent registered public accounting firm with respect to the Company within the meaning of the Securities Act and the applicable rules and regulations thereunder adopted by the Commission and the Public Company Accounting Oversight Board (United States).

(x) *Title to Real and Personal Property.* The Company and each of its subsidiaries have good and marketable title in fee simple to all real property, if any, and good and marketable title to all personal property owned by them which is material to the business of

the Company and its subsidiaries, except to the extent that the failure to have good and marketable title to any real or personal property would not reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries taken as a whole, in each case free and clear of all liens, encumbrances and defects except such liens, encumbrances and defects would not reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries taken as a whole; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries.

(y) *Intellectual Property.* Except as would not, singly or in the aggregate, have a Material Adverse Effect on the Company and its subsidiaries taken as a whole, (i) the Company and its subsidiaries own or have a valid license to all patents, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names and all other worldwide intellectual property and proprietary rights (including all registrations and applications for registration of, and all goodwill associated with, any of the foregoing) (collectively, “Intellectual Property Rights”) used or held for use in any material respect, or reasonably necessary to the conduct of their respective businesses as now conducted by them; (ii) the Intellectual Property Rights owned by the Company and its subsidiaries and, to the Company’s knowledge, the Intellectual Property Rights licensed to the Company and its subsidiaries, are valid, subsisting and enforceable, and there is no pending or, to the Company’s knowledge, threatened action, suit, proceeding or claim by others challenging the validity, scope or enforceability of, or any rights of the Company or any of its subsidiaries in, any such Intellectual Property Rights (excluding office actions and other similar prosecution-related processes or proceedings by intellectual property registries and offices, including the USPTO); (iii) neither the Company nor any of its subsidiaries has received any notice alleging any infringement, misappropriation or other violation of Intellectual Property Rights; (iv) to the Company’s knowledge, no Person is infringing, misappropriating or otherwise violating, or has infringed, misappropriated or otherwise violated, any Intellectual Property Rights owned or controlled by the Company or any of its subsidiaries; (v) neither the Company nor any of its subsidiaries infringes, misappropriates or otherwise violates, or has infringed, misappropriated or otherwise violated, any Intellectual Property Rights of any Person, and the conduct of each of the respective businesses of the Company and its subsidiaries as described in Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus will not knowingly infringe, misappropriate, or otherwise violate any Intellectual Property Rights of any Person; (vi) all employees or contractors engaged in the development of any Intellectual Property Rights on behalf of the Company or any of its subsidiaries have executed an invention assignment agreement or are otherwise subject to contractual provisions whereby such employees or contractors presently assign all of their right, title and interest in and to such Intellectual Property Rights to the Company or its applicable subsidiary, and to the Company’s knowledge no such agreement has been breached or violated; and (vii) the Company and its subsidiaries use, and have used, commercially reasonable efforts in accordance with customary industry practice to appropriately maintain the confidentiality of all Intellectual Property Rights owned by them, including maintenance and protection of all information intended to be maintained as a trade secret.

(z) *Data Privacy.* (i) The Company and each of its subsidiaries have complied during the past three (3) years and are presently in compliance, in all material respects, with all internal and external privacy policies, contractual obligations, industry standards, applicable laws, statutes, judgments, orders, rules and regulations of any court or arbitrator or other governmental or regulatory authority and any other legal obligations, in each case, relating to the collection, use, transfer, import, export, storage, protection, disposal and disclosure by the Company or any of its subsidiaries of personal, personally identifiable, household, sensitive, confidential or regulated data or information (“Data Security Obligations”); (ii) the Company and its subsidiaries have not received any written notification of or written complaint regarding non-compliance in any material respect with any Data Security Obligation by the Company or any of its subsidiaries; and (iii) to the knowledge of the Company, there is no action, suit or proceeding by or before any court or governmental agency, authority or body pending or to the knowledge of the Company or its subsidiaries threatened alleging non-compliance with any Data Security Obligation by the Company or any of its subsidiaries; except in the case of each of clauses (i), (ii) and (iii) as could not reasonably be expected to result in a Material Adverse Effect. Notwithstanding the foregoing, the representations in this clause (gg) shall not apply to any subsidiary acquired during the last three (3) years for periods prior to the date of acquisition of such subsidiary.

(aa) *No Undisclosed Relationships.* No relationship, direct or indirect, exists between or among the Company or any of its subsidiaries, on the one hand, and the directors, officers, shareholders or other affiliates of the Company or any of its subsidiaries, on the other, that is required by the Securities Act to be described in each of the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus and that is not so described in such documents.

(bb) *Investment Company Act.* The Company is not, and after giving effect to the consummation of the Exchange Offer or the Consent Solicitation will not be, required to register as an “investment company” or an entity “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Investment Company Act”).

(cc) *Taxes.* The Company and each of its subsidiaries have filed all federal, state, local and foreign tax returns required to be filed through the date of this Agreement or have requested extensions thereof (except where the failure to file would not, singly or in the aggregate, have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole) and have paid all taxes required to be paid thereon (except for cases in which the failure to file or pay would not, singly or in the aggregate, have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole, or, except as currently being contested in good faith and for which reserves required by IFRS have been created in the financial statements of the Company), and no tax deficiency has been determined adversely to the Company or any of its subsidiaries which, singly or in the aggregate, has had (nor does the Company nor any of its subsidiaries have any notice or knowledge of any tax deficiency which could reasonably be expected to be determined adversely to the Company or its subsidiaries and which could reasonably be expected to have) a Material Adverse Effect on the Company and its subsidiaries, taken as a whole.

(dd) *Licenses and Permits.* The Company and each of its subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses (“Permits”), except to the extent that the failure to possess such Permits would not have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole, and during the past three (3) years, neither the Company nor any of its subsidiaries has received any written notice of proceedings relating to the revocation or modification of any such Permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole.

(ee) *No Labor Disputes.* No material labor dispute with the employees of the Company or any of its subsidiaries exists, or, to the knowledge of the Company, is imminent; and the Company is not aware of any existing, threatened or imminent labor disturbance by the employees of any of its principal suppliers, manufacturers or contractors that could, singly or in the aggregate, have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole.

(ff) *Certain Environmental Matters.* The Company and each of its subsidiaries (A) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (“Environmental Laws”), (B) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (C) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole.

(gg) *Compliance with ERISA.* (i) Each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), for which the Company or any member of its “Controlled Group” (defined as any entity, whether or not incorporated, that is under common control with the Company within the meaning of Section 4001(a)(14) of ERISA or any entity that would be regarded as a single employer with the Company under Section 414(b),(c),(m) or (o) of the Internal Revenue Code of 1986, as amended (the “Code”)) would have any liability (each, a “Plan”) has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Code; (ii) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any Plan, excluding transactions effected pursuant to a statutory or administrative exemption; (iii) for each Plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, no Plan has failed (whether or not waived), or is reasonably expected to fail, to satisfy the minimum funding standards (within the meaning of Section 302 of ERISA or Section 412 of the Code) applicable to such Plan; (iv) no Plan is, or is reasonably expected to be, in “at risk status” (within the meaning of Section 303(i) of ERISA) and no Plan that is a “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA is in “endangered status” or “critical status” (within the meaning of Sections 304 and 305 of ERISA); (v) the fair

market value of the assets of each Plan exceeds the present value of all benefits accrued under such Plan (determined based on those assumptions used to fund such Plan); (vi) no “reportable event” (within the meaning of Section 4043(c) of ERISA and the regulations promulgated thereunder) has occurred or is reasonably expected to occur; (vii) each Plan that is intended to be qualified under Section 401(a) of the Code is subject to a favorable determination letter or advisory opinion, as applicable, from the Internal Revenue Service, and nothing has occurred, whether by action or by failure to act, that, to the best knowledge of the Company, is reasonably likely to result in the revocation of any such determination or opinion, as applicable; and (viii) none of the following events has occurred or is reasonably likely to occur: (A) a material increase in the aggregate amount of contributions required to be made to all Plans by the Company or its Controlled Group affiliates in the current fiscal year of the Company and its Controlled Group affiliates compared to the amount of such contributions made in the Company’s and its Controlled Group affiliates’ most recently completed fiscal year; or (B) a material increase in the Company and its subsidiaries’ “accumulated post-retirement benefit obligations” (within the meaning of Accounting Standards Codification Topic 715-60) compared to the amount of such obligations in the Company and its subsidiaries’ most recently completed fiscal year, except in each case with respect to the events or conditions set forth in (i) through (viii) hereof, as would not, individually or in the aggregate, have a Material Adverse Effect.

(hh) *Sarbanes-Oxley; Internal Accounting Controls.* Except as disclosed in the Preliminary Prospectus and Prospectus (A) the Company and its subsidiaries are in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date hereof, as of the Commencement Date and as of the Exchange Date; (B) the Company and its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management’s general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management’s general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (C) the Company and its subsidiaries have established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and its subsidiaries and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in the Commission Reports is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms. The Company’s certifying officers have evaluated the effectiveness of the disclosure controls and procedures of the Company and its subsidiaries as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the “Evaluation Date”). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been (i) no material weakness in the Company’s internal control over financial reporting (whether or not remediated), except as disclosed in the most recently filed periodic report under the Exchange Act and in the Preliminary Prospectus and Prospectus and (ii) no change in the Company’s internal control over financial reporting that has

materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(ii) *Insurance.* The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; neither the Company nor any of its subsidiaries has been refused any insurance coverage sought or applied for; and the Company has no reason to believe that it or its subsidiaries will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, singly or in the aggregate, have a Material Adverse Effect on the Company and its subsidiaries, taken as a whole.

(jj) *No Unlawful Payments.* (i) None of the Company or any of its subsidiaries, or any director or officer thereof, or, to the Company's knowledge, any employee, agent or representative while acting on behalf of the Company or of any of its subsidiaries, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment, giving or receipt of money, property, gifts or anything else of value, directly or indirectly, to any government official (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) in order to influence official action, or to any person in violation of any applicable anti-corruption laws; (ii) the Company and each of its subsidiaries have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintained and will continue to maintain policies and procedures reasonably designed to promote and achieve compliance with such laws and with the representations and warranties contained herein; and (iii) neither the Company nor any of its subsidiaries will use, directly or knowingly indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any applicable anti-corruption laws.

(kk) *Foreign Corrupt Practices Act and UK Bribery Act 2010.* None of the Company, any of its subsidiaries, directors, officers or, to the knowledge of the Company, any agent, employee, affiliate or other person acting on behalf of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA"), the U.K. Bribery Act of 2010, as amended, and the rules thereunder (the "UK Act"), or similar applicable law of any other jurisdiction or the rules and regulations under the FCPA, UK Act or similar applicable law of any other jurisdiction including, without limitation, (i) using any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity or (ii) making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA, the UK Act or similar applicable law of any other jurisdiction and the Company and, to the knowledge of the Company, its affiliates have conducted their businesses in compliance with the FCPA, the UK

Act or similar applicable law of any other jurisdiction and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(ll) *Compliance with Anti-Money Laundering Laws.* The operations of the Company and each of its subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of jurisdictions where the Company and each of its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “Anti-Money Laundering Laws”), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(mm) *OFAC.* None of the Company, any of its subsidiaries, directors, officers or, to the knowledge of the Company, any agent, employee, affiliate or representative of the Company or any of its subsidiaries is an individual or entity (“Person”) currently the subject or target of applicable sanctions administered or enforced by the United States Government, including, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) or the U.S. Department of State, the United Nations Security Council (“UNSC”), the European Union, or Her Majesty’s Treasury (“HMT”) (collectively, “Sanctions”), nor is the Company located, organized or resident in a country or territory that is the subject of country-wide or territory-wide Sanctions (as of the date of this Agreement, the Crimea region of Ukraine, the so-called Donetsk People’s Republic, the so-called Luhansk People’s Republic, Cuba, Iran, Syria, or North Korea) (each a “Sanctioned Country”). For the past five years, the Company and its subsidiaries have not knowingly engaged in, and are not now knowingly engaged in any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of comprehensive Sanctions or with a Sanctioned Country, except as would be permissible under relevant Sanctions.

(nn) *No Conflicts with Sanctions Laws.* (i) None of the Company, any of its subsidiaries, or any director, officer or, to the Company’s knowledge, any employee, any agent, affiliate or representative of the Company or any of its subsidiaries, is an individual or entity (a “Person”) that is, or is 50% or more owned or controlled by one or more Persons that are: (i) the subject of applicable Sanctions, or (ii) located, organized or resident in a Sanctioned Country. The Company will not, directly or knowingly indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person: (i) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions prohibiting such funding or facilitation; or (ii) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise). The Company and each of its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not knowingly engage in,

any dealings or transactions with any Person, or in any Sanctioned Country, in violation of Sanctions.

(oo) *No Solicitation.* The Company has not paid or agreed to pay to any person any compensation for (i) soliciting another to purchase any of its securities or (ii) soliciting tenders or Consents by holders of Warrants pursuant to the Exchange Offer (except as contemplated in this Agreement).

(pp) *No Registration Rights.* Except as described in the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus and the Prospectus, no person has the right to require the Company or any of its subsidiaries to register any securities for sale under the Securities Act by reason of the filing of the Pre-Effective Registration Statement or the Registration Statement with the Commission.

(qq) *No Stabilization.* The Company has not taken, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of any security of the Company to facilitate the Exchange Offer.

(rr) *Foreign Private Issuer.* The Company is a “foreign private issuer” within the meaning of Rule 405 under the Securities Act (a “Foreign Private Issuer”).

(ss) *No Transfer Taxes or Other Fees.* There are no transfer, stamp, issue, registration, documentary taxes or other similar fees or charges under the laws of Jersey, U.S. federal law or the laws of any state, or any political subdivision thereof, required to be paid in connection with the execution and delivery by the Company of this Agreement of the exchange by the Company of the Warrants.

(tt) *Forward-Looking Statements.* No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) included in any of the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(uu) *Sarbanes-Oxley Act.* There is and has been no failure on the part of the Company or any of the Company’s directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act of 2002, as amended and the rules and regulations promulgated in connection therewith, including Section 402 related to loans and Sections 302 and 906 related to certifications.

(vv) *Registration Fees.* The Company has paid the registration fee for Registration Statement pursuant to Rule 456(a) under the Securities Act or will pay such fee within the time period required by such rule and in any event prior to the Exchange Date.

(ww) *No Ratings.* There are (and prior to the Exchange Date, will be) no debt securities or preferred stock issued or guaranteed by the Company or any of its subsidiaries that are rated by a “nationally recognized statistical rating organization”, as such term is defined under Section 3(a)(62) under the Exchange Act.

Any certificate signed by any officer of the Company and delivered to the Dealer Manager or counsel for the Dealer Manager in connection with the Exchange Offer shall be deemed a representation and warranty by the Company as to matters covered thereby to the Dealer Manager.

4. Representations, Warranties and Agreements of the Dealer Manager. The Dealer Manager hereby represents, warrants and agrees that the Dealer Manager will not (1) cause to be disseminated to holders, dealers or the public any written material for or in connection with the Exchange Offer or Consent Solicitation other than one or more of the Offering Documents, or (2) make any public oral communications relating to the Exchange Offer or the Consent Solicitation that have not been previously approved by the Company except as contemplated in the penultimate sentence of Section 6 of this Agreement.

5. Agreements. The Company agrees with the Dealer Manager that:

(a) The Company will furnish to the Dealer Manager and to counsel for the Dealer Manager, without charge, during the period beginning on the Commencement Date and continuing to and including the Exchange Date, copies of the Offering Documents and any amendments and supplements thereto in such quantities as the Dealer Manager may reasonably request.

(b) Prior to the termination of the Exchange Offer and the Consent Solicitation, the Company will not file any amendment to the Pre-Effective Registration Statement or the Registration Statement or supplement to the Preliminary Prospectus or the Prospectus unless the Company has furnished the Dealer Manager a copy of such proposed amendment or supplement, as applicable, for its review prior to filing and will not file any such proposed amendment or supplement to which the Dealer Manager reasonably objects. Subject to the foregoing sentence, if the Registration Statement has become or becomes effective, or filing of the Preliminary Prospectus or the Prospectus is otherwise required under the Securities Act or the Exchange Act and the rules and regulations of the Commission thereunder, the Company will cause the Preliminary Prospectus or the Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) or in an amendment to the Registration Statement, whichever is applicable, within the time period prescribed. The Company will promptly advise the Dealer Manager (i) when the Registration Statement, and any amendment thereto, shall have become effective, (ii) when the Preliminary Prospectus or the Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission, (iii) when, prior to termination of the Exchange Offer and the Consent Solicitation, any amendment to the Registration Statement shall have been filed or become effective, (iv) of any request by the Commission or its staff for any amendment of the Pre-Effective Registration Statement or the Registration Statement or supplement to the Preliminary Prospectus or the Prospectus or for any additional information, (v) the issuance by the Commission of any stop order or of any order preventing or suspending the use of the Preliminary Prospectus or the Prospectus, or the initiation or threatening of any proceeding for any such purpose, and (vi) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction within the United States or the initiation or threatening of any proceeding for such purpose. In the event of the issuance of any such stop order or of any such order preventing or suspending the use of the Preliminary

Prospectus or the Prospectus, the Company will use its reasonable best efforts to obtain its withdrawal. The Company agrees to use its reasonable best efforts to cause the Registration Statement to become effective as soon as practicable and as much in advance of the Expiration Date as practicable.

(c) The Company will comply with the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder so as to permit the completion of the distribution of the Shares issued in the Exchange Offer and Consent Solicitation, as contemplated by this Agreement, the Registration Statement and the Prospectus. If, at any time when a prospectus relating to the Exchange Offer or Consent Solicitation is required to be delivered under the Securities Act or the Exchange Act and the rules and regulations of the Commission thereunder, any event occurs as a result of which the Offering Documents, as then amended or supplemented, would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it should be necessary to amend or supplement the Offering Documents to comply with applicable law, the Company will promptly: (i) notify the Dealer Manager of any such event or non-compliance at which time the Dealer Manager shall be entitled to cease soliciting tenders until such time as the Company has complied with clause (iii) of this sentence; (ii) subject to the requirements of the first sentence of the above paragraph (b), prepare an amendment or supplement that will correct such statement or omission or effect such compliance; and (iii) supply any such amendment or supplement to the Dealer Manager and counsel for the Dealer Manager without charge in such quantities as the Dealer Manager may reasonably request. The Company will also promptly inform the Dealer Manager of any litigation or administrative action with respect to the Exchange Offer.

(d) The Company agrees to advise the Dealer Manager promptly of (i) any proposal by the Company to withdraw, rescind or modify the Offering Documents or to withdraw, rescind or terminate the Exchange Offer or the Consent Solicitation or the exercise by the Company of any right not to exchange the Warrants pursuant to the Exchange Offer or the Consent Solicitation, (ii) its awareness of the issuance of a stop order suspending the effectiveness of the Registration Statement or of any notice objecting to its use by the Commission or any other regulatory authority, or the institution or threatening of any proceedings for that purpose (and will promptly furnish the Dealer Manager with a copy of any such order), (iii) its awareness of the occurrence of any development that could reasonably be expected to result in a Material Adverse Change relating to or affecting the Exchange Offer or the Consent Solicitation and (iv) any other non-privileged information relating to the Exchange Offer, the Consent Solicitation, the Offering Documents or this Agreement which the Dealer Manager may from time to time reasonably request.

(e) The Company will make generally available to its security holders and the Dealer Manager as soon as practicable an earning statement that satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the “effective date” (as defined in Rule 158) of the Registration Statement.

(f) The Company will arrange, if necessary, for the qualification of the Shares for offer or sale in connection with the Exchange Offer under the laws of such jurisdictions as the Dealer Manager may designate and will maintain such qualifications in effect so long as required for such offer or sale; provided that in no event shall the Company be obligated to qualify to do business in any jurisdiction in which it is not now so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the offering or sale of the Shares in connection with the Exchange Offer, in any jurisdiction in which it is not now so subject. The Company will promptly advise the Dealer Manager of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(g) Prior to the termination of the Exchange Offer, the Company will not, and will not permit any of its Affiliates to, resell any Shares that have been acquired by them. The Company will cause all Warrants accepted in the Exchange Offer to be cancelled.

(h) The Company will cooperate with the Dealer Manager to permit the Shares to be eligible for clearance and settlement through The Depository Trust Company.

(i) The Company agrees not to exchange any Warrants during the period beginning on the Commencement Date and ending on the Exchange Date except pursuant to and in accordance with the Exchange Offer, the Consent Solicitation or as otherwise agreed to in writing by the parties hereto and permitted under applicable laws and regulations.

(j) None of the Company, its Affiliates or any person acting on its or their behalf will take, directly or indirectly, any action that is designed to cause or result, or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of the Company to facilitate the sale of the Shares or the tender of Warrants in the Exchange Offer.

(k) The Company has arranged for D.F. King & Co., Inc. to serve as Information Agent and for Computershare Trust Company, N.A., to serve as Exchange Agent and authorizes the Dealer Manager to communicate with each of the Information Agent and the Exchange Agent to facilitate the Exchange Offer and the Consent Solicitation.

(l) The Company will comply in all material respects with the Securities Act and the Exchange Act and the rules and regulations of the Commission thereunder, including Rule 13e-4 and Rule 14e-1 under the Exchange Act (including taking the actions necessary to ensure that the procedural requirements of Rule 14e-1 are satisfied), in connection with the Exchange Offer, the Consent Solicitation, the Offering Documents and the transactions contemplated hereby and thereby. The Company will file with the Commission pursuant to Rule 13e-4(c)(1) under the Exchange Act (or Rule 425 under the Securities Act) or otherwise all written communications made by the Company or any affiliate of the Company in connection with or relating to the Exchange Offer or the Consent Solicitation that are required to be filed with the Commission, in each case on the date of their first use.

(m) The Company agrees to pay the costs and expenses relating to the transactions contemplated hereunder, including without limitation the following: (i) the preparation of this Agreement, the issuance of the Shares and the fees of the Information Agent and the Exchange Agent; (ii) the preparation, printing or reproduction of the Offering Documents and each amendment or supplement thereto; (iii) the printing (or reproduction) and delivery (including postage, air freight charges and charges for counting and packaging) of such copies of the Offering Documents (and all amendments or supplements thereto) as may, in each case, be reasonably requested for use in connection with the Exchange Offer; (iv) the preparation, authentication, issuance and delivery of the Shares, including any stamp or transfer taxes in connection with the original issuance and sale of the Shares; (v) the printing (or reproduction) and delivery of this Agreement, any blue sky memorandum and all other agreements or documents printed (or reproduced) and delivered in connection with the Exchange Offer; (vi) any registration or qualification of the Shares for offer and sale under the blue sky laws of the several states or any non-U.S. jurisdiction; (vii) transportation and other expenses incurred by or on behalf of Company representatives in connection with presentations to prospective participants in the Exchange Offer; (viii) the fees and expenses of the Company's accountants and the fees and expenses of counsel (including local and special counsel) for the Company; (ix) fees and expenses incurred in connection with listing the Shares on the New York Stock Exchange; and (x) all other costs and expenses incident to the performance by the Company of its obligations hereunder and in connection with the Exchange Offer.

(n) The Company will promptly notify the Dealer Manager if the Company ceases to be an Emerging Growth Company or Foreign Private Issuer at any time prior to the Exchange Date.

6. Conditions to the Obligations of the Dealer Manager. The obligations of the Dealer Manager under this Agreement shall be subject to the accuracy of the representations and warranties on the part of the Company contained herein at the Commencement Date, any date on which Offering Documents are distributed to holders of the Warrants, the Effective Date, the Expiration Date and the Exchange Date, to the accuracy of the statements of the Company made in any certificates pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) The Registration Statement shall have become effective on or prior to the Expiration Date.

(b) As of the Exchange Date, no stop order suspending the effectiveness of the Registration Statement or any notice objecting to its use shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Company, threatened by the Commission; and the Prospectus shall have been timely filed with the Commission under the Securities Act; and all requests by the Commission for additional information shall have been complied with to the reasonable satisfaction of the Dealer Manager.

(c) At the Commencement Date and the Exchange Date, the Company shall have requested and caused an opinion and negative assurance letter of Latham & Watkins LLP, counsel to the Company, together with an opinion of Walkers (Jersey)

LLP, Jersey counsel for the Company, dated the Commencement Date or Exchange Date, as applicable, in form and substance reasonably satisfactory to the Dealer Manager to have been delivered to the Dealer Manager, in each case addressed to, and in form and substance satisfactory to, the Dealer Manager.

(d) At the Commencement Date and the Exchange Date, the Dealer Manager shall have received from Davis Polk & Wardwell LLP, counsel for the Dealer Manager, such opinion and negative assurance letter, in each case addressed to the Dealer Manager with respect to the Exchange Offer, as the Dealer Manager may reasonably require, and the Company shall have furnished to such counsel such documents as they request for the purposes of enabling them to pass upon such matters.

(e) At the Exchange Date, the Company shall have furnished to the Dealer Manager a certificate of the Company, signed by the Chairman of the Board or the Chief Executive Officer and the principal financial or accounting officer of the Company, dated as of the Exchange Date, to the effect that the signers of such certificate have carefully examined the Offering Documents, any amendment or supplement to the Offering Documents and this Agreement and that:

(i) the representations and warranties of the Company in this Agreement are true and correct as of the Exchange Date with the same effect as if made on the Exchange Date, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied hereunder at or prior to the Exchange Date;

(ii) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or threatened by the Commission; and

(iii) since the date of the most recent financial statements included or incorporated by reference in the Offering Documents (exclusive of any amendment or supplement thereto), there has been no Material Adverse Change, except as set forth in or contemplated in the Offering Documents (exclusive of any amendment or supplement thereto).

(f) At each of the Commencement Date and the Exchange Date, the Company shall have requested and caused KPMG LLP (United Kingdom) to furnish to the Dealer Manager letters, dated respectively as of the Commencement Date and the Exchange Date, in form and substance reasonably satisfactory to the Dealer Manager.

(g) Subsequent to the Commencement Date or, if earlier, the dates as of which information is given in the Offering Documents (exclusive of any amendment or supplement thereto), there shall not have been (i) any change or decrease specified in the letters referred to in paragraph (f) of this Section 6 or (ii) any change, or any development involving a prospective change, in or affecting the condition (financial or otherwise), prospects, earnings, business or properties the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Offering Documents (exclusive of any amendment or supplement thereto), the effect of which, in any case referred to in clause (i) or (ii) above, is, in the reasonable judgment of the Dealer Manager, so material and adverse as to make it impractical or inadvisable to market or deliver the Shares or solicit tenders of Warrants as contemplated by the Offering Documents (exclusive of any amendment or supplement thereto).

(i) Prior to the Exchange Date, the Company shall have obtained all consents, approvals, authorizations and orders of, and shall have duly made all registrations, qualifications and filing with, any court or regulatory authority or other governmental agency or instrumentality required in connection with the making and consummation of the Exchange Offer and the execution, delivery and performance of this Agreement.

(j) Prior to the Exchange Date, the Company shall have delivered to the Dealer Manager and its counsel such further information, certificates and documents as they may reasonably request.

(k) Prior to the Exchange Date, the Shares shall have been approved for listing, subject to notice of issuance, on the New York Stock Exchange.

If (i) any of the conditions specified in this Section 6 shall not have been fulfilled when and as provided in this Agreement, or (ii) any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be reasonably satisfactory in form and substance to the Dealer Manager and its counsel, this Agreement and all obligations of the Dealer Manager hereunder may be cancelled by the Dealer Manager at, or at any time prior to, the Exchange Date. In such event, the Dealer Managers shall be entitled to publicly disclose the cancellation of its participation in the Exchange Offer via press release, subject to prior notification of the Company. Notice of such cancellation shall be given to the Company in writing or by telephone or facsimile confirmed in writing.

7. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless the Dealer Manager, the directors, officers, employees and agents of the Dealer Manager and each

person who controls the Dealer Manager within the meaning of either the Securities Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which the Dealer Manager may become subject under the Securities Act, the Exchange Act or other federal, state or foreign statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) relate to, arise out of, or are based upon (1) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary in order to make the statements therein not misleading, (2) any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Prospectus, the Prospectus, the accompanying letter of transmittal and consent, the Schedule TO, the Rule 165 Material, the notice of guaranteed delivery, and all other documents filed or to be filed with any federal, state or local government or regulatory agency or authority in connection with the Exchange Offer or the Consent Solicitation, each as prepared or approved by the Company, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (3) the Company's failure to make or consummate the Exchange Offer or the withdrawal, rescission, termination, amendment or extension of the Exchange Offer or any failure on the Company's part to comply with the terms and conditions contained in the Offering Documents, (4) any action or failure to act by the Company or its respective directors, officers, agents or employees or by any indemnified party at the request or with the consent of the Company in connection with the consummation of Exchange Offer in accordance with the terms and conditions contained in the Offering Documents, or (5) otherwise related to or arising out of the Dealer Manager's engagement hereunder or any transaction or conduct in connection therewith, except that clauses (3), (4) and (5) shall not apply with respect to the portion of any losses that are finally judicially determined by a court of competent jurisdiction to have resulted from the bad faith, gross negligence or willful misconduct of such indemnified party, and in the case of clause (1), (2), (3) or (4) of this sentence, the Company agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Offering Documents, or in any amendment thereof or supplement thereto, in reliance upon and in conformity with the Dealer Manager Information or, in the case of reimbursement of expenses, to the extent such expense constitutes VAT that is recoverable by the indemnified party (or the representative member of any VAT group of which the indemnified party is a member). This indemnity agreement will be in addition to any liability that the Company may otherwise have.

(b) The Dealer Manager agrees to indemnify and hold harmless the Company, each of its directors, officers, employees and agents and each person who controls the Company within the meaning of the Securities Act or the Exchange Act to the same extent as the foregoing indemnity from the Company to the Dealer Manager,

but only with reference to the Dealer Manager Information. This indemnity agreement will be in addition to any liability that the Dealer Manager may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 7, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraph (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraph (a) or (b) above. The indemnifying party shall be entitled to appoint counsel (including local counsel) of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel, other than local counsel if not appointed by the indemnifying party, retained by the indemnified party or parties except as set forth below); provided, however, that such counsel shall be reasonably satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel (including local counsel) to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding.

(d) In the event that the indemnity provided in paragraph (a) or (b) of this Section 7 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Company and the Dealer Manager agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively, the "Losses") to which the Company and the Dealer Manager may be subject in such proportion as is

appropriate to reflect the relative benefits received by the Dealer Manager on the one hand and the Company on the other from the Exchange Offer. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and the Dealer Manager shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and of the Dealer Manager on the other in connection with the statements, omissions, actions or failure to act that resulted in such Losses, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Dealer Manager on the other shall be deemed to be in the same proportion as the total value paid or proposed to be paid to holders of Warrants pursuant to the Exchange Offer and the Consent Solicitation (whether or not consummated) bears to the fees actually received by the Dealer Manager pursuant to Section 2 hereof (exclusive of amounts paid for reimbursement of expenses or paid under this Agreement). For purposes of the preceding sentence, the total value paid or proposed to be paid to holders of Warrants pursuant to the Exchange Offer and the Consent Solicitation shall equal (i) if the Exchange Offer or the Consent Solicitation is consummated, the total market value of the Shares (as of the Expiration Date) issued (plus any cash in lieu of fractional shares paid), in the Exchange Offer and the Consent Solicitation, or (ii) if the Exchange Offer and the Consent Solicitation is not consummated, the total market value (as of the date when the Exchange Offer is terminated or otherwise withdrawn by the Company) of the Shares issuable in the Exchange Offer and the Consent Solicitation, based on the maximum number of Warrants that could be exchanged in the Exchange Offer and the Consent Solicitation as described in the Preliminary Prospectus or Prospectus immediately before the termination or withdrawal of the Exchange Offer and the Consent Solicitation. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact or any other alleged conduct relates to information provided by the Company or other conduct by the Company on the one hand or the Dealer Manager on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Dealer Manager agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation that does not take account of the equitable considerations referred to above. Notwithstanding anything to the contrary above (other than with respect to uncovered losses), in no event shall BofA Securities, Inc. be responsible under this paragraph for any amounts in excess of the amount of the compensation actually paid by the Company to BofA Securities, Inc. in connection with the engagement (exclusive of amounts paid for reimbursement of expenses under the Agreement, including this Section 7, and amounts paid under this Section 7). Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 7, each person who controls the Dealer Manager within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of the Dealer Manager shall have the same rights to contribution as such Dealer Manager, and each person who controls the Company within the meaning of either the Securities Act

or the Exchange Act and each officer and director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this paragraph (d).

8. Certain Acknowledgments. The Company understands that you and your affiliates (together, the “Group”) are engaged in a wide range of financial services and businesses (including investment management, financing, securities trading, corporate and investment banking and research). Members of the Group and businesses within the Group generally act independently of each other, both for their own account and for the account of clients. Accordingly, there may be situations where parts of the Group and/or their clients either now have or may in the future have interests, or take actions, that may conflict with our interests. For example, the Group may, in the ordinary course of business, engage in trading in financial products or undertake other investment businesses for their own account or on behalf of other clients, including, but not limited to, trading in or holding long, short or derivative positions in securities, loans or other financial products of the Company or other entities connected with the Exchange Offer.

In recognition of the foregoing, the Company agrees that the Group is not required to restrict its activities as a result of this engagement, and that the Group may undertake any business activity without further consultation with or notification to the Company. Neither this Agreement, the receipt by the Group of confidential information nor any other matter shall give rise to any fiduciary, equitable or contractual duties (including without limitation any duty of trust or confidence) that would prevent or restrict the Group from acting on behalf of other customers or for its own account. Furthermore, the Company agrees that neither the Group nor any member or business of the Group is under a duty to disclose to the Company or use on behalf of the Company any information whatsoever about or derived from those activities or to account for any revenue or profits obtained in connection with such activities. However, consistent with the Group’s long-standing policy to hold in confidence the affairs of its customers, the Group will not use confidential information obtained from the Company except in connection with its services to, and its relationship with the Company.

The Company hereby acknowledges that you are acting as principal and not as a fiduciary of the Company and the Company’s engagement of you in connection with the transactions contemplated herein is as an independent contractor, on an arms-length basis under this Agreement with duties solely to the Company, and not in any other capacity including as a fiduciary. Neither this Agreement, your performance hereunder nor any previous or existing relationship between the Company and any member of or business within the Group will be deemed to create any fiduciary relationship. Neither this engagement, nor the delivery of any advice in connection with this engagement, is intended to confer rights upon any persons not a party hereto (including security holders, employees or creditors of the Company) as against the Group or their respective directors, officers, agents and employees. Furthermore, the Company agrees that it is solely responsible for making its own judgments in connection with the transactions contemplated herein (irrespective of whether any member of or business within the Group has advised or is currently advising the Company on related or other matters).

9. Termination; Representations, Acknowledgments and Indemnities to Survive.

(a) Subject to clause (c) below, this Agreement may be terminated by the Company, at any time upon notice to the Dealer Manager, if (i) at any time prior to the Exchange Date, the Exchange Offer and the Consent Solicitation is terminated or withdrawn by the Company for any reason, or (ii) the Dealer Manager does not comply with all of its covenants under this Agreement.

(b) Subject to clause (c) below, this Agreement may be terminated by the Dealer Manager, at any time upon notice to the Company, if (i) at any time prior to the Exchange Date, the Exchange Offer and the Consent Solicitation is terminated or withdrawn by the Company for any reason, (ii) the Company does not comply in all material respects with any covenant specified in Section 1, (iii) the Company shall publish, send or otherwise distribute any amendment or supplement to the Offering Documents to which the Dealer Manager shall reasonably object or which shall be reasonably disapproved by the counsel to the Dealer Manager or (iv) the Dealer Manager cancels the Agreement pursuant to Section 6.

(c) The respective agreements, representations, warranties, acknowledgments, indemnities and other statements of the Company or its officers and of the Dealer Manager set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of the Dealer Manager or the Company or any of the officers, directors or controlling person of the Company, and will survive delivery of and payment for the Shares. The provisions of Section 2, Section 5(m), Section 7, and Section 18 hereof, and this Section 10(c), shall survive the termination or cancellation of this Agreement.

10. Compliance with USA Patriot Act. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Dealer Manager is required to obtain, verify and record information that identifies its clients, including the Company, which information may include the name and address of its clients, as well as other information that will allow the Dealer Manager to properly identify its clients.

11. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the Dealer Manager, will be mailed or delivered to

BofA Securities, Inc.

One Bryant Park,
New York, NY 10036
Email: dg.ecm_execution_services@bofa.com
Attention: Syndicate Department with a copy to:
Email: dg.ecm_legal@bofa.com
Attention: ECM Legal

with a copy to (which shall not constitute notice):

Davis Polk & Wardwell LLP
450 Lexington Avenue,
New York, New York 10017

Email: byron.rooney@davispolk.com and derek.dostal@davispolk.com
Attention: Byron Rooney and Derek Dostal

or, if sent to the Company, will be mailed or delivered to

Babylon Holdings Limited

1 Knightsbridge Green

London, SW1X 7QA

United Kingdom

Email: legal-corporate@babylonhealth.com

Attention: Legal Department

with a copy to (which shall not constitute notice):

Latham & Watkins LLP

811 Main Street, Suite 3700

Houston, TX 77002

Email: ryan.maieron@lw.com, julia.thompson@lw.com and charles.cassidy@lw.com

Attention: Ryan Maieron, Esq., Julia A. Thompson, Esq. and R. Charles Cassidy III, Esq.

12. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 7 hereof, and, except as expressly set forth in Section 5(k) hereof, no other person will have any right or obligation hereunder.

13. Entire Agreement. Except for that certain engagement letter dated as of May 17, 2022 between the Company and the Dealer Manager, this Agreement, and any documents referred to in it, constitute the whole agreement between the parties and supersede any arrangements, understanding or previous agreement between them relating to the subject matter they cover. In the event of any inconsistency between this Agreement and any documents referred to in it, the terms of this Agreement shall prevail.

14. Submission to Jurisdiction; Waiver of Immunity. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("Related Proceedings") shall be instituted in (i) the federal courts of the United States of America located in the City and County of New York, Borough of Manhattan or (ii) the courts of the State of New York located in the City and County of New York, Borough of Manhattan (collectively, the "Specified Courts"), and each party irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any such court (a "Related Judgment"), as to which such jurisdiction is non-exclusive) of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit, action or other proceeding brought in any such court has been brought in an

inconvenient forum. Each party not located in the United States irrevocably appoints C T Corporation System as its agent to receive service of process or other legal summons for purposes of any such suit, action or proceeding that may be instituted in any state or federal court in the City and County of New York. With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

15. Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed within the State of New York.

16. Waiver of Jury Trial. Each of the parties hereto hereby waives any right to trial by jury in any suit or proceeding arising out of or relating to this Agreement.

17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement. Electronic signatures complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or other applicable law will be deemed original signatures for purposes of this Agreement. Transmission by telecopy, electronic mail or other transmission method of an executed counterpart of this Agreement will constitute due and sufficient delivery of such counterpart.

18. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

19. Currency. Each reference in this Agreement to U.S. dollars (the “relevant currency”), including by use of the symbol “\$”, is of the essence. To the fullest extent permitted by law, the obligation of the Company in respect of any amount due under this Agreement will, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the relevant currency that the party entitled to receive such payment may, in accordance with its normal procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the Business Day immediately following the day on which such party receives such payment. If the amount in the relevant currency that may be so purchased for any reason falls short of the amount originally due, the Company will pay such additional amounts, in the relevant currency, as may be necessary to compensate for the shortfall. Any obligation of the Company not discharged by such payment will, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided herein, will continue in full force and effect.

20. Definitions. The following terms, when used in this Agreement, shall have the meanings indicated.

“Affiliate” shall have the meaning specified in Rule 501(b) of Regulation D.

“AlbaCore Warrants” shall mean the 2,636,249 private warrants governed by the AlbaCore Warrant Instrument dated as of November 4, 2021, as amended and restated as of March 31, 2022, by and between the Company and affiliates of, or funds managed or controlled by, AlbaCore Capital LLP.

“Babylon Articles” shall mean the Amended and Restated Memorandum and Articles of Association of the Company.

“Business Day” shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in The City of New York.

“Commencement Date” shall mean the date of commencement (as defined in Rule 13e-4 under the Exchange Act) of the Exchange Offer.

“Commission” shall mean the U.S. Securities and Exchange Commission.

“Commission Reports” shall mean any reports the Company files with the Commission pursuant to the Exchange Act.

“Effective Date” shall mean the time the Registration Statement is declared effective under the Securities Act.

“Exchange Act” shall mean the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Exchange Date” shall mean the date on which the Company issues the Shares in exchange for the Warrants pursuant to the Exchange Offer.

“Expiration Date” shall mean Midnight (end of day), Eastern Standard Time, on June 17, 2022, or such later time and date as may be extended by the Company in its sole discretion.

“FINRA” shall mean the Financial Industry Regulatory Authority, Inc.

“Information Agent” shall mean D.F. King & Co., Inc.

“Liens” means a lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Material Adverse Change” shall mean, with respect to the Company, any change that is materially adverse to the condition (financial or otherwise), prospects, earnings, business

or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business.

“Material Adverse Effect” means (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business or condition (financial or otherwise) of the Company and its subsidiaries, taken as a whole or (iii) a material adverse effect on the Company’s ability to perform in any material respect on a timely basis its obligations under any Transaction Document.

“Offering Documents” shall mean the Pre-Effective Registration Statement, the Registration Statement, the Preliminary Prospectus, the Prospectus, the accompanying letter of transmittal and consent, the Schedule TO, the Rule 165 Material, the notice of guaranteed delivery, and all other documents filed or to be filed with any federal, state or local government or regulatory agency or authority in connection with the Exchange Offer or the Consent Solicitation, each as prepared or approved by the Company.

“Ordinary Share” means a Class A ordinary share of the Company, par value \$0.0000422573245084686 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Pre-Effective Registration Statement” shall mean the registration statement, filed by the Company with the Commission registering the Exchange Offer under the Securities Act, including exhibits thereto and any documents deemed part of such registration statement pursuant to Rule 430C under the Securities Act, in the form in which it is initially filed with the Commission.

“Preliminary Prospectus” shall mean the preliminary prospectus that is used prior to the filing of the Prospectus, as amended or supplemented from time to time.

“private placement warrants” shall mean the warrants issued to certain parties in a private placement in connection with the closing of the initial public offering of Ark Global Acquisition Corp. (later renamed Alkuri Global Acquisition Corp.) (the “IPO”) that have not become public warrants under the Warrant Agreement as a result of being transferred to any person other than permitted transferees.

“proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Prospectus” shall mean the final prospectus included in the Registration Statement, except that if the final prospectus furnished to the Dealer Manager for use in connection with the Exchange Offer differs from the prospectus set forth in the Registration Statement (whether or not such prospectus is required to be filed pursuant to Rule 424(b) under the Securities Act), the term “Prospectus” shall refer to the final prospectus furnished to the Dealer Manager for such use.

“public warrants” shall mean the warrants (i) sold as part of the units in the IPO of Ark Global Acquisition Corp. (later renamed Alkuri Global Acquisition Corp.) (whether they were purchased in the IPO or thereafter in the open market) or (ii) initially issued to certain parties in connection with the IPO that have been transferred to any person other than permitted transferees.

“Registration Statement” shall mean the registration statement filed by the Company with the Commission registering the Exchange Offer under the Securities Act, including exhibits thereto and any documents deemed part of such registration statement pursuant to Rule 430C under the Securities Act, in the form in which it becomes effective and, in the event of any amendment or supplement thereto or the filing of any abbreviated registration statement pursuant to Rule 462(b) under the Securities Act relating thereto after the effective date of such registration statement, shall also mean such registration statement as so amended or supplemented, together with any such abbreviated registration statement.

“Rule 165 Material” shall mean any written communication made in connection with or relating to the Exchange Offer in reliance on Rule 165 of the Securities Act, and filed by the Company with the Commission pursuant to Rule 425 under the Securities Act.

“Schedule TO” shall mean the tender offer statement filed with the Commission on Schedule TO, including any documents incorporated by reference therein, with respect to the Exchange Offer, including any amendment or supplement thereto.

“Securities Act” shall mean the U.S. Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

“Trading Day” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Ordinary Shares are listed or quoted for trading on the date in question: the New York Stock Exchange (or any successors to any of the foregoing).

“Transaction Documents” means this Agreement and any other documents or agreements executed in connection with the transactions contemplated hereunder.

“U.S.” or the “United States” shall mean the United States of America.

“VAT” shall mean:

- a) any tax imposed in compliance with the council directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) and any implementing legislation (including, in relation to the United Kingdom, value added tax imposed by the Value Added Tax Act 1994 and legislation and regulations supplemental thereto); and
- b) any other tax of a similar nature (including sales tax, use tax, consumption

tax and goods and services tax), whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in (a), or elsewhere.

“Warrant Agreement” shall mean the warrant agreement, dated as of February 4, 2021, by and between Babylon Holdings Limited (f/k/a Ark Global Acquisition Corp. and Alkuri Global Acquisition Corp.) and Continental Stock Transfer & Trust Company, as warrant agent, as amended by the Warrant Assumption and Amendment Agreement, dated as of October 21, 2021, among the Company, Alkuri and the Warrant Agent.

“Warrant Amendment” shall mean the amendment to the Warrant Agreement described in the Offering Documents.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this Agreement and your acceptance shall represent a binding agreement between the Company and the Dealer Manager.

Very truly yours,

BABYLON HOLDINGS LIMITED

By: _____

Name:

Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written:

BOFA SECURITIES, INC.

By _____

Name:

Title:

Dealer Manager Fee

The Fee paid to BofA Securities, Inc., as Dealer Manager, shall be equal to (i) \$1,250,000 if at least 50% of the outstanding public warrants are validly tendered and not withdrawn in the Exchange Offer or (ii) \$500,000 if less than 50% of the outstanding public warrants are validly tendered and not withdrawn in the Exchange Offer. The Company shall pay the Dealer Manager the Fee in accordance with the terms of engagement letter between the Dealer Manager and the Company dated May 17, 2022.

All payments due under the Agreement to which this Schedule relates are to be made in U.S. Dollars, free and clear of, and without deduction for, any set-off, claim or applicable taxes except as otherwise required by applicable law. The Dealer Manager shall provide the Company a duly executed Internal Revenue Source W-9 prior to the date of the Agreement. For this purpose, “taxes” means all forms of taxation, duties (including stamp duty), levies, imposts, charges and withholdings (including any related or incidental penalty, fine, interest or surcharge), in each case in the nature of a tax and imposed by a taxing authority, and whether required by the law or regulations of the United States or elsewhere.

Capitalized terms used, but not defined, herein shall have the meanings ascribed to them by the Agreement of which this exhibit is a part.

TENDER AND SUPPORT AGREEMENT

TENDER AND SUPPORT AGREEMENT (this “**Agreement**”), dated as of May 19, 2022, by and among Babylon Holdings Limited, a company incorporated in Jersey under registration number 115471 (the “**Company**”), and each of the persons listed on Schedule A hereto (collectively, the “**Warrant Holders**,” and each a “**Warrant Holder**”).

WITNESSETH:

WHEREAS, as of the date hereof, each Warrant Holder is the beneficial owner of warrants (i) sold as part of the units in the initial public offering (the “**IPO**”) (whether they were purchased in the IPO or thereafter in the open market) (the “**public warrants**”) of Alkuri Global Acquisition Corp., formerly known as Ark Global Acquisition Corp. (“**Alkuri**”), or (ii) issued in a private placement in connection with the closing of the IPO that have not become public warrants as a result of being transferred to any person other than permitted transferees (the “**private placement warrants**” and, together with the public warrants, the “**Warrants**”), in each case governed by the Warrant Agreement, dated as of February 4, 2021 (the “**Warrant Agreement**”), by and between the Company and Continental Stock Transfer & Trust Company, as warrant agent (the “**Warrant Agent**”), as amended by the Warrant Assumption and Amendment Agreement, dated as of October 21, 2021, among the Company, Alkuri and the Warrant Agent;

WHEREAS, on October 21, 2021, the Company completed its business combination with Alkuri, pursuant to which the Company acquired Alkuri as a wholly-owned subsidiary and assumed Alkuri’s obligations under the Warrant Agreement and the Warrants;

WHEREAS, as of the date hereof, there are a total of 14,558,313 Warrants outstanding;

WHEREAS, each whole Warrant entitles its holder to purchase one Class A ordinary share, par value \$0.0000422573245084686 per share (the “**Ordinary Shares**”), of the Company, for a purchase price of \$11.50, subject to certain adjustments under the Warrant Agreement;

WHEREAS, the Company is initiating an exchange offer (the “**Exchange Offer**”) pursuant to a registration statement on Form F-4 to be filed with the Securities and Exchange Commission (as may be amended and supplemented, the “**Registration Statement**”), to offer all Warrant holders the opportunity to exchange their Warrants for Ordinary Shares, based on an exchange ratio of 0.295 Ordinary Shares per Warrant and subject to other terms and conditions to be disclosed in the Registration Statement;

WHEREAS, concurrent with the Exchange Offer and as part of the Registration Statement, the Company is initiating a consent solicitation (the “**Consent Solicitation**”) to solicit the consent of the holders of the Warrants to amend, effective upon the completion of the Exchange Offer, the terms of the Warrant Agreement (the “**Warrant Amendment**”), to permit the Company to require that each Warrant that is outstanding upon the closing of the Exchange Offer be converted into 0.2655 Ordinary Shares, which is a ratio of 10% less than the exchange ratio applicable to the Exchange Offer, as more fully described in the Registration Statement; and

WHEREAS, as an inducement to the Company's willingness to initiate the Exchange Offer and the Consent Solicitation, each Warrant Holder has agreed to enter into this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

Section 1.01 Agreement to Tender. Each Warrant Holder shall validly tender or cause to be tendered to the Company all Warrants set forth opposite such Warrant Holder's name on Schedule A (the "**Subject Warrants**"), free and clear of all liens, pursuant to and in accordance with the terms of the Exchange Offer as described in the Registration Statement no later than the scheduled or extended expiration time of the Exchange Offer at a ratio of 0.295 Ordinary Share per Warrant. For the avoidance of doubt, nothing in this Agreement shall restrict the Warrant Holder from acquiring additional Warrants subsequent to the date hereof and such additional Warrants shall not be subject to the terms of this Agreement.

Section 1.02 Agreement to Consent. Each Warrant Holder shall deliver to the Company its timely consent with respect to the Consent Solicitation with respect to all of such Warrant Holder's Subject Warrants set forth on Schedule A in accordance with the terms and conditions of the Consent Solicitation as described in the Registration Statement.

Section 1.03 Ownership of Warrants. Each Warrant Holder represents and warrants to the Company, as of the date hereof and as of the date of tender of such Warrant Holder's Subject Warrants in accordance with this Agreement, that such Warrant Holder is the sole beneficial owner of the number of Warrants set forth opposite such Warrant Holder's name on Schedule A, and has good and marketable title to such Warrants free and clear of any liens, options, rights, or any other encumbrances, limitations or restrictions whatsoever (other than liens imposed under typical prime brokerage agreements and those restrictions imposed by applicable securities laws, this Agreement and the Warrant Agreement). Each Warrant Holder shall not transfer any Subject Warrants to any person (other than the Company in connection with the Exchange Offer) unless such person acquiring such Warrants signs a joinder to this Agreement agreeing to be bound by all terms and conditions of this Agreement.

Section 1.04 Company Covenants. The Company agrees that it shall take all steps reasonably necessary or desirable to commence the Exchange Offer and Consent Solicitation as soon as practicable consistent with this Agreement, and agrees to take all steps necessary to update the Registration Statement as required by applicable laws and regulation, and that the Registration Statement, when declared effective, will comply with all applicable Securities and Exchange Commission requirements.

Section 1.05 Specific Performance. The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this

Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 1.06 Termination. This Agreement shall terminate as to all Warrant Holders (a) upon written notice to all the Warrant Holders by the Company, or upon the earlier of (i) the date the Company's board of directors or a committee thereof determines to no longer pursue the Exchange Offer and the Consent Solicitation, and (ii) July 31, 2022; or (b) if the Company fails to commence the Exchange Offer and Solicitation by May 31, 2022.

Section 1.07 Warrant Holder Obligations Several and Not Joint. The obligations of each Warrant Holder hereunder shall be several and not joint, and no Warrant Holder shall be liable for any breach of the terms of this Agreement by any other Warrant Holder.

Section 1.08 Governing Law. The validity, interpretation, and performance of this Agreement and of the Warrants shall be governed in all respects by the laws of the State of New York, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. The Company hereby agrees that any action, proceeding or claim against it arising out of or relating in any way to this Agreement shall be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum.

Section 1.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement. Electronic signatures complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or other applicable law will be deemed original signatures for purposes of this Agreement. Transmission by telecopy, electronic mail or other transmission method of an executed counterpart of this Agreement will constitute due and sufficient delivery of such counterpart.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

COMPANY:

BABYLON HOLDINGS LIMITED

By: _____
Name: Charles Steel
Title: Chief Financial Officer

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

683 Capital Partners, LP

By: _____

Name:

Title

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

Islet Master Fund, LP

By: _____

Name:

Title

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

Highmark Long/Short Equity LP

By: _____

Name:

Title

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

Integrated Core Strategies (US) LLC

By: _____

Name:

Title

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

ICS Opportunities, LTD

By:
Name:
Title

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

Highbridge SPAC Opportunity Fund, LP

By: _____

Name:

Title

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

Highbridge Tactical Credit Master Fund, L.P.

By: _____

Name:

Title

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

LMR CCSA Master Fund Limited

By: _____

Name:

Title

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

LMR Master Fund Limited

By: _____

Name:

Title

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

CC ARB West LLC

By: _____

Name:

Title

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

CC Arbitrage, Ltd

By: _____

Name:

Title

[Signature Page – Babylon Tender and Support Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HOLDER:

Castle Creek SPAC Fund, LLC

By: _____

Name:

Title

[Signature Page – Babylon Tender and Support Agreement]

Schedule A

Name of Warrant Holder	Number of Warrants
683 Capital Partners, LP	167,500
Islet Master Fund, LP	48,987
Highmark Long/Short Equity LP	26,503
Integrated Core Strategies (US) LLC	114,000
ICS Opportunities, LTD.	128,750
Highbridge SPAC Opportunity Fund, LP	775,300
Highbridge Tactical Credit Master Fund, L.P.	641,908
LMR CCSA Master Fund Limited	610,960
LMR Master Fund Limited	610,960
CC ARB West LLC	140,753
CC Arbitrage, Ltd	32,801
Castle Creek SPAC Fund, LLC	39,907

Consent of Independent Registered Public Accounting Firm

We consent to the use of our report dated March 30, 2022, with respect to the consolidated financial statements of Babylon Holdings Limited, included herein and to the reference to our firm under the heading 'Experts' in the prospectus.

/s/ KPMG LLP

London, United Kingdom
May 20, 2022

LETTER OF TRANSMITTAL AND CONSENT

Offer To Exchange Warrants to Acquire Class A Ordinary Shares
of
Babylon Holdings Limited
for
Class A Ordinary Shares
of
Babylon Holdings Limited
and
Consent Solicitation

THE OFFER AND CONSENT SOLICITATION (AS DEFINED BELOW) AND WITHDRAWAL RIGHTS WILL EXPIRE AT MIDNIGHT (END OF DAY), EASTERN STANDARD TIME, ON JUNE 17, 2022, OR SUCH LATER TIME AND DATE TO WHICH WE MAY EXTEND. PUBLIC WARRANTS (AS DEFINED BELOW) AND PRIVATE PLACEMENT WARRANTS (AS DEFINED BELOW) (COLLECTIVELY, THE "WARRANTS") TENDERED PURSUANT TO THE OFFER AND CONSENT SOLICITATION MAY BE WITHDRAWN PRIOR TO THE EXPIRATION DATE (AS DEFINED BELOW). CONSENTS MAY BE REVOKED ONLY BY WITHDRAWING THE TENDER OF THE RELATED WARRANTS AND THE WITHDRAWAL OF ANY WARRANTS WILL AUTOMATICALLY CONSTITUTE A REVOCATION OF THE RELATED CONSENTS. THIS LETTER OF TRANSMITTAL AND CONSENT (AS DEFINED BELOW) ONLY RELATES TO TENDERS OF PRIVATE PLACEMENT WARRANTS IN THE OFFER AND CONSENTS OF HOLDERS OF PRIVATE PLACEMENT WARRANTS TO THE WARRANT AMENDMENT (AS DEFINED BELOW). HOLDERS OF PUBLIC WARRANTS MUST TRANSMIT INSTRUCTIONS WITH RESPECT TO TENDERS OF THEIR WARRANTS AND CONSENTS TO THE WARRANT AMENDMENT THROUGH ATOP (AS DEFINED BELOW).

The Exchange Agent for the Offer and Consent Solicitation is:

COMPUTERSHARE TRUST COMPANY, N.A.

By First Class Mail, Registered or Certified Mail:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
PO Box 43011
Providence, RI 02940-3011

By Express or Overnight Delivery:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
150 Royall Street, Suite V
Canton, MA 02021

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL AND CONSENT, THE WARRANTS AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH BOOK-ENTRY TRANSFER, IS AT THE OPTION AND RISK OF THE TENDERING WARRANT HOLDER, AND EXCEPT AS OTHERWISE PROVIDED IN THE INSTRUCTIONS BELOW, THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. THE WARRANT HOLDER HAS THE RESPONSIBILITY TO CAUSE THIS LETTER OF TRANSMITTAL AND CONSENT, THE TENDERED WARRANTS AND ANY OTHER DOCUMENTS TO BE TIMELY DELIVERED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY. PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL AND CONSENT, INCLUDING THE INSTRUCTIONS, CAREFULLY BEFORE COMPLETING THIS LETTER OF TRANSMITTAL AND CONSENT.

Voluntary Corporate Action: COY BBLN

Babylon Holdings Limited, a company incorporated in Jersey under registration number 115471 (the “Company,” “we,” “our” and “us”), has delivered to the undersigned a copy of the Prospectus/Offer to Exchange dated May 20, 2022 (the “Prospectus/Offer to Exchange”) of the Company and this letter transmittal and consent (as it may be supplemented and amended from time to time, this “Letter of Transmittal and Consent”), which together set forth the offer of the Company to each holder of the Company’s warrants to purchase the Company’s Class A ordinary shares, par value \$0.0000422573245084686 per share (the “Class A ordinary shares”), to receive 0.295 Class A Ordinary Shares in exchange for each warrant tendered by the holder and exchanged pursuant to the offer (the “Offer”).

The Offer is being made to all holders of the Company’s warrants. The warrants (i) sold as part of the units as part of the units in the initial public offering of Ark Global Acquisition Corp. on February 9, 2021 (the “IPO”) (whether they were purchased in the IPO or thereafter in the open market) or (ii) initially issued to certain parties in connection with the IPO that have been transferred to any person other than permitted transferees are referred to herein as the “public warrants.” The warrants issued to certain investors in a private placement in connection with the closing of the IPO that have not become public warrants under the Warrant Agreement (as defined below) as a result of being transferred to any person other than permitted transferees are referred to herein as the “private placement warrants.” The warrants are governed by the warrant agreement, dated as of February 4, 2021 (the “Warrant Agreement”), by and between Alkuri Global Acquisition Corp. (“Alkuri”) and Continental Stock Transfer & Trust Company, as warrant agent (the “Warrant Agent”), as amended by the Warrant Assumption and Amendment Agreement, dated as of October 21, 2021, among the Company, Alkuri and the Warrant Agent. For the avoidance of doubt, references herein to the “private placement warrants” and the “warrants” exclude the private warrants governed by the warrant instrument, dated as of November 4, 2021 (as amended and restated as of March 31, 2022), by and between the Company and affiliates of, or funds managed or controlled by, AlbaCore Capital LLP. Each warrant entitles the holder to purchase one Class A ordinary share at a price of \$11.50 per share, subject to adjustment. The public warrants are listed on the New York Stock Exchange (“NYSE”) under the symbol “BBLN.W.” As of May 20, 2022, 14,558,313 warrants were outstanding, consisting of 8,624,980 public warrants and 5,933,333 private placement warrants. Pursuant to the Offer, the Company is offering up to an aggregate of 4,294,703 Class A ordinary shares in exchange for the warrants.

Concurrently with the Offer, the Company is also soliciting consents (the “Consent Solicitation”) from holders of the warrants (the “consent warrants”) to amend the Warrant Agreement, which governs all of the warrants, to permit the Company to require that each warrant that is outstanding upon the closing of the Offer be converted into 0.2655 Class A ordinary shares, which is a ratio 10% less than the exchange ratio applicable to the Offer (the “Warrant Amendment”). Pursuant to the terms of the Warrant Agreement, all except certain specified modifications or amendments require the vote or written consent of holders of at least 50% of the number of the then outstanding public warrants and the vote or written consent of at least 50% of the number of the then outstanding private placement warrants.

As of the date of this Letter of Transmittal and Consent, a registration statement covering the resale of the underlying Class A ordinary shares has not been declared effective by the SEC. Accordingly, the adoption of the Warrant Amendment will require the consent of holders of at least 50% of the number of the then outstanding public warrants and at least 50% of the number of the then outstanding private placement warrants. Parties representing approximately 38.7% of the outstanding public warrants have agreed to tender their warrants in the Offer and to consent to the Warrant Amendment in the Consent Solicitation, pursuant to separate tender and support agreements. Accordingly, if holders of an additional approximately 11.3% of the outstanding public warrants consent to the Warrant Amendment in the Consent Solicitation, and the other conditions described herein are satisfied or waived, then the Warrant Amendment will be adopted with respect to the public warrants.

Holders of consent warrants may not consent to the Warrant Amendment without tendering consent warrants in the Offer, and holders may not tender such consent warrants without consent to the Warrant Amendment. The consent to the Warrant Amendment is a part of this Letter of Transmittal and Consent relating to the private placement warrants, and therefore by tendering consent warrants for exchange holders will be delivering to us consent. Holders of consent warrants may revoke consent at any time prior to the Expiration Date (as defined below) by withdrawing the consent warrants holders have tendered in the Offer.

Warrants not exchanged for Class A ordinary shares pursuant to the Offer will remain outstanding subject to their current terms or amended terms if the Warrant Amendment is approved. We reserve the right to redeem any of the warrants, as applicable, pursuant to their current terms at any time, including prior to the completion of the Offer and Consent Solicitation, and if the Warrant Amendment is approved, we intend to require the conversion of all outstanding warrants to Class A ordinary shares as provided in the Warrant Amendment.

The Offer and Consent Solicitation is made solely upon the terms and conditions in the Prospectus/Offer to Exchange and this Letter of Transmittal and Consent. The Offer and Consent Solicitation will be open until Midnight (end of day), Eastern Standard Time, on June 17, 2022, or such later time and date to which we may extend (the period during which the Offer and Consent Solicitation is open, giving effect to any withdrawal or extension, is referred to as the “Offer Period,” and the date and time at which the Offer Period ends is referred to as the “Expiration Date”).

Each holder whose warrants are exchanged pursuant to the Offer and Consent Solicitation will receive 0.295 Class A ordinary shares for each warrant tendered by such holder and exchanged. Any warrant holder that participates in the Offer and Consent Solicitation may tender less than all of its warrants for exchange.

No fractional Class A ordinary shares will be issued pursuant to the Offer. In lieu of issuing fractional shares, any holder of warrants who would otherwise have been entitled to receive fractional shares pursuant to the Offer will, after aggregating all such fractional shares of such holder, receive such number of Class A ordinary shares rounded up to the nearest whole number of Class A ordinary shares. The Company’s obligation to complete the offer is not conditioned on the receipt of a minimum number of tendered warrants.

We may withdraw the Offer and Consent Solicitation only if the conditions to the Offer and Consent Solicitation are not satisfied or waived prior to the Expiration Date. Promptly upon any such withdrawal, we will return the tendered warrants to the holders (and, in the case of any consent warrants, the consent to the Warrant Amendment will be revoked).

All holders of private placement warrants wishing to accept the Offer and Consent Solicitation should complete, execute and deliver this Letter of Transmittal and Consent to indicate the action it desires to take with respect to the Offer and Consent Solicitation.

Holders of public warrants must execute the tender through DTC’s Automated Tender Offer Program (“ATOP”), and therefore should not complete, execute and deliver this Letter of Transmittal and Consent.

As used in this Letter of Transmittal and Consent with respect to the tender procedures set forth herein, the term “registered holder” means any person in whose name warrants are registered on the books of the Company or who is listed as a participant in a clearing agency’s security position listing with respect to the warrants.

THE OFFER AND CONSENT SOLICITATION IS NOT MADE TO THOSE HOLDERS WHO RESIDE IN STATES OR OTHER JURISDICTIONS WHERE AN OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

PLEASE SEE THE INSTRUCTIONS TO THIS LETTER OF TRANSMITTAL AND CONSENT BEGINNING ON PAGE 11 FOR THE PROPER USE AND DELIVERY OF THIS LETTER OF TRANSMITTAL AND CONSENT.

DESCRIPTION OF WARRANTS TENDERED

List below the warrants to which this Letter of Transmittal and Consent relates. If the space below is inadequate, list the registered warrant certificate numbers on a separate signed schedule and affix the list to this Letter of Transmittal and Consent.

Name(s) and Address(es)
of Registered Holder(s)
of Warrants

Number of Warrants
Tendered

--	--

--	--

Total:

☐ **CHECK HERE IF THE WARRANTS LISTED ABOVE ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH DTC AND COMPLETE THE FOLLOWING (FOR USE BY ELIGIBLE INSTITUTIONS ONLY):**

Name of Tendering Institution:

Account Number:

Transaction Code Number:

**NOTE: SIGNATURES MUST BE PROVIDED BELOW. PLEASE READ THE
ACCOMPANYING INSTRUCTIONS CAREFULLY.**

Babylon Holdings Limited
c/o Computershare Trust Company, N.A.
150 Royall Street
Canton, Massachusetts 02021

Attn: Voluntary Corporate Actions

Upon and subject to the terms and conditions set forth in the Prospectus/Offer to Exchange and in this Letter of Transmittal and Consent, receipt of which is hereby acknowledged, the undersigned hereby:

- (i) tenders to the Company for exchange pursuant to the Offer and Consent Solicitation the number of private placement warrants indicated above under “Description of Warrants Tendered—Number of Warrants Tendered;”
- (ii) subscribes for the Class A ordinary shares issuable upon the exchange of such tendered private placement warrants pursuant to the Offer and Consent Solicitation, being 0.295 Class A ordinary shares for each private placement warrant so tendered for exchange; and
- (iii) if the private placement warrants indicated above under “Description of Warrants Tendered” include any consent warrants, consents to the Warrant Amendment.

Except as stated in the Prospectus/Offer to Exchange, the tender made hereby is irrevocable. The undersigned understands that this tender will remain in full force and effect unless and until such tender is withdrawn and revoked in accordance with the procedures set forth in the Prospectus/Offer to Exchange and this Letter of Transmittal and Consent. The undersigned understands that this tender may not be withdrawn after the Expiration Date, and that a notice of withdrawal will be effective only if delivered to the Exchange Agent in accordance with the specific withdrawal procedures set forth in the Prospectus/Offer to Exchange.

If the undersigned is not the registered holder of the warrants indicated under “Description of Warrants Tendered” above or such holder’s legal representative or attorney-in-fact (or, in the case of warrants held through DTC, the DTC participant for whose account such warrants are held), then the undersigned has obtained a properly completed irrevocable proxy that authorizes the undersigned (or the undersigned’s legal representative or attorney-in-fact) to deliver a consent in respect of such warrants on behalf of the holder thereof, and such proxy is being delivered to the exchange agent with this Letter of Transmittal and Consent.

The undersigned understands that, upon and subject to the terms and conditions set forth in the Prospectus/Offer to Exchange and this Letter of Transmittal and Consent, any warrants properly tendered and not withdrawn which are accepted for exchange will be exchanged for Class A ordinary shares. The undersigned understands that, under certain circumstances, the Company may not be required to accept any of the warrants tendered (including any warrants tendered after the Expiration Date). If any warrants are not accepted for exchange for any reason or if tendered warrants are withdrawn, such unexchanged or withdrawn warrants will be returned without expense to the tendering holder, if applicable, and the related consent to the Warrant Amendment will be revoked.

The undersigned understands that, upon and subject to the terms and conditions set forth in the Prospectus/Offer to Exchange and this Letter of Transmittal and Consent, any consent warrants properly tendered and not validly withdrawn which are accepted for exchange constitute the holder’s validly delivered consent to the Warrant Amendment. A holder of consent warrants may not consent to the Warrant Amendment without tendering his or her

consent warrants in the Offer and a holder of consent warrants may not tender his or her consent warrants without consenting to the Warrant Amendment. A holder may revoke his or her consent to the Warrant Amendment at any time prior to the Expiration Date by withdrawing the warrants he or she has tendered.

Subject to, and effective upon, the Company's acceptance of the undersigned's tender of warrants for exchange pursuant to the Offer and Consent Solicitation as indicated under "Description of Warrants Tendered — Number of Warrants Tendered" above, the undersigned hereby:

- (i) assigns and transfers to, or upon the order of, the Company, all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of the undersigned's status as a holder of, such warrants;
- (ii) waives any and all rights with respect to such warrants;
- (iii) releases and discharges the Company from any and all claims the undersigned may have now, or may have in the future, arising out of or related to such warrants;
- (iv) acknowledges that the Offer is discretionary and may be extended, modified, suspended or terminated by the Company as provided in the Prospectus/Offer to Exchange; and
- (v) acknowledges the future value of the warrants is unknown and cannot be predicted with certainty.

The undersigned understands that tenders of warrants pursuant to any of the procedures described in the Prospectus/Offer to Exchange and in the instructions in this Letter of Transmittal and Consent, if and when accepted by the Company, will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Offer and Consent Solicitation.

Effective upon acceptance for exchange, the undersigned hereby irrevocably constitutes and appoints the exchange agent, acting as agent for the Company, as the true and lawful agent and attorney-in-fact of the undersigned with respect to the warrants tendered hereby, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) to:

- (i) transfer ownership of such warrants on the account books maintained by DTC together with all accompanying evidences of transfer and authenticity to or upon the order of the Company;
- (ii) present such warrants for transfer of ownership on the books of the Company;
- (iii) cause ownership of such warrants to be transferred to, or upon the order of, the Company on the books of the Company or its agent and deliver all accompanying evidences of transfer and authenticity to, or upon the order of, the Company; and
- (iv) receive all benefits and otherwise exercise all rights of beneficial ownership of such warrants;

all in accordance with the terms of the Offer and Consent Solicitation, as described in the Prospectus/Offer to Exchange and this Letter of Transmittal and Consent.

The undersigned hereby represents, warrants and agrees that:

- (i) the undersigned has full power and authority to tender the warrants tendered hereby and to sell, exchange, assign and transfer all right, title and interest in and to such warrants;
- (ii) the undersigned has full power and authority to subscribe for all of the Class A ordinary shares issuable pursuant to the Offer and Consent Solicitation in exchange for the warrants tendered hereby;

- (iii) the undersigned has good, marketable and unencumbered title to the warrants tendered hereby, and upon acceptance of such warrants by the Company for exchange pursuant to the Offer and Consent Solicitation the Company will acquire good, marketable and unencumbered title to such warrants, in each case free and clear of any security interests, liens, restrictions, charges, encumbrances, conditional sales agreements or other obligations of any kind, and not subject to any adverse claim;
- (iv) if the warrants tendered hereby include consent warrants, the undersigned has full power and authority to consent to the Warrant Amendment;
- (v) the undersigned will, upon request, execute and deliver any additional documents deemed by the Company or the exchange agent to be necessary or desirable to complete and give effect to the transactions contemplated hereby;
- (vi) the undersigned has received and reviewed the Prospectus/Offer to Exchange, this Letter of Transmittal and Consent and the Warrant Amendment;
- (vii) the undersigned acknowledges that none of the Company, the information agent, the exchange agent, the dealer manager or any person acting on behalf of any of the foregoing has made any statement, representation or warranty, express or implied, to the undersigned with respect to the Company, the Offer and Consent Solicitation, the warrants, or the Class A ordinary shares, other than the information included in the Prospectus/Offer to Exchange (as amended or supplemented prior to the Expiration Date);
- (viii) the terms and conditions of the Prospectus/Offer to Exchange shall be deemed to be incorporated in, and form a part of, this Letter of Transmittal and Consent, which shall be read and construed accordingly;
- (ix) the undersigned understands that tenders of warrants pursuant to the Offer and Consent Solicitation and in the instructions hereto constitute the undersigned's acceptance of the terms and conditions of the Offer and Consent Solicitation;
- (x) the undersigned is voluntarily participating in the Offer; and
- (xi) the undersigned agrees to all of the terms of the Offer and Consent Solicitation.

Unless otherwise indicated under "Special Issuance Instructions" below, the Company will issue in the name(s) of the undersigned as indicated under "Description of Warrants Tendered" above, the Class A ordinary shares to which the undersigned is entitled pursuant to the terms of the Offer and Consent Solicitation in respect of the warrants tendered and exchanged pursuant to this Letter of Transmittal and Consent. If the "Special Issuance Instructions" below are completed, the Company will issue such Class A ordinary shares in the name of (and pay cash in lieu of any fractional shares to) the person or account indicated under "Special Issuance Instructions."

The undersigned agrees that the Company has no obligation under the "Special Issuance Instructions" provision of this Letter of Transmittal and Consent to effect the transfer of any warrants from the holder(s) thereof if the Company does not accept for exchange any of the warrants tendered pursuant to this Letter of Transmittal and Consent.

The acknowledgments, representations, warranties and agreements of the undersigned in this Letter of Transmittal and Consent will be deemed to be automatically repeated and reconfirmed on and as of each of the Expiration Date and completion of the Offer and Consent Solicitation. The authority conferred or agreed to be conferred in this Letter of Transmittal and Consent shall not be affected by, and shall survive, the death or incapacity of the undersigned, and every obligation of the undersigned under this Letter of Transmittal and Consent shall be binding upon the heirs, executors, administrators, trustees in bankruptcy, personal and legal representatives, successors and assigns of the undersigned.

The undersigned acknowledges that the undersigned has been advised to consult with its own legal counsel and other advisors (including tax advisors) as to the consequences of participating or not participating in the Offer and Consent Solicitation.

**SPECIAL ISSUANCE INSTRUCTIONS
(SEE INSTRUCTIONS, INCLUDING
INSTRUCTIONS 3, 4 AND 5)**

To be completed ONLY if the Class A ordinary shares issued pursuant to the Offer and Consent Solicitation in exchange for warrants tendered hereby and any warrants delivered to the exchange agent herewith but not tendered and exchanged pursuant to the Offer and Consent Solicitation, are to be issued in the name of someone other than the undersigned. Issue all such Class A ordinary shares and untendered warrants to:

Name:

Address:

**(PLEASE PRINT OR TYPE)
(INCLUDE ZIP CODE)
(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)**

IMPORTANT: PLEASE SIGN HERE
(SEE INSTRUCTIONS AND ALSO COMPLETE ACCOMPANYING IRS FORM W-9 OR
APPROPRIATE IRS FORM W-8)

By completing, executing and delivering this Letter of Transmittal and Consent, the undersigned hereby tenders the warrants indicated in the table above entitled "Description of Warrants Tendered."

SIGNATURES REQUIRED
Signature(s) of Registered Holder(s) of Warrants

Name: _____

Address: _____

Date: _____

(The above lines must be signed by the registered holder(s) of warrants as the name(s) appear(s) on the warrants or on a security position listing, or by person(s) authorized to become registered holder(s) by a properly completed assignment from the registered holder(s), a copy of which must be transmitted with this Letter of Transmittal and Consent. If warrants to which this Letter of Transmittal and Consent relates are held of record by two or more joint holders, then all such holders must sign this Letter of Transmittal and Consent. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, then such person must set forth his or her full title below and, unless waived by the Company, submit evidence satisfactory to the Company of such person's authority so to act. See Instruction 3 regarding the completion and execution of this Letter of Transmittal and Consent.)

Name: _____

Capacity: _____

Address: _____

Area Code and Telephone Number: _____

(PLEASE PRINT OR TYPE)
(INCLUDE ZIP CODE)

GUARANTEE OF SIGNATURE(S) (IF REQUIRED)
(SEE INSTRUCTIONS, INCLUDING INSTRUCTION 4)

Certain signatures must be guaranteed by Eligible Institution.
Signature(s) guaranteed by an Eligible Institution:

Authorized Signature

Title

Name of Firm

Address, Including Zip Code

Area Code and Telephone Number

Date:

**INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER AND
CONSENT SOLICITATION**

1. Delivery of Letter of Transmittal and Consent and Warrants. This Letter of Transmittal and Consent only relates to tenders of private placement warrants in the Offer and consents of holders of private placement warrants to the Warrant Amendment. Holders of public warrants must transmit instructions with respect to tenders of their warrants and consents to the Warrant Amendment through ATOP.

Private placement warrants may be validly tendered pursuant to the procedures for book-entry transfer as described in the Prospectus/Offer to Exchange. In order for private placement warrants to be validly tendered by book-entry transfer, the exchange agent must *receive* the following prior to the Expiration Date, except as otherwise permitted by use of the procedures for guaranteed delivery as described below:

- (i) timely confirmation of the transfer of such warrants to the exchange agent's account at DTC (a "Book-Entry Confirmation");
- (ii) a properly completed and duly executed Letter of Transmittal and Consent; and
- (iii) any other documents required by this Letter of Transmittal and Consent.

Delivery of a Letter of Transmittal and Consent to the Company or DTC will not constitute valid delivery to the exchange agent. No Letter of Transmittal and Consent should be sent to the Company or DTC.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL AND CONSENT, TENDERED WARRANTS AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH DTC, IS AT THE OPTION AND RISK OF THE TENDERING WARRANT HOLDER, AND EXCEPT AS OTHERWISE PROVIDED IN THESE INSTRUCTIONS, THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. THE WARRANT HOLDER HAS THE RESPONSIBILITY TO CAUSE THIS LETTER OF TRANSMITTAL AND CONSENT, THE TENDERED WARRANTS AND ANY OTHER DOCUMENTS TO BE TIMELY DELIVERED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

Neither the Company nor the exchange agent is under any obligation to notify any tendering holder of the Company's acceptance of tendered warrants.

2. Guaranteed Delivery. Warrant holders desiring to tender warrants pursuant to the Offer but whose warrants cannot otherwise be delivered with all other required documents to the exchange agent prior to the Expiration Date may nevertheless tender warrants, as long as all of the following conditions are satisfied:

- (i) the tender must be made by or through an "Eligible Institution" (as defined in Instruction 4);
- (ii) properly completed and duly executed Notice of Guaranteed Delivery in the form provided by the Company to the undersigned with this Letter of Transmittal and Consent (with any required signature guarantees) must be received by the exchange agent, at its address set forth in this Letter of Transmittal and Consent, prior to the Expiration Date; and

- (iii) a confirmation of a book-entry transfer into the exchange agent's account at DTC of all warrants delivered electronically, in each case together with a properly completed and duly executed Letter of Transmittal and Consent with any required signature guarantees, and any other documents required by this Letter of Transmittal and Consent, must be received by the exchange agent within two days that the NYSE is open for trading after the date the exchange agent receives such Notice of Guaranteed Delivery, all as provided in the Prospectus/Offer to Exchange.

A warrants holder may deliver the Notice of Guaranteed Delivery by facsimile transmission or mail to the exchange agent.

Except as specifically permitted by the Prospectus/Offer to Exchange, no alternative or contingent exchanges will be accepted.

3. Signatures on Letter of Transmittal and Consent and other Documents. For purposes of the tender and consent procedures set forth in this Letter of Transmittal and Consent, the term "registered holder" means any person in whose name warrants are registered on the books of the Company or who is listed as a participant in a clearing agency's security position listing with respect to the warrants.

If this Letter of Transmittal and Consent is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or others acting in a fiduciary or representative capacity, such person must so indicate when signing and, unless waived by the Company, must submit to the exchange agent proper evidence satisfactory to the Company of the authority so to act.

4. Guarantee of Signatures. No signature guarantee is required if:

- (i) this Letter of Transmittal and Consent is signed by the registered holder of the warrants and such holder has not completed the box entitled "Special Issuance Instructions"; or
- (ii) such warrants are tendered for the account of an "Eligible Institution." An "Eligible Institution" is a bank, broker dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended.

IN ALL OTHER CASES, AN ELIGIBLE INSTITUTION MUST GUARANTEE ALL SIGNATURES ON THIS LETTER OF TRANSMITTAL AND CONSENT BY COMPLETING AND SIGNING THE TABLE ENTITLED "GUARANTEE OF SIGNATURE(S)" ABOVE.

5. Warrants Tendered. Any warrants holder who chooses to participate in the Offer and Consent Solicitation may exchange some or all of such holder's warrants pursuant to the terms of the Offer and Consent Solicitation.

6. Inadequate Space. If the space provided under "Description of Warrants Tendered" is inadequate, the name(s) and address(es) of the registered holder(s), number of warrants being delivered herewith, and number of such warrants tendered hereby should be listed on a separate, signed schedule and attached to this Letter of Transmittal and Consent.

7. Transfer Taxes. The Company will pay all transfer taxes, if any, applicable to the transfer of warrants to the Company in the Offer and Consent Solicitation. If transfer taxes are imposed for any other reason, the amount of those transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. Other reasons transfer taxes could be imposed include:

- (i) If Class A ordinary shares are to be registered or issued in the name of any person other than the person signing this Letter of Transmittal and Consent; or
- (ii) if tendered warrants are registered in the name of any person other than the person signing this Letter of Transmittal and Consent.

If satisfactory evidence of payment of or exemption from those transfer taxes is not submitted with this Letter of Transmittal and Consent, the amount of those transfer taxes will be billed directly to the tendering holder and/or withheld from any payment due with respect to the warrants tendered by such holder.

8. Validity of Tenders. All questions as to the number of warrants to be accepted, and the validity, form, eligibility (including time of receipt) and acceptance of any tender of warrants will be determined by the Company in its reasonable discretion, which determinations shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders of warrants it determines not to be in proper form or to reject those warrants, the acceptance of which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any defect or irregularity in the tender of any particular warrants, whether or not similar defects or irregularities are waived in the case of other tendered warrants. The Company's interpretation of the terms and conditions of the Offer and Consent Solicitation (including this Letter of Transmittal and Consent and the instructions hereto) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of warrants must be cured within such time as the Company shall determine. None of the Company, the exchange agent, the information agent, the dealer manager or any other person is or will be obligated to give notice of any defects or irregularities in tenders of warrants, and none of them will incur any liability for failure to give any such notice. Tenders of warrants will not be deemed to have been validly made until all defects and irregularities have been cured or waived. Any warrants received by the exchange agent that are not validly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent to the holders, unless otherwise provided in this Letter of Transmittal and Consent, as soon as practicable following the Expiration Date. Warrant holders who have any questions about the procedure for tendering warrants in the Offer and Consent Solicitation should contact the information agent at the address and telephone number indicated herein. Consent warrants properly tendered and not validly withdrawn that are accepted for exchange constitute the holder's validly delivered consent to the Warrant Amendment.

9. Waiver of Conditions. The Company reserves the absolute right to waive any condition, other than as described in the section of the Prospectus/Offer to Exchange entitled "*The Offer and Consent Solicitation — General Terms — Conditions to the Offer and Consent Solicitation*."

10. Withdrawal. Tenders of warrants may be withdrawn only pursuant to the procedures and subject to the terms set forth in the section of the Prospectus/Offer to Exchange entitled "*The Offer and Consent Solicitation — Withdrawal Rights*." Warrant holders can withdraw tendered warrants at any time prior to the Expiration Date, and warrants that the Company has not accepted for exchange by July 19, 2022 may thereafter be withdrawn at any time after such date until such warrants are accepted by the Company for exchange pursuant to the Offer and Consent Solicitation. Except as otherwise provided in the Prospectus/Offer to Exchange, in order for the withdrawal of warrants to be effective, a written notice of withdrawal satisfying the applicable requirements for withdrawal set forth in the section of the Prospectus/Offer to Exchange entitled "*The Offer and Consent Solicitation — Withdrawal Rights*" must be timely received from the holder by the exchange agent at its address stated herein, together with any other information required as described in such section of the Prospectus/Offer to Exchange. All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by the Company, in its reasonable discretion, and its determination shall be final and binding. None of the Company, the exchange agent, the information agent, the dealer manager or any other person is under any duty to give notification of any defect or irregularity in any notice of withdrawal or will incur any liability for failure to give any such notification. Any warrants properly withdrawn will be deemed not to have been validly tendered for purposes of the Offer and Consent Solicitation. However, at any time prior to the Expiration Date, a warrant holder may re-tender withdrawn warrants by following the applicable procedures discussed in the Prospectus/Offer to Exchange and this Letter of Transmittal and Consent. Consents may be revoked only by withdrawing the related consent warrants and the withdrawal of any consent warrants will automatically constitute a revocation of the related consents.

11. Questions and Requests for Assistance and Additional Copies. Please direct questions or requests for assistance, or additional copies of the Prospectus/Offer to Exchange, Letter of Transmittal and Consent or other materials, in writing to the information agent for the Offer and Consent Solicitation at:

The Information Agent for the Offer and Consent Solicitation is:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor

New York, New York 10005

Bank and Brokers Call Collect: (212) 269-5550

All Others, Please Call Toll-Free: (800) 817-5468

Email: Babylon@dfking.com

IMPORTANT: THIS LETTER OF TRANSMITTAL AND CONSENT, TOGETHER WITH THE TENDERED WARRANTS AND ALL OTHER REQUIRED DOCUMENTS, MUST BE RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO MIDNIGHT (END OF DAY), EASTERN STANDARD TIME, ON THE EXPIRATION DATE, UNLESS A NOTICE OF GUARANTEED DELIVERY IS RECEIVED BY THE EXCHANGE AGENT BY SUCH DATE.

Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

► Go to www.irs.gov/FormW9 for instructions and the latest information.

Give Form to the
requester. Do not
send to the IRS.

Print or type.
See Specific Instructions on page 3.

1	Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
2	Business name/disregarded entity name, if different from above	
3	Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ► _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small>
5	Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)
6	City, state, and ZIP code	
7	List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number										
					-					
OR										
Employer identification number										
					-					

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign
Here

Signature of
U.S. person ►

Date ►

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)
Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.
If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting*, later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code*, later, and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships*, earlier.

What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code*, later, and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note: ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3

Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

IF the entity/person on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation
• Individual • Sole proprietorship, or • Single-member limited liability company (LLC) owned by an individual and disregarded for U.S. federal tax purposes.	Individual/sole proprietor or single-member LLC
• LLC treated as a partnership for U.S. federal tax purposes, • LLC that has filed Form 8832 or 2553 to be taxed as a corporation, or • LLC that is disregarded as an entity separate from its owner but the owner is another LLC that is not disregarded for U.S. federal tax purposes.	Limited liability company and enter the appropriate tax classification. (P= Partnership; C= C corporation; or S= S corporation)
• Partnership	Partnership
• Trust/estate	Trust/estate

Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2—The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5—A corporation

6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession

7—A futures commission merchant registered with the Commodity Futures Trading Commission

8—A real estate investment trust

9—An entity registered at all times during the tax year under the Investment Company Act of 1940

10—A common trust fund operated by a bank under section 584(a)

11—A financial institution

12—A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5 ²
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(ii)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A tax exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note: See *What Name and Number To Give the Requester*, later, for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.SSA.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/Businesses and clicking on Employer Identification Number (EIN) under Starting a Business. Go to www.irs.gov/Forms to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to www.irs.gov/OrderForms to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code*, earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor ²
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
6. Sole proprietorship or disregarded entity owned by an individual	The owner ²
7. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor ³
For this type of account:	Give name and EIN of:
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity ⁴
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee

For this type of account:	Give name and EIN of:
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships*, earlier.

***Note:** The grantor also must provide a Form W-9 to trustee of trust.

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records From Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at spam@uce.gov or report them at www.ftc.gov/complaint. You can contact the FTC at www.ftc.gov/idtheft or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see www.IdentityTheft.gov and Pub. 5027.

Visit www.irs.gov/IdentityTheft to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

The Exchange Agent for the Offer and the Consent Solicitation is:

Computershare Trust Company, N.A.

By First Class, Registered or Certified Mail:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
PO Box 43011
Providence, RI 02940-3011

By Express or Overnight Delivery:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
150 Royall Street, Suite V
Canton, MA 02021

Questions or requests for assistance may be directed to the information agent at the address and telephone number listed below. Additional copies of the Prospectus/Offer to Exchange, this Letter of Transmittal and Consent and the Notice of Guaranteed Delivery may also be obtained from the information agent. Any warrant holder may also contact its broker, dealer, commercial bank or trust company for assistance concerning the Offer and Consent Solicitation.

The Information Agent for the Offer and Consent Solicitation is:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor
New York, New York 10005
Attention: Michael Horthman
Bank and Brokers Call Collect: (212) 269-5550
All Others, Please Call Toll-Free: (800) 817-5468
Email: Babylon@dfking.com

**NOTICE OF GUARANTEED DELIVERY OF
WARRANTS OF
BABYLON HOLDINGS LIMITED**

Pursuant to the Prospectus/Offer to Exchange dated May 20, 2022

Instructions for Use

Unless defined herein, terms used in this Notice of Guaranteed Delivery shall have definitions set forth in the Prospectus/Offer to Exchange dated May 20, 2022.

This Notice of Guaranteed Delivery, or one substantially in the form hereof, must be used to accept the Offer if:

- the procedure for book-entry transfer cannot be completed on a timely basis;
or
- time will not permit all required documents, including a properly completed and duly executed Letter of Transmittal and Consent and any other required documents, to reach Computershare Trust Company, N.A., (the “Exchange Agent”) prior to the Expiration Date.

This Notice of Guaranteed Delivery, properly completed and duly executed, must be delivered by hand, mail, overnight courier or facsimile transmission to the Exchange Agent, as described in the section of the Prospectus/Offer to Exchange entitled “*The Offer and Consent Solicitation — Procedure for Tendering Warrants for Exchange and Consenting to the Warrant Amendment*”. The method of delivery of all required documents is at the holder’s option and risk.

For this Notice of Guaranteed Delivery to be validly delivered, it must be received by the Exchange Agent at the address below before the Expiration Date. Delivery of this notice to another address will not constitute a valid delivery. Delivery to the Company, the information agent or the book-entry transfer facility will not be forwarded to the Exchange Agent and will not constitute a valid delivery.

The holder’s signature on this Notice of Guaranteed Delivery must be guaranteed by an “Eligible Institution,” and the Eligible Institution must also execute the Guarantee of Delivery attached hereto. An “Eligible Institution” is a bank, broker, dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an “eligible guarantor institution,” as that term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended.

In addition, if the instructions to the Letter of Transmittal and Consent require a signature on a Letter of Transmittal and Consent to be guaranteed by an Eligible Institution, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal and Consent.

**NOTICE OF GUARANTEED DELIVERY OF
WARRANTS OF
BABYLON HOLDINGS LIMITED**

Pursuant to the Prospectus/Offer to Exchange dated May 20, 2022

TO: COMPUTERSHARE TRUST COMPANY, N.A.

Via Email (for eligible institutions only): CANOTICEOFGUARANTEE@computershare.com

The undersigned acknowledges receipt of the Prospectus/Offer to Exchange, dated May 20, 2022 (the "Prospectus/Offer to Exchange"), and the related Letter of Transmittal and Consent (the "Letter of Transmittal and Consent").

By signing this Notice of Guaranteed Delivery, the holder tenders for exchange, upon the terms and subject to the conditions described in the Prospectus/Offer to Exchange and in the Letter of Transmittal and Consent, the number of warrants specified below, as well as provides consent to the Warrant Amendment, pursuant to the guaranteed delivery procedures described in the section of the Prospectus/Offer to Exchange entitled "*The Offer and Consent Solicitation — Procedure for Tendering Warrants for Exchange and Consenting to the Warrant Amendment.*"

DESCRIPTION OF WARRANTS TENDERED

List below the warrants to which this Notice of Guaranteed Delivery relates.

**Name(s) and Address(es)
of Registered Holder(s)
of Warrants**

**Number of Warrants
Tendered**

Total:

(1) Unless otherwise indicated above, it will be assumed that all warrants listed above are being tendered pursuant to this Notice of Guaranteed Delivery.

☐ CHECK HERE IF THE WARRANTS LISTED ABOVE WILL BE DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE DEPOSITORY TRUST COMPANY ("DTC") AND COMPLETE THE FOLLOWING (FOR USE BY ELIGIBLE INSTITUTIONS ONLY):

Name of Tendering Institution:

Account Number:

SIGNATURES

Signature(s) of Warrant Holder(s)	<div></div>
Name(s) of Warrant Holder(s) (Please Print)	<div></div>
Address	<div></div>
City, State, Zip Code	<div></div>
Telephone Number	<div></div>
Date	<div></div>

GUARANTEE OF SIGNATURES

Authorized Signature	<div></div>
Name (Please Print)	<div></div>
Title	<div></div>
Name of Firm (must be an Eligible Institution as defined in this Notice of Guaranteed Delivery)	<div></div>
Address	<div></div>
City, State, Zip Code	<div></div>
Telephone Number	<div></div>
Date	<div></div>

GUARANTEE OF DELIVERY
(Not to be used for Signature Guarantee)

The undersigned, a bank, broker, dealer, credit union, savings association or other entity that is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as that term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended (each of the foregoing constituting an "Eligible Institution"), guarantees delivery to the Exchange Agent of the warrants tendered and Consents given, in proper form for transfer, or a confirmation that the warrants tendered have been delivered pursuant to the procedure for book-entry transfer described in the Prospectus/Offer to Exchange and the Letter of Transmittal and Consent into the Exchange Agent's account at the book-entry transfer facility, in each case together with a properly completed and duly executed Letter(s) of Transmittal and Consent, or an Agent's Message in the case of a book-entry transfer, and any other required documents, all within two (2) Over-the-Counter Bulletin Board quotation days after the date of receipt by the Exchange Agent of this Notice of Guaranteed Delivery. The Eligible Institution that completes this form must communicate the guarantee to the Exchange Agent and must deliver the Letter of Transmittal and Consent to the Exchange Agent, or confirmation of receipt of the warrants pursuant to the procedure for book-entry transfer and an Agent's Message, within the time set forth above. Failure to do so could result in a financial loss to such Eligible Institution.

Authorized Signature Name (Please Print)

Title

Name of Firm

Address

City, State, Zip Code

Telephone Number

Date

Calculation of Filing Fee Table

Form F-4
(Form Type)BABYLON HOLDINGS LIMITED
(Exact Name of Registrant as Specified in its Charter)

Table 1: Newly Registered Securities

	Security Type	Security Class Title	Fee Calculation Rule	Amount Registered	Proposed Maximum Offering Price Per Share (4)	Maximum Aggregate Offering Price (2) (4)	Fee Rate	Amount of Registration Fee
Fees to Be Paid	Equity	Class A ordinary shares, par value \$0.0000422573245084686 per share	Rule 457(f)(1)	4,294,703 (1)(2)	1.13 (3)	\$ 4,853,014.39 (3)	\$ 0.0000927	\$ 449.88
Fees to Be Paid	Equity	Warrants to purchase Class A ordinary shares	Rule 457(g)	14,558,313 (5)	N/A	N/A	N/A	\$ — (5)
Fees Previously Paid								
Total Offering Amounts								
Total Fees Previously Paid								\$ —
Total Fee Offsets								—
Net Fee Due								\$ 449.88

- (1) Represents the maximum number of Class A ordinary shares, par value \$0.0000422573245084686 per share (the “Class A ordinary shares”) of the registrant that may be issued directly to (i) holders of our public warrants and all holders of our private placement warrants who tender their respective warrants pursuant to the Offer (as defined below) and (ii) holders of public warrants and private placement warrants who do not tender their respective warrants pursuant to the Offer and, pursuant to the Warrant Amendment (as defined below), if approved, may receive Class A ordinary shares of the registrant in the event the registrant exercises its right to convert the warrants into Class A ordinary shares.
- (2) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the “Securities Act”), the registrant is also registering an indeterminate number of additional shares of Class A ordinary shares issuable by reason of any stock dividend, stock split, recapitalization or other similar transaction
- (3) Estimated pursuant to Rule 457(f)(1) under the Securities Act, and solely for the purpose of calculating the registration fee, the proposed maximum offering price is \$1.13 per share, which is the average of the high and low prices of the Class A ordinary shares on May 19, 2022, on the New York Stock Exchange.
- (4) Represents the maximum number of warrants that may be amended pursuant to the Warrant Amendment.
- (5) No additional registration fee is payable pursuant to Rule 457(g) under the Securities Act