
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from _____ to _____

Commission file number 001-40952

BABYLON HOLDINGS LIMITED

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant's name into English)

Bailiwick of Jersey, Channel Islands

(Jurisdiction of incorporation or organization)

1 Knightsbridge Green

London, SW1X 7QA

United Kingdom

(Address of principal executive offices)

Ali Parsadoust, Chief Executive Officer

Telephone: + 44 (0) 20 7100 0762

E-mail: ceo@babylonhealth.com

1 Knightsbridge Green, London, SW1X 7QA, United Kingdom

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------------------------------------------------------|-------------------|-------------------------------------------|
| Class A ordinary shares, \$0.0000422573245084686 par value per share | BBLN | New York Stock Exchange |
| Warrants, each exercisable for one Class A ordinary share | BBLN.W | New York Stock Exchange |

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2021, the registrant had outstanding 333,924,785 Class A ordinary shares, \$0.0000422573245084686 par value per share and 79,637,576 Class B ordinary shares, \$0.0000422573245084686 par value per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|--------------------------|-------------------------|--------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Emerging growth company | <input type="checkbox"/> |

If an emerging growth company that prepares 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 13(a) of the Exchange 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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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PRELIMINARY NOTE

Unless otherwise indicated or the context otherwise requires, all references in this Annual Report on Form 20-F (this “Annual Report”) to the terms “Company,” “company,” “Babylon,” “we,” “us,” “our” and similar terms refer to Babylon Holdings Limited, together with its consolidated subsidiaries. Certain member counts are rounded to the nearest thousand.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Annual Report, 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 FDA oversight; 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, \$0.0000422573245084686 par value per share (the “Class A Ordinary Shares”) and operating as a public company; risks associated with our incorporation in Jersey; and other risks and uncertainties described in the section titled “*Item 3. Key Information—D. Risk Factors*” and “*Item 5. Operating and Financial Review and Prospects*” in this Annual Report.

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 titled “Item 3. Key Information—D. Risk Factors” in this Annual Report.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. 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 Annual Report, including our consolidated financial statements and related notes included elsewhere in this Annual Report, before making an investment decision. 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.

Summary of Risk Factors

- 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, 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, which could cause our share price to fall;
- 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; and
- 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.

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 had an accumulated deficit of \$838.0 million, \$469.5 million, and \$282.7 million as of December 31, 2021, 2020, and 2019, respectively. 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 expect to have \$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 expect, subject to customary closing conditions, to issue to certain AlbaCore Note Subscribers as of March 31, 2022. Our cash flow from operations was negative for the years ended December 31, 2021, 2020, and 2019. 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). 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. 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 (“FFS”), 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 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 “Item 4. Information on the Company—B. Business Overview—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 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 Annual Report for additional discussion of our major customers.

of our major customers.

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 April 16, 2022, but has been renewed several times since it went into effect on January 27, 2020. 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 Annual Report, 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 “Item 4. Information on the Company—B. Business Overview—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 "*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 New York Stock Exchange (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 Annual Report). Accordingly, Dr. Parsadoust held 83.1% of the voting power (taking account of the Stockholder Earnout Shares) of our ordinary shares as of December 31, 2021. 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 “*Item 10. Additional Information—B. Memorandum 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 Internal Revenue Code of 1986, as amended (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 terms of our merger (the “Business Combination”) with Alkuri Global Acquisition Corp., a special purpose acquisition company (“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 of 1933, as amended (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 Securities Exchange Act of 1934, as amended (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. For more information, see “Item 16G. Corporate Governance.”

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 that, subject to certain exceptions, and unless waived by us during the period ending April 21, 2022 (or July 21, 2022 with respect to the Founder), it will not (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, are subject to similar lock-up restrictions during the period ending April 21, 2022 (or July 21, 2022 with respect to the Founder).

We have filed a registration statement on Form F-1, to be further amended as necessary, 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, some of which are subject to the lock-up restrictions. 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 are subject to the lock-up restrictions. As the lock-up restrictions described above expire on April 21, 2022 (or 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 subject to the lock-up restrictions sell their shares or are perceived by the market as intending to sell them.

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 this Annual Report, 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 “Item 5. Operating and Financial Review and Prospects—A. Operating Results.” 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 “Item 10. Additional Information—Taxation—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 “Item 10. Additional Information—Taxation—Material U.S. Federal Income Tax Considerations—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.

Item 4. Information on the Company

A. History and Development of the Company

We were founded by our Chief Executive Officer, Dr. Ali Parsadoust, in 2013. Babylon Holdings Limited was incorporated on April 11, 2014 and is entering its ninth year of operation. Babylon is a company limited by shares organized under the laws of the Bailiwick of Jersey. Its registered office is at 31 Esplanade, St. Helier, Jersey, JE2 3QA. 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 U.S. subsidiary, Babylon Inc., 2500 Bee Cave Road, Austin, Texas 78746, serves as our agent in the United States.

Our website address is www.babylonhealth.com. The information on, or that can be accessed through, our website is not part of this Annual Report. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are also available to the public through the SEC's website at www.sec.gov.

As of December 31, 2021, our value-based care ("VBC"), software 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. Our company has built a technology-enabled platform and capability which we have leveraged in some of the most challenging healthcare environments globally. The major milestones of our business are listed below:

- 2013: Founded by our Chief Executive Officer, Dr. Ali Parsadoust.
- 2014: Became the first digital-first health service provider to be registered with the 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, a healthcare provider in Canada and a subsidiary of TELUS Corporation ("TELUS"), 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 The 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 the Business Combination 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 strategic investments, acquisitions, and divestitures in recent years that have helped improve our ability to deliver our products and services:

- **DayToDay.** In October 2019, we purchased a majority stake in Health Innovators Inc. (d/b/a 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. 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"). 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 First Choice Medical Group (together, “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 Medical Network (“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 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.

B. Business Overview

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. Through the devices people already own, we offer millions of people globally ongoing, always-on care.

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, 68.4%, 32.9%, and 0.0%, 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, 18.6%, 31.0%, and 12.5%, 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, 13.0%, 36.1%, and 87.5%, 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

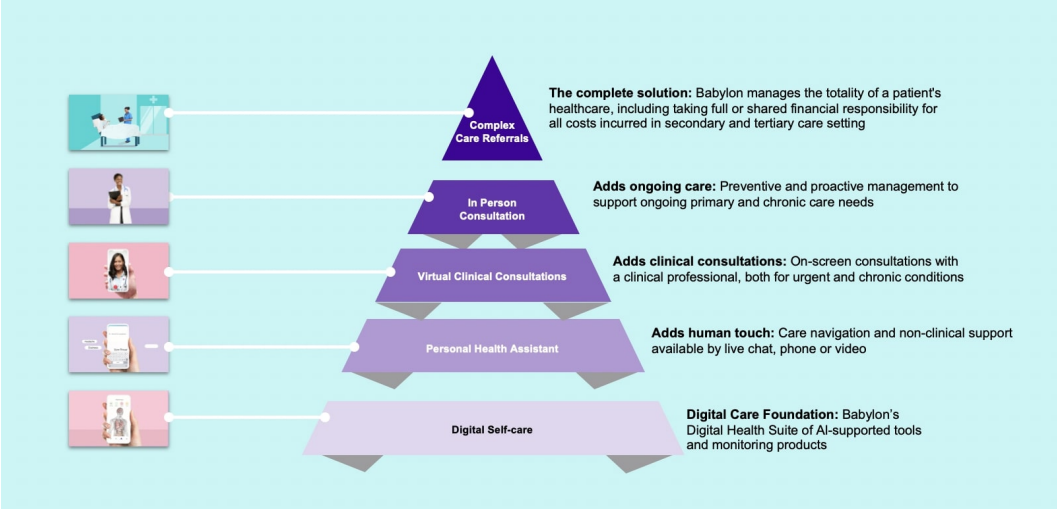
We believe our solution reengineers the healthcare value chain to simultaneously balance accessibility, affordability and quality by implementing the key attributes of digital health and value-based care.

- **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.

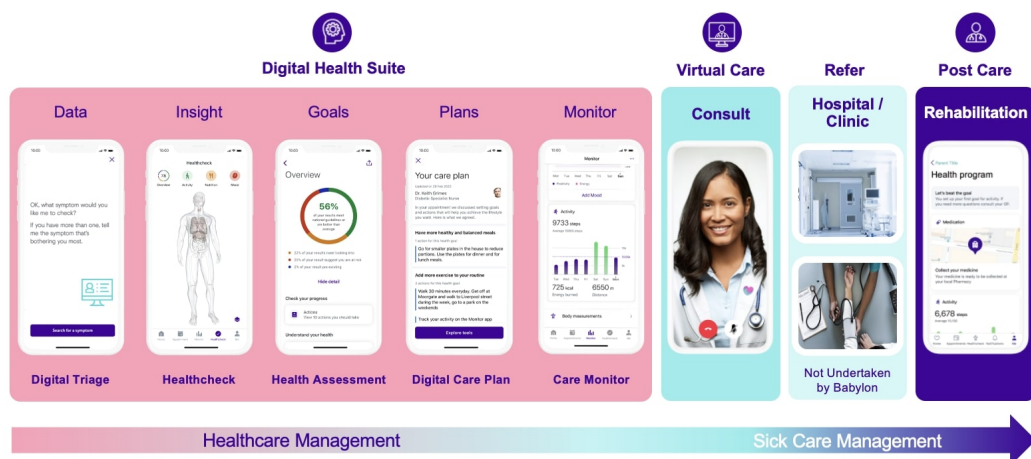
Babylon 360, our flagship holistic solution, combines our cutting-edge technologies with human clinical expertise and can provide managed care for our members across the care continuum. Our end-to-end care solution is facilitated through our Digital Health Suite, virtual care, in-person medical care, 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 Annual Report. 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. 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.

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. 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 501(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 HiTrust 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.

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. 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.

C. Organizational Structure

Subsidiaries are all entities over which Babylon Holdings Limited and its subsidiaries (the “Group”) has control. Babylon Holdings Limited is the parent of the Group. The following table details each of our significant subsidiaries, the countries of incorporation, and the percentage ownership and voting interest held by us (directly or indirectly through subsidiaries):

| | Jurisdiction of Incorporation | Percentage Ownership and Voting Interest |
|-------------------------------------|--------------------------------------|-------------------------------------------------|
| Babylon Partners Limited | UK | 100 % |
| Babylon Healthcare Services Limited | UK | 100 % |
| Babylon Rwanda Limited | Rwanda | 100 % |
| Babylon Inc. | USA | 100 % |
| Babylon Liberty Corp. | USA | 100 % |
| Babylon Malaysia SDN BHD | Malaysia | 100 % |
| Babylon International Limited | UK | 100 % |
| Babylon Health Ireland Limited | Ireland | 100 % |
| Babylon Singapore PTE Limited | Singapore | 100 % |
| Health Innovators Inc. | USA | 100 % |
| Babylon Technology LTDA | Brazil | 100 % |
| Higi SH Holdings Inc. | USA | 100 % |

D. Property, Plant and Equipment

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 and 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 will be closing by March 31, 2022, 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.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

A. Operating Results

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, 68.4%, 32.9%, and 0.0%, 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, 18.6%, 31.0%, and 12.5%, 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, 13.0%, 36.1%, and 87.5%, respectively, of our revenue was derived from 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. 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 CQC, the healthcare services regulator and inspector in England.
- 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.
- 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 in Canada. TELUS agreed to use our platform to deliver digital health services across Canada.

- 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 RWT.
- 2021: Became a public company in the United States, with our Class A Ordinary Shares and warrants listed on the NYSE, upon completing the Business Combination on October 21, 2021. In addition, we completed 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 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. 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. 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 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 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 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 \$322.9 million, \$79.3 million, and \$16.0 million, our Cost of care delivery was \$289.7 million, \$67.3 million, and \$19.8 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 other 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 may result in increased operating expenses.

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 “Item 4. Information on the Company.”

| | For the Year Ended December 31, | | |
|------------------------------------------|---------------------------------|------------------|------------------|
| | 2021 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Revenue: | | | |
| Value-based care | 220,852 | 26,038 | — |
| Software licensing | 60,052 | 24,603 | 2,002 |
| Clinical services | 42,017 | 28,631 | 14,032 |
| Total revenue | 322,921 | 79,272 | 16,034 |
| Cost of care delivery | (289,672) | (67,254) | (19,810) |
| Platform & application expenses | (42,829) | (38,137) | (23,569) |
| Research & development expenses | (47,534) | (54,711) | (51,205) |
| Sales, general & administrative expenses | (196,673) | (94,681) | (84,270) |
| Loss for the financial year | (374,511) | (188,030) | (140,287) |
| EBITDA | (327,016) | (164,984) | (143,249) |
| Adjusted EBITDA | (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:

| | For the Year Ended December 31, | | |
|------------------------------------|---------------------------------|----------------|---------------|
| | 2021 | 2020 | 2019 |
| Medicaid | 84 % | 88 % | — |
| Medicare | 7 % | 12 % | — |
| Commercial | 9 % | — | — |
| Total U.S. VBC Members | 166,518 | 66,481 | — |
| Global Managed Care Members | 335,738 | 155,253 | 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 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 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 FFS fees or a combination of FFS and capitation fees, including 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.

Cost of Care Delivery

Our cost of care delivery includes two core components. Firstly, it consists of fees paid to the physicians and other health professionals in our provider network and costs incurred in connection with our provider network operations, including rent and other direct costs incurred in the delivery of patient care. These costs are mainly driven by patient activity and required medical services and are relatively variable. Secondly it includes costs incurred relating to the delivery of VBC services. These costs include all medical claims costs relating to VBC services controlled by us, which may include costs incurred outside of our provider network. These costs are recognized as an expense within cost of care delivery over time as the expense is incurred.

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 year, 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 year, for the years ended December 31, 2021, 2020, and 2019:

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

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 “Item 18. Financial Statements.” 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 % |
| Cost of care delivery | (289,672) | (67,254) | (222,418) | 330.7 % |
| 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 year | (374,511) | (188,030) | (186,481) | 99.2 % |

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 % |
| Cost of care delivery | (89.7)% | (84.8)% |
| 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 year | (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 thousand as of December 31, 2020 to 167 thousand 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.

Cost of Care Delivery

| | Year Ended December 31, | | Variance | |
|-----------------------|-------------------------|----------|-----------|---------|
| | 2021 | 2020 | \$ | % |
| | \$'000 | \$'000 | \$'000 | |
| Cost of care delivery | (289,672) | (67,254) | (222,418) | 330.7 % |

Cost of care delivery increased by \$222.4 million from \$67.3 million for the year ended December 31, 2020 to \$289.7 million for the year ended December 31, 2021. Cost of care delivery as a percentage of revenues was 89.7% in 2021 and 84.8% in 2020. The increase in Cost of care delivery 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, and corresponding increase in Cost of care delivery. The increase in Cost of care delivery 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. Due to the increase in Value-based care revenues, claims expense increased by \$192.7 million compared to the prior year. Further, wages and salaries included in Cost of care delivery increased by \$23.5 million compared to the prior year. Share-based compensation expense of \$1.1 million are included in Cost of care delivery for the year ended December 31, 2021.

Platform & Application Expenses

| | Year Ended December 31, | | Variance | |
|---------------------------------|-------------------------|----------|----------|--------|
| | 2021 | 2020 | \$ | % |
| | \$'000 | \$'000 | \$'000 | |
| Platform & application expenses | (42,829) | (38,137) | (4,692) | 12.3 % |

Platform & application expenses increased by \$4.7 million from \$38.1 million for the year ended December 31, 2020 to \$42.8 million for the year ended December 31, 2021. The increase in Platform & application expenses is primarily attributable to an increase in IT and hosting costs of \$6.1 million due to an increased proportion of these costs being attributable to our digital healthcare platform and an increase in depreciation and amortization of \$5.8 million due to increasing amortization of capitalized development costs. These increases were partially offset by a lower impairment charge of \$5.5 million when compared to the year ended December 31, 2020. Share-based compensation expense of \$0.8 million has been included in Platform & application expense for the year ended December 31, 2021.

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 “Item 18. Financial Statements.” The following table presents data from our audited Consolidated Statement 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 % |
| Cost of care delivery | (67,254) | (19,810) | (47,444) | 239.5 % |
| 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 year | (188,030) | (140,287) | (47,743) | 34.0 % |

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 % |
| Cost of care delivery | (84.8)% | (123.5)% |
| 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)% | (1015.5)% |
| 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 year | (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.

Cost of Care Delivery

| | Year Ended December 31, | | Variance | |
|------------------------------|-------------------------|-----------------|-----------------|----------------|
| | 2020 | 2019 | \$ | % |
| | \$'000 | \$'000 | \$'000 | |
| Cost of care delivery | (67,254) | (19,810) | (47,444) | 239.5 % |

Cost of care delivery increased by \$47.4 million from \$19.8 million for the year ended December 31, 2019 to \$67.3 million for the year ended December 31, 2020 primarily from an increase in physicians and other health professionals as a result of increased demand for clinical services and the launch of value-based care. Cost of care delivery in the United States increased by \$31.1 million for the year ended December 31, 2020 compared to the year ended December 31, 2019. This was the result of launching a 24-hour virtual clinical service and the secondary and tertiary care 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 cost of care delivery 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. During the year ended December 31, 2020, claims expense included in Cost of care delivery was \$11.9 million, of which \$7.6 million had been paid as of December 31, 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.

B. Liquidity and Capital Resources

Prior to the Business Combination, we funded our operations primarily through the issuance of convertible debt and equity instruments. In connection with the Business Combination Closing, the PIPE Investment, and the issuance of Unsecured Notes in the fourth quarter of 2021, we generated net proceeds of \$378.6 million. Further, in December 2021, we entered into an additional note subscription agreement under which we expect to issue, subject to customary closing conditions, \$100 million of additional Unsecured Notes to certain AlbaCore Note Subscribers on March 31, 2022.

For the years ended December 31, 2021, 2020, and 2019, we had a Loss for the financial year of \$374.5 million, \$188.0 million and \$140.3 million, respectively. As of December 31, 2021 and 2020, we had Cash and cash equivalents of \$262.6 million and \$101.8 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 financial year 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.

Cash Flows

The following table discloses our consolidated cash flows provided by (used in) operating, investing and financing activities for the periods presented:

| | Year Ended December 31, | | |
|-------------------------------------------------------------|-------------------------|------------------|----------------|
| | 2021 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 |
| Net cash used in operating activities | (145,868) | (143,430) | (143,614) |
| Net cash used in investing activities | (54,795) | (72,226) | (36,936) |
| Net cash provided by financing activities | 362,203 | 100,058 | 352,521 |
| Net (decrease) increase in cash and cash equivalents | 161,540 | (115,598) | 171,971 |
| Cash and cash equivalents beginning of the year | 101,757 | 214,888 | 46,031 |
| Effect of exchange rates | (716) | 2,467 | (3,114) |
| Cash and cash equivalents end of the year | 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.

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.

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.

Funding Requirements

As of December 31, 2021, we had a net asset position of \$165.3 million (2020: \$48.4 million, 2019: \$173.8 million), including cash and cash equivalents of \$262.6 million (2020: \$101.8 million, 2019: \$214.9 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 indicates we have sufficient liquidity to fund our liabilities as they become due for the forecasted period. Our projections, when combined with additional borrowings we expect to receive at the end of March 2022, provide sufficient liquidity for a least the twelve month period following the issuance date of these Consolidated Financial Statements, but 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. While our future results of operations could be adversely affected by multiple factors, we believe that certain cost mitigation and liquidity management strategies available to management and within the Company's control would help offset potential declines in future cash flows during the forecast period.

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.

C. Research and Development, Patents and Licenses, Etc.

See "Item 4. Information on the Company—B. Business Overview" and "Item 5. Operating and Financial Review and Prospects—A. Operating Results" for information about our research and development activities and expenditures.

D. Trend Information

See "Item 5. Operating and Financial Review and Prospects—A. Operating Results" for information about our rapid revenue growth due to our expanded VBC offerings, the impact of the Pandemic on our business and results of operations and other recent trends in our operations.

E. 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 Annual Report.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The following table sets forth information regarding our executive officers and directors, including their ages, as of March 15, 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.

Briioth 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 Ganev. Mr. Ganev has served on our board of directors since September 2018. Since January 2018, Mr. Ganev has served as Chief Executive Officer at Kinnevik AB, a Swedish investment company. Mr. Ganev 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. Ganev holds a M. Sc. from Uppsala University. We believe Mr. Ganev 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.

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.

B. 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 this Annual Report.

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 (1) cannot be made if it would mean that the CSOP would no longer qualify under Schedule 4 of ITEPA; (2) 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. Albleh 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.

C. Board Practices

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.

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, Ganev and Warren (Chairman). We have determined that each of Messrs. Brilioth, Ganev 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 Ganev. 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 Ganey.

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.

D. 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.

E. Share Ownership

See “*Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders*” For a description of arrangements for involving employees in the capital of the Company, see “*—B. Compensation—Equity Incentive Plans.*”

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth information relating to the beneficial ownership of our ordinary shares as of March 15, 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 15, 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 the table footnotes.

The percentage of beneficial ownership is calculated based upon a total of (i) 334,827,585 Class A Ordinary Shares and (ii) 79,637,576 Class B Ordinary Shares issued and outstanding as of March 15, 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 15, 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.

| Beneficial Owner | 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 | 22.9 % | 79,637,576 | 100.0 % | 83.1 % |
| Charlie Steel (3) | — | — | — | — | — |
| Paul-Henri Ferrand (4) | 1,972,585 | * | — | — | * |
| Steve Davis (5) | 1,332,071 | * | — | — | * |
| Darshak Sanghavi | 62,874 | * | — | — | * |
| Yon Nuta | 106,200 | * | — | — | * |
| Mohannad AlBlehed | — | — | — | — | — |
| Per Brilioth (6) | — | — | — | — | — |
| Georgi Ganev | — | — | — | — | — |
| Mairi Johnson (7) | — | — | — | — | — |
| David Warren | — | — | — | — | — |
| <i>All executive officers and directors as a group (11 persons)</i> | 79,985,746 | 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) 1,581,934 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 Healthy 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. 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.

B. 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, these 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. These 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. These 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. These 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.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Financial Statements

See “*Item 18. Financial Statements*,” which contains our financial statements prepared in accordance with IFRS.

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.

Dividends and Dividend Policy

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.

B. Significant Changes

Not applicable.

Item 9. The Offer and Listing

A. Offer and Listing Details

Our Class A Ordinary Shares and warrants exercisable for our Class A Ordinary Shares are listed on the NYSE under the symbols “BBLN” and “BBLN.W,” respectively.

B. Plan of Distribution

Not applicable.

C. Markets

See “—*A. Offer and Listing Details*.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

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 our Amended and Restated Memorandum and Articles of Association (also referred to as the “Babylon Articles”). The following descriptions of share capital and provisions of the Babylon Articles are summaries and are qualified by reference to our Amended and Restated Memorandum and Articles of Association, a copy of which is filed with the SEC as an exhibit to this Annual Report. 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 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;
- 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. 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 specific 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; or
- 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;
- 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.

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 Continental Stock Transfer & Trust Company, as warrant agent, and us. You should review a copy of the warrant agreement, which is filed as an exhibit to this Annual Report, 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, 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.

C. Material Contracts

Alkuri Merger Agreement

For a description of our Merger Agreement with Alkuri with respect to the Business Combination, refer to “*Item 4. Information on the Company*,” “*Item 5. Operating and Financial Review and Prospects—A. Operating Results*” and “*Item 18. Financial Statements—Notes to the Consolidated Financial Statements—5. Alkuri Merger and PIPE Transaction*.”

AlbaCore Note Subscription Agreements

For a description of our Note Subscription Agreement, dated October 8, 2021, for the issuance of Unsecured Notes to certain AlbaCore Note Subscribers, and our additional Note Subscription Agreement, dated December 23, 2021, for the issuance of additional Unsecured Notes to certain AlbaCore Note Subscribers, refer to “*Item 18. Financial Statements – Notes to the Consolidated Financial Statements – 26. Loans and Borrowings*.”

Higi Acquisition Agreement

For a description of the Higi Acquisition Agreement, refer to “*Item 4. Information on the Company*,” “*Item 5. Operating and Financial Review and Prospects – A. Operating Results*” and “*Item 18. Financial Statements – Notes to the Consolidated Financial Statements – 6. Acquisitions*.”

Leases

For a description of the leases for our headquarters space in London, England and offices in Austin, Texas, refer to “*Item 4. Information on the Company—D. Property, Plant and Equipment*.”

D. Exchange Controls

Under the laws of Jersey, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to nonresident holders of our ordinary shares.

E. Taxation

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 ownership and disposition of our Class A Ordinary Shares. This section applies only to U.S. Holders that hold their 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;
- persons required to accelerate the recognition of any item of gross income with respect to our Class A Ordinary Shares 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 Class A Ordinary Shares 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 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 Class A Ordinary Shares, 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 Class A Ordinary Shares 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 CLASS A ORDINARY SHARES. 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 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.

Dividends and Other Distributions on our Class A Ordinary Shares

As described in “*Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividends and 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, be “passive” or “general” category income which, in either case, 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 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.

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), 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.

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 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 we receive 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 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 situate 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 resident for tax purposes in Jersey. Therefore, Babylon is not liable to 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) is 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 be 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.

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 7.5% to the extent that the excess amount falls within the basic rate tax band, 32.5% to the extent that the excess amount falls within the higher rate tax band and 38.1% to the extent that the excess amount falls within the additional rate tax band. From April 6, 2022, these rates are expected to increase to 8.75%, 33.75% and 39.35% respectively.

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.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the informational requirements of the Exchange Act. Accordingly, we are required to file reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements and other information we have filed electronically with the SEC. 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, directors and principal

shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not 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.

We also make available on our website, free of charge, our Annual Report and the text of our reports on Form 6-K, including any amendments to these reports, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is www.babylonhealth.com. The information on, or that can be accessed through, our website is not part of this Annual Report.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates.

We do not believe that inflation has had a material effect on our business, results of operations or financial condition. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs. Our inability or failure to do so could harm our business, results of operations or financial condition.

Credit risk

Our cash and cash equivalents, deposits, and loans with banks and financial institutions are potentially subject to concentration of credit risk. We place cash and cash equivalents with financial institutions that management believes are of high credit quality. We seek to limit our credit risk with respect to customers by implementing due diligence procedures on all customers. We manage credit risk through receiving cash payment for large contracts up front in some instances, in addition to contracting with government funded entities which subsequently carries lower risks.

Currency risk

While our reporting currency is the U.S. dollar, we operate internationally and are exposed to fluctuations in exchange rates, specifically British Pound Sterling. As a result, we are exposed to foreign exchange risk as our revenues and results of operations may be affected by fluctuations in exchange rates. We manage our currency risk through natural hedges (offsetting of receivables and payables) in addition to implementing investment procedures. Several of our consolidated entities operate in foreign countries and therefore, their net assets are exposed to the risk associated with translating foreign currencies.

We have performed a quantitative analysis of our exposure to currency risk in Note 31 to our consolidated financial statements included elsewhere in this annual report.

Interest rate risk

As of December 31, 2021 and December 31, 2020, we had cash and cash equivalents of \$262.6 million and \$101.8 million, respectively, which consisted primarily of money market accounts, which carries a degree of interest rate risk. A hypothetical 10% change in interest rates would not have a material impact on our financial condition or results of operations due to the short-term nature of our investment portfolio.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining our disclosure controls and procedures. These controls and procedures were designed to ensure that information that we are required to disclose in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms of the SEC, and that it is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

As required by Rule 13a-15 under the Exchange Act, management has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitations, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding our required disclosures.

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. The material weaknesses specifically resulted from (i) lack of documented evidence for management review controls related to areas of significant judgment and estimation uncertainty and non-routine transactions and (ii) insufficient segregation of duties and management oversight.

Specifically, we have identified that we lack timely, documented evidence of management review controls related to areas of significant judgment and estimation uncertainty and non-routine transactions and that we have insufficient segregation of duties and evidence of management oversight to support the implementation and execution of some of our controls.

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 our financial reporting as of the years ended December 31, 2021, 2020, and 2019. Significant enhancements 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 controls within our internal financial reporting system and in the design of our manual financial reporting controls.

At the time of this Annual Report, these material weaknesses have not been remediated.

Management's Annual Report on Internal Control over Financial Reporting

This Annual Report does not include a report of management’s assessment regarding internal control over financial reporting due to a transition period established by rules of the SEC for newly public companies.

Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of the company’s independent registered public accounting firm due to a transition period established by rules of the SEC for newly public companies and because we are an emerging growth company under the JOBS Act.

Changes in Internal Control over Financial Reporting

This Annual Report does not include disclosure of changes in control over financial reporting due to a transition period established by rules of the SEC for newly public companies.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

The board of directors has determined that Mr. David Warren qualifies as an “audit committee financial expert,” as defined under rules and regulations of the SEC. Mr. Warren meets the requirements for independence under the listing standards of the NYSE and SEC rules and regulations.

Item 16B. Code of Ethics

We have adopted a Code of Ethics and Conduct that applies to all of our employees, officers and directors, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our Code of Ethics and Conduct is available under the Governance tab on the Investor Relations page of our website at www.babylonhealth.com. The information on, or that can be accessed through, our website is not part of this Annual Report.

We intend to disclose any amendment to our Code of Ethics and Conduct, or any waivers of its requirements, in our Annual Report on Form 20-F. For the year ended December 31, 2021, we did not grant any waiver, including any implicit waiver, from any provision of the Code of Ethics and Conduct.

Item 16C. Principal Accountant Fees and Services

KPMG LLP (“KPMG”) acted as the Company’s independent auditor for the years ended December 31, 2021 and 2020. The table below sets out the total amount billed to Babylon by KPMG for services performed during the years ending December 31, 2021 and 2020 by category as described below:

| | Year Ended December 31, | |
|--------------------|-------------------------|------------|
| | 2021 | 2020 |
| | \$’000 | \$’000 |
| KPMG | | |
| Audit fees | 1,503 | 371 |
| Audit-related fees | 762 | — |
| Tax fees | 31 | 283 |
| All other fees | — | — |
| Total | 2,296 | 654 |

Audit Fees

Audit fees are related to the audit of our consolidated financial statements and other audit or interim review services provided in connection with statutory and regulatory filings or engagements. The audit fees for 2021 include the

audited and unaudited financial statements included in our Registration Statement on Forms F-4 and F-1, respectively, and other audit-related services performed in connections with the referenced filings.

Tax Fees

Tax fees are related to tax compliance and other tax related services.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

We are a "foreign private issuer," as defined by the SEC. As a result, in accordance with the NYSE rules, we comply with certain governance requirements of our home country, Jersey. For so long as we qualify as a foreign private issuer, we will be exempt from certain provisions of the NYSE corporate governance rules that are applicable to U.S. domestic public companies. We have not utilized foreign private issuer exemptions from the NYSE corporate governance rules to date.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 17. Financial Statements

See Item 18 of this Annual Report, “*Financial Statements*.”

Item 18. Financial Statements

INDEX TO FINANCIAL STATEMENTS

Babylon Holdings Limited Audited Consolidated Financial Statements

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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

| | | For the Year Ended December 31, | | |
|--------------------------------------------------------------------------|-------|---------------------------------|------------------|------------------|
| | | 2021 | 2020* | 2019* |
| | Notes | \$'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 |
| Contract liabilities | 8 | 23,786 | 18,744 |
| 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 | — | — |
| Proceeds from sale of investment in subsidiary | 7 | 2,213 | — | — |
| Payment of lease deposit | | (2,105) | — | — |
| Interest received | 14 | 326 | 673 | 1,015 |
| 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) | — |

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.

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.

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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.

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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.

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

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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.

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

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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 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

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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.

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.

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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 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.

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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 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).

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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.

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.

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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.

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.

Babylon Holdings Limited
Notes to the Consolidated Financial Statements

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.

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.

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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.

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.

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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 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.

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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.

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.

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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)
- 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.

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- 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.
- 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 \$6.4 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

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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 \$1.8 million, which resulted in a non-cash gain of \$10.5 million upon remeasurement of the equity interest in Higi 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

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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.

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.

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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.

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.

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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.

The purchase price of \$25.7 million exceeded the fair value of the net assets acquired from Fresno by \$7.8 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

Babylon Holdings Limited
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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.

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.

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| | 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 |

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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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 | | | | | | |
|-------------------------------------------------------------------|-----------------|------------------|--------------------|------------------|----------------------------|-------------------------------------------|
| | UK | US | All other segments | Total segments | Reconciliation adjustments | Total as per statement of profit and loss |
| | \$'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) |

Babylon Holdings Limited
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| 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.

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Major Customers

Below is a summary of the revenue derived from the Group's major customers:

| | 2021 | | For the Year Ended December 31, | | | | 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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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 |
| | 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

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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-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 \$'000 | Number of 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 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, 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 |

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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.

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

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 Holdings Limited
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| | | | | |
|--------------------------------------------------------|-----------|-----------------------------|---------|---------|
| 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.

Professional service corporations

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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 |

Babylon Holdings Limited
Notes to the Consolidated Financial Statements

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 |

Babylon Holdings Limited
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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 |

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.

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.

| <i>Right-of-use asset</i> | \$'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) |

Babylon Holdings Limited
Notes to the Consolidated Financial Statements

| | |
|--------------------------------------------------------------------------|---------------|
| 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 |
| <i>Lease liability</i> | |
| | \$'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.

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 2.0%.

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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 (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

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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").

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

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Notes to the Consolidated Financial Statements

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 10%, 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 \$300.0 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 |

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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).

27. Employee Benefits

Pension Plans

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.

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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 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.

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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.

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 \$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.

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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.

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:

| | Class A Ordinary Shares | Class B Ordinary Shares | Ordinary A Shares | Ordinary B Shares | Preference C Shares | Ordinary Redeemable G1 Shares |
|------------------------------------------------------|----------------------------|----------------------------|----------------------|----------------------|------------------------|-------------------------------------|
| In thousands of shares | 2021 | 2021 | 2021 | 2021 | 2021 | 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.

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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 \$11.9 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 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.

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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.

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 \$'000 | 2020 \$'000 | 2019 \$'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

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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 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) | Non-tradeable (Level 2) | Non-tradeable (Level 3) | Total |
|-----------------------------------------------|---------------------|-------------------------|-------------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'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

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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 \$0.00 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.

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 | | | |
|-------------------------------|--------------|--------------|---------------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | \$'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.

The key inputs into the Monte Carlo simulation model for the AlbaCore Warrants were as follows:

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| | 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.

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

Babylon Holdings Limited
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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:

| | Average Rate | | | Year-end spot rate | | |
|----------------------|--------------|----------|----------|--------------------|----------|----------|
| | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 |
| United States Dollar | | | | | | |
| 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.

Babylon Holdings Limited
Notes to the Consolidated Financial Statements

| | Profit or loss | |
|---------------------|--------------------|-----------|
| | Strengthening | Weakening |
| | \$'000 | \$'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) |
| | 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

Babylon Holdings Limited
Notes to the Consolidated Financial Statements

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 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.

Item 19. Exhibits

The following exhibits are filed herewith unless otherwise indicated:

| Exhibit Number | Exhibit Description |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1 | <u>Amended and Restated Memorandum and Articles of Association.</u> |
| 2.1 | <u>Description of Securities of the Registrant.</u> |
| 2.2^ | <u>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).</u> |
| 2.3^ | <u>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).</u> |
| 2.4^ | <u>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).</u> |
| 2.5^ | <u>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).</u> |
| 2.6^ | <u>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).</u> |
| 2.7^ | <u>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).</u> |
| 2.8^ | <u>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).</u> |
| 2.9^ | <u>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).</u> |
| 4.1†^ | <u>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).</u> |
| 4.2†^ | <u>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).</u> |
| 4.3^ | <u>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).</u> |
| 4.4 | <u>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.</u> |
| 4.5^ | <u>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).</u> |

| Exhibit Number | Exhibit Description |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.6 [^] | <u>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).</u> |
| 4.7 [^] | <u>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).</u> |
| 4.8 [^] | <u>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).</u> |
| 4.9 [^] # | <u>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).</u> |
| 4.10 [^] # | <u>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).</u> |
| 4.11 [^] # | <u>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).</u> |
| 4.12 [^] | <u>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).</u> |
| 4.13# | <u>2021 Equity Incentive Plan.</u> |
| 4.14 [^] | <u>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)</u> |
| 4.15 | <u>Lease of 2500 Bee Cave Road, Rollingwood, Texas 78746.</u> |
| 8.1 | <u>List of Subsidiaries of Babylon Holdings Limited.</u> |
| 12.1 | <u>Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| 12.2 | <u>Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| 13.1* | <u>Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |
| 13.2* | <u>Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |
| 15.1 | <u>Consent of KPMG LLP, independent registered accounting firm for Babylon Holdings Limited.</u> |
| 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). |

[^] Previously filed.

* Furnished herewith.

Management contract or compensatory plan.

† Schedules and exhibits to this Exhibit omitted pursuant to Instruction 4(a) as to Exhibits of Form 20-F. The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

BABYLON HOLDINGS LIMITED

By: /s/ Ali Parsadoust

Name: Ali Parsadoust

Title: Chief Executive Officer

Date: March 30, 2022

THE COMPANIES (JERSEY) LAW 1991 A
COMPANY LIMITED BY SHARES
AMENDED AND RESTATED MEMORANDUM
AND
ARTICLES OF ASSOCIATION
OF
BABYLON HOLDINGS LIMITED (COMPANY
NUMBER: 115471)

**(Adopted by special resolution passed on 3 June 2021 and
effective on 21 October 2021)**

Company number: 115471

THE COMPANIES (JERSEY) LAW 1991 A COMPANY LIMITED BY SHARES
AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION OF
BABYLON HOLDINGS LIMITED

(Adopted by special resolution passed on 3 June 2021 and effective on 21 October 2021)

1. The name of the company is **Babylon Holdings Limited**.
 2. The company is a public company.
 3. The company is a par value company.
 4. The share capital of the company is US\$409,896.05 divided into:
 - 4.1 6,500,000,000 Class A Ordinary Shares with a par value of US\$0.0000422573245084686 each;
 - 4.2 3,100,000,000 Class B Ordinary Shares with a par value of US\$0.0000422573245084686 each; and
 - 4.3 100,000,000 Deferred Shares with a par value of US\$0.0000422573245084686 each.
 5. The liability of a member of the company is limited to the amount unpaid (if any) on such member's share or shares.
-

Company number: 115471

THE COMPANIES (JERSEY) LAW 1991 A COMPANY LIMITED BY SHARES

AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF

BABYLON HOLDINGS LIMITED

(Adopted by special resolution passed on 3 June 2021 and effective on 21 October 2021)

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THE COMPANIES (JERSEY) LAW 1991

A COMPANY LIMITED BY SHARES

**AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF
BABYLON HOLDINGS LIMITED**

(adopted by special resolution passed on 3 June 2021 and effective on 21 October 2021)

PRELIMINARY

1. Exclusion of Standard Table

The regulations constituting the Standard Table in the Companies (Standard Table) (Jersey) Order 1992 do not apply to the Company.

2. Interpretation

(a) In these articles, unless the contrary intention appears:

(i) the following definitions apply:

these articles means these articles of association, as amended from time to time;

bankrupt and/or **bankruptcy** shall have the meaning specified in the Interpretation (Jersey) Law 1954 and includes individual insolvency proceedings in a jurisdiction other than the Bailiwick of Jersey which have an effect similar to that of bankruptcy;

Board means the board of directors for the time being of the Company or the directors present or deemed to be present at a duly convened meeting of the directors at which a quorum is present;

Class A Ordinary Shares means the ordinary shares in the capital of the Company from time to time, identified in article 4(a) and with the rights set out therein and in these articles generally;

Class B Ordinary Shares means the ordinary shares in the capital of the Company from time to time, identified in article 4(b) and with the rights set out therein and in these articles generally;

clear days means, in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

Closing Date means the date of closing of the Merger;

committee means a committee of the Board;

Companies Law means the Companies (Jersey) Law 1991 as in force from time to time;

the **Company** means Babylon Holdings Limited;

Deferred Shares means the redeemable deferred shares in the capital of the Company from time to time, referred to in article 4(c) and with the rights set out therein and in these articles generally;

director means a director for the time being of the Company;

electronic address means any number or address used for the purposes of sending or receiving notices, documents or information by electronic means;

electronic form means a document sent or supplied by electronic means (for example, by e-mail or fax, or by any other means while in an electronic form);

an **electronic general meeting** means, subject to the Statutes, a general meeting held or conducted in such a way that allows persons who may not be physically present together to participate in the general meeting and communicate with each other any information or opinions they may have on any particular item of business of the meeting, and for the avoidance of doubt, such participation and communication requires that each member participating and communicating at the meeting can both hear any other of them or be heard by any other of them;

electronic means sent initially and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means;

Exchange Act means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as the same may be amended from time to time;

the **Founder** means Dr Ali Parsadoust;

Founder Permitted Transferee means each of:

- (A) the Founder's spouse, widow, children or remoter issue;
- (B) the Founder's executor or personal representative, the executor or personal representative of any Founder Permitted Transferee or any surviving joint holder of Class B Ordinary Shares;

- (C) any trust or foundation established by the Founder and/or any other Founder Permitted Transferee for the principal benefit of the Founder and/or any Founder Permitted Transferee;
- (D) any entity (whether formed as a corporate or unincorporated body and whether or not having separate legal personality) which is directly or indirectly controlled by such trust or foundation;
- (E) any partnership established by the Founder and/or any other Founder Permitted Transferee which is controlled by the Founder and/or any Founder Permitted Transferee;
- (F) any entity (whether formed as a corporate or unincorporated body and whether or not having separate legal personality) which is directly or indirectly controlled by, or under common control with, such partnership;
- (G) any entity (whether formed as a corporate or unincorporated body and whether or not having a separate legal personality) which is directly or indirectly, through one or more intermediaries, or which is controlled by, or under common control with, the Founder;
- (H) any charitable entity (whether formed as a trust, corporate or unincorporated body and whether or not having separate legal personality) created by the Founder and/or any Founder Permitted Transferee which is regarded as charitable under the laws of any jurisdiction;
- (I) any pension or retirement account created by the Founder and/or any Founder Permitted Transferee under the laws of any jurisdiction;

any trustee, custodian, general partner, nominee or equivalent of any person or entity described in (A) to (I) above;

hard copy form means a document sent or supplied by paper copy or a similar form capable of being read;

holder in relation to any share means the member whose name is entered in the register as the holder of that share;

Listing Transaction means (i) a bona fide underwritten public offering of the Company's ordinary shares (or the ordinary shares of a subsidiary or a new holding company inserted into the Company's group for the purposes of the initial public offering) on a reputable, internationally recognised stock exchange; or (ii) the merger of the Company (or a subsidiary or a new holding company inserted into the Company's group) with a special purpose acquisition company (or its subsidiary) and the subsequent admission of all of the Company's ordinary shares to listing on a reputable internationally recognised stock exchange;

Merger means the consummation of the merger of Liberty USA Merger Sub, Inc. with and into Alkuri Global Acquisition Corp. (**Alkuri**), with Alkuri continuing on as the surviving entity and a wholly-owned subsidiary of the Company;

Merger Agreement means the agreement and plan of merger relating to the Merger by and between the Company, Alkuri, Liberty USA Merger Sub, Inc. and the Founder dated 3 June 2021, as may be amended or varied from time to time;

office means the registered office for the time being of the Company;

ordinary resolution means a resolution passed by a simple majority of the votes cast by such members present and entitled to vote (including, where proxies are allowed, votes cast by proxy) at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the voting rights represented by the number of shares to which each member is entitled;

ordinary shares means the Class A Ordinary Shares and Class B Ordinary Shares and any other shares in the capital of the Company designated as ordinary shares from time to time;

paid up means paid up or credited as paid up;

person entitled by transmission means a person whose entitlement to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law has been noted in the register;

a **physical general meeting** means a general meeting held or conducted at one or more physical venues (at which facilities are not available to allow for persons who are not at such physical venue to attend or participate in the meeting electronically);

principal register means the register maintained in Jersey;

a **proxy notification address** means the address or addresses (including any electronic address) specified in a notice of a meeting or in any other information issued by the Company in relation to a meeting (or, as the case may be, an adjourned meeting or a poll) for the receipt of proxy notices relating to that meeting (or adjourned meeting or poll) or, if no such address is specified, the office;

register means the register of members of the Company (and, unless the context requires otherwise, includes any overseas branch register) kept and maintained in accordance with these articles and pursuant to article 41 of the Companies Law;

relevant system means a computer-based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, pursuant to the 2014 Order;

seal means any common seal of the Company (if any) or any official seal or securities seal which the Company may have or be permitted to have under the Statutes;

secretary means the secretary of the Company or, if there are joint secretaries, any of the joint secretaries and includes an assistant or deputy

secretary and any person appointed by the Board to perform any of the duties of the secretary of the Company;

special resolution means a resolution passed by a majority of not less than 75 per cent. (or such higher majority as specified by article 5 or article 6, as applicable) of the votes cast by such members present and entitled to vote (including, where proxies are allowed, votes cast by proxy) at a general meeting of the Company of which not less than fourteen clear days' notice, including the text of the resolution and specifying the intention to propose the resolution as a special resolution, has been duly given and where a poll is taken regard shall be had in computing such majority to the voting rights represented by the number of shares to which each member is entitled (provided that, if it is so agreed by the holder or holders of a majority in number of the members having the right to attend and vote at such a meeting upon the resolution who together hold not less than 95 per cent. of the total voting rights of the members who have that right, a resolution may be proposed and passed as a special resolution at a meeting of which less than fourteen clear days' notice has been given);

Sponsor means Alkuri Sponsor LLC;

Statutes means the Companies Law, the 2014 Order and every other statute, statutory instrument, regulation or order for the time being in force concerning companies in so far as they concern the Company;

transfer office means: (i) in relation to the principal register, the location in Jersey where the principal register is kept and maintained; and (ii) where the Company keeps an overseas branch register in respect of any country, territory or place outside of Jersey (not being in the United Kingdom), the location in that country, territory or place where that overseas branch register is kept and maintained;

treasury shares means those shares held by the Company in treasury in accordance with article 58A of the Companies Law;

United States of America means the United States of America and its territories and possessions, including the District of Columbia;

US branch register means the overseas branch register of the Company, if any, maintained in the United States of America;

2014 Order means the Companies (Transfers of Shares – Exemptions) (Jersey) Order 2014, as amended from time to time;

- (ii) any reference to an uncertificated share, or to a share being held in uncertificated form, means a share title to which may be transferred by means of a relevant system, and any reference to a certificated share means any share other than an uncertificated share;
- (iii) any other words or expressions defined in the Companies Law or, if not defined in the Companies Law, in any other of the Statutes (in each case as in force on the date these articles take effect) have the same meaning in these articles except that the word **company** includes any body corporate;

- (iv) any reference in these articles to any statute or statutory provision includes a reference to any modification or re-enactment of it for the time being in force;
- (v) words importing the singular number include the plural number and vice versa, words importing one gender include the other gender and words importing persons include bodies corporate and unincorporated associations;
- (vi) any reference to writing includes a reference to any method of reproducing words in a legible form;
- (vii) any reference to a document being sealed or executed under seal or under the common seal of any body corporate (including the Company) or any similar expression includes a reference to its being executed in any other manner which has the same effect as if it were executed under seal;
- (viii) any reference to a meeting shall not be taken as requiring more than one person to be present in person if any quorum requirement can be satisfied by one person;
- (ix) any reference to a show of hands includes such other method of casting votes as the Board may from time to time approve;
- (x) any reference to a person who is attending or participating in a meeting electronically is a reference to a person whose attendance or participation at that meeting is enabled by a facility or facilities (whether electronic or otherwise), other than physical presence at a general meeting, which allows persons who may not be physically present together to communicate with each other any information or opinions they may have on any particular item of business of the meeting; electronic attendance and participation shall be construed accordingly;
- (xi) where the Company has a power of sale or other right of disposal in relation to any share, any reference to the power of the Company or the Board to authorise a person to transfer that share to or as directed by the person to whom the share has been sold or disposed of shall, in the case of an uncertificated share, be deemed to include a reference to such other action as may be necessary to enable that share to be registered in the name of that person or as directed by that person; and
- (xii) any reference to:
 - (A) rights attaching to any share;
 - (B) members having a right to attend and vote at general meetings of the Company;
 - (C) dividends being paid, or any other distribution of the Company's assets being made, to members; or
 - (D) interests in a certain proportion or percentage of the issued share capital, or any class of share capital,

shall, unless otherwise expressly provided by the Statutes, be construed as though any treasury shares held by the Company had been cancelled.

- (b) Subject to the Statutes, a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under these articles.
- (c) Headings to these articles are inserted for convenience only and shall not affect construction.

3. **Limited liability**

The liability of the members is limited to the amount, if any, unpaid on the shares in the Company respectively held by them.

SHARE CAPITAL

4. **Share capital and rights attached to shares**

The authorised share capital of the Company is as specified in the Memorandum of Association of the Company.

The Company may issue the following shares in the capital of the Company with rights attaching to them as follows:

- (a) **Class A Ordinary Shares** : Each Class A Ordinary Share shall be non-redeemable and shall be issued with one vote attaching to it for voting purposes in respect of all matters on which ordinary shares in the capital of the Company have voting rights. Save in respect of voting rights and subject to article 10, each Class A Ordinary Share shall rank *pari passu* in all respects with all other ordinary shares in the capital of the Company, including (but not limited to) as to rights to receive dividends and distributions, liquidation rights and proceeds upon a change of control.
- (b) **Class B Ordinary Shares**: Each Class B Ordinary Share shall be non-redeemable and shall be issued with 15 votes attaching to it for voting purposes in respect of all matters on which ordinary shares in the capital of the Company have voting rights. Save in respect of voting rights and subject to article 10, each Class B Ordinary Share shall rank *pari passu* in all respects with all other ordinary shares in the capital of the Company, including (but not limited to) as to rights to receive dividends and distributions, liquidation rights and proceeds upon a change of control.
- (c) **Deferred Shares**: Each Deferred Share shall be redeemable by the Company and shall have the rights and be subject to the restrictions set out in article [7](#) below.

Subject to articles 5, 6 and 10, the Class A Ordinary Shares and the Class B Ordinary Shares shall form a single class with the other ordinary shares in the capital of the Company in all respects including as to rights: (i) to receive a dividend or other distribution; (ii) upon a liquidation, dissolution or winding up of the Company; or (iii) upon a direct or indirect change of control of the Company. For the avoidance of doubt, the Deferred Shares shall have the rights and be subject to the restrictions set out in article 7 below only and shall be treated in all respects as a distinct class of shares in the capital of the Company to those of the Class A Ordinary Shares and the Class B Ordinary Shares.

5. **Rights attaching to Class B Ordinary Shares**

- (a) The prior approval of holders of more than 50 per cent. of the issued Class B Ordinary Shares shall be required for the following matters:
 - (i) any amendment to the powers, preferences or other rights attached to the Class A Ordinary Shares, including (but not limited to) in respect of any subdivision, consolidation or conversion of shares;
 - (ii) any dividend or other distribution to the Class A Ordinary Shares which is not made pro rata to the Class B Ordinary Shares; or
 - (iii) the shares of the Class A Ordinary Shares are proposed to be treated differently from Class B Ordinary Shares with respect to any consolidation, subdivision, recapitalisation or similar; or with respect to any consideration into which the shares are converted or any consideration paid or otherwise distributed to the Company's (or any successor's) shareholders upon a change of control following a Listing Transaction,

in each case where such action would be reasonably likely to adversely affect the rights attaching to the Class B Ordinary Shares.

- (b) To the extent that any matter referred to in article 5(a) would be given effect by way of special resolution, the majority referred to in the definition of "special resolution" shall be a majority comprising both: (i) 75 per cent. of the votes cast by such members present and entitled to vote (including, where proxies are allowed, votes cast by proxy) at the applicable meeting; and (ii) the positive vote of a member or members present and entitled to vote (including, where proxies are allowed, votes cast by proxy) who alone or together hold more than 50 per cent. of the issued Class B Ordinary Shares (which shall be deemed to constitute the prior approval of the holders of more than 50 per cent. of the issued Class B Ordinary Shares referred to above).
- (c) Subject to the requirements of article 6, any rights attaching to the Class B Ordinary Shares may only be varied in accordance with the provisions of article 20.

6. Rights attaching to Class A Ordinary Shares

- (a) The prior approval of holders of more than 50 per cent. of the issued Class A Ordinary Shares shall be required for the following matters:
 - (i) any amendment to the powers, preferences or other rights attached to the Class B Ordinary Shares, including (but not limited to) in respect of any subdivision, consolidation or conversion;
 - (ii) any dividend or other distribution to the Class B Ordinary Shares which is not made pro rata to the Class A Ordinary Shares; or
 - (iii) the shares of the Class B Ordinary Shares are proposed to be treated differently from Class A Ordinary Shares with respect to any consolidation, subdivision, recapitalisation or similar; or with respect to any consideration into which the shares are converted or any consideration paid or otherwise distributed to the Company's (or any successor's) shareholders upon a change of control following a Listing Transaction,

in each case where such action would be reasonably likely to adversely affect the rights attaching to the Class A Ordinary Shares, for which purpose, where the Class A Ordinary Shares are held by a single holder, that holder shall be entitled to specify the number of Class A Ordinary Shares in respect of which it gives its prior approval, and the reference above to the prior approval of holders of more than fifty percent (50 per cent.) of the issued Class A Ordinary Shares shall be deemed to be to the prior approval of the holder of the Class A Ordinary Shares in respect of more than fifty percent (50 per cent.) of the issued Class A Ordinary Shares.

- (b) To the extent that any matter referred to in article 6(a) would be given effect by way of special resolution, the majority referred to in the definition of "special resolution" shall be a majority comprising both: (i) 75 per cent. of the votes cast by such members present and entitled to vote (including, where proxies are allowed, votes cast by proxy) at the applicable meeting; and (ii) the positive vote of a member or members present and entitled to vote (including, where proxies are allowed, votes cast by proxy) who alone or together are entitled to exercise more than 50 per cent. of the total voting rights exercisable by all of the Class A Ordinary Shares (which shall be deemed to constitute the prior approval of the holders of more than fifty percent (50 per cent.) of the issued Class A Ordinary Shares referred to above).
- (c) Subject to the requirements of article 5, any rights attaching to the Class A Ordinary Shares may only be varied in accordance with the provisions of article 20.

7. Rights attaching to the Deferred Shares

Each Deferred Share shall confer upon the holder such rights, and be subject to restrictions, as follows:

- (a) notwithstanding any other provision of these articles, a Deferred Share:
 - (i) does not entitle its holder to receive any dividend or distribution declared, made or paid or any return of capital and does not entitle its holder to any further or other right of participation in the assets of the Company;
 - (ii) does not entitle its holder to participate on a return of assets on a winding up of the Company;
 - (iii) does not entitle its holder to receive a share certificate in respect of his or her shareholding, save as required by the Statutes;
 - (iv) does not entitle its holder to receive notice of, attend, speak or vote at, any general meeting of the Company; and
 - (v) shall not be transferable at any time other than with the prior written consent of the Board;
- (b) all or any part of the Deferred Shares from time to time shall be redeemable for US\$1.00 in aggregate for all such Deferred Shares being redeemed or such higher amount as may be specified in any agreement with the member holding such Deferred Shares;
- (c) the Board may, and where required pursuant to the terms of the Merger Agreement the Board shall:

- (i) undertake such actions as are required to redeem any or all of the Deferred Shares in issue from time to time (subject to the requirements of the Statutes) and without any requirement to obtain the consent or sanction of the holders thereof; and
 - (ii) nominate any person to execute and do all such deeds, documents, acts and things as may be necessary to give effect to the actions contemplated by this article 7; and
- (d) the rights attached to the Deferred Shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares, any amendment or variation of the rights of any other class of shares of the Company, the Company reducing its share capital or surrender or purchase of any share, whether a Deferred Share or otherwise.

8. Mandatory conversion of the Class B Ordinary Shares

Class B Ordinary Shares shall automatically convert into and immediately be treated as Class A Ordinary Shares in the following circumstances:

- (a) with the approval of the holders of at least two-thirds by nominal value of the issued Class B Ordinary Shares;
- (b) upon any transfer of Class B Ordinary Shares to any person, other than to any one or more of the Founder Permitted Transferees save that, in this case, for the avoidance of doubt, only those Class B Ordinary Shares transferred shall convert to Class A Ordinary Shares and any Class B Ordinary Shares not so transferred shall not convert;
- (c) where any of the Class B Ordinary Shares cease to be beneficially owned at any time by the Founder or a Founder Permitted Transferee save that, in this case, for the avoidance of doubt, only those Class B Ordinary Shares that cease to be beneficially owned by the Founder or a Founder Permitted Transferee shall convert to Class A Ordinary Shares and any Class B Ordinary Shares that continue to be beneficially owned by the Founder or a Founder Permitted Transferee shall not convert; or
- (d) on such date that: (i) the Founder (together with the Founder Permitted Transferees) no longer holds at least five per cent. of the Class B Ordinary Shares held by the Founder (together with the Founder Permitted Transferees) as at the Closing Date; and (ii) is either (A) at least twelve (12) months following the Founder's voluntary resignation as the chief executive officer and as a director of the Company; or (B) at least twelve (12) months following the death or permanent incapacity of the Founder.

9. Optional conversion of the Class B Ordinary Shares

- (a) A holder of Class B Ordinary Shares shall be 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:
 - (i) written notice of the number of Class B Ordinary Shares that are to be converted, with such notice to identify the name and address of such holder, as they appear on the Company's register (a **conversion notice**);
 - (ii) in the case of a certificated share, the certificate(s) representing the Class B Ordinary Shares to be converted; and

- (iii) such additional proof of title to the relevant shares of the person requesting conversion, or authority of such person to request conversion, as the Board may require.
- (b) Any conversion notice, once delivered, shall not be withdrawn without the consent of the Board. The conversion of the Class B Ordinary Shares specified in the conversion notice shall be deemed to have been made in the register, which the Board shall procure to be made at the close of business on the date of receipt by the Company of the relevant conversion notice and such additional proof of title or authority as the Board may require in accordance with article 9(a)(iii).
- (c) If less than all of the Class B Ordinary Shares represented by any certificate delivered in accordance with article 9(a)(ii) are to be converted, the Company shall issue and deliver to the holder a new certificate in respect of the balance of Class B Ordinary Shares comprised in the surrendered certificate without charge within two months of the date of conversion.
- (d) If the Class B Ordinary Shares to be converted are in certificated form, the Company shall issue and deliver to the holder a new certificate in respect of the newly- converted Class A Ordinary Shares within two months of the date of conversion.
- (e) The Class A Ordinary Shares into which the relevant Class B Ordinary Shares are converted shall rank *pari passu* in all respects and form one class with the Class A Ordinary Shares then in issue.

10. Further provisions relating to ordinary shares

The Company may agree 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.

11. Conversion to Deferred Shares

- (a) The Company may agree with any member terms and conditions upon which 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 automatically and irrevocably converted into Deferred Shares without any requirement to obtain the further consent or sanction of such member, and may deal with any such Deferred Shares in accordance with article 7.
- (b) Without prejudice to the other provisions of these articles (including but not limited to article 11(a) or article 14(c)(iii)), the Board may, pursuant to any agreement with a member granting the Company an express right to do so, convert any Class A Ordinary Shares or Class B Ordinary Shares to Deferred Shares without any requirement to obtain the further consent or sanction of that member, and may deal with any such Deferred Shares in accordance with article 7.
- (c) Where a director of the Company (or any affiliate of any such director within the meaning of article 82(d)) is a holder of Class A Ordinary Shares or Class B Ordinary Shares that are subject to conversion to Deferred Shares as envisaged by articles 11(a) and 11(b) above, such director shall be prohibited from counting in quorum or voting in respect of any resolutions proposed to be passed by the Board in connection with the conversion and/or subsequent redemption of such shares.

12. Authority to allot shares and grant rights

Subject to the Statutes, these articles and any resolution of the Company, the Board may offer, allot (with or without conferring a right of renunciation), grant options over, grant rights to subscribe for or to convert any security into or otherwise deal with or dispose of any unissued shares in the Company to such persons, at such times and generally on such terms as the Board may decide, save that the Board may not allot Class B Ordinary Shares except in connection with a Listing Transaction or as provided for in article 118.

13. Power to pay commission

The Company may pay commissions or brokerage fees in respect of shares on such terms as the directors may think proper.

14. Power to alter share capital

- (a) Subject to the Statutes, the Company may exercise the powers conferred by the Statutes to:
 - (i) increase its share capital by creating new shares of such amount and in such currency or currencies as it thinks expedient;
 - (ii) reduce its share capital;
 - (iii) sub-divide or consolidate and divide all or any of its share capital;
 - (iv) redenominate all or any of its shares and cancel some of its shares in connection with such a redenomination; and
 - (v) alter its share capital in any other manner permitted by the Companies Law.
- (b) A resolution by which any share is sub-divided may determine that, as between the holders of the shares resulting from the sub-division, one or more of the shares may have such preferred or other special rights, or may have such qualified or deferred rights or be subject to such restrictions, as compared with the other or others, as the Company has power to attach to new shares.
- (c) If as a result of any consolidation and division or sub-division of shares any members would become entitled to fractions of a share, the Board may deal with the fractions as it thinks fit. In particular, the Board may:
 - (i) (on behalf of those members) aggregate and sell the shares representing the fractions to any person (including, subject to the Statutes, the Company) and distribute the net proceeds of sale in due proportion among those members (except that any proceeds in respect of any holding less than a sum fixed by the Board may be retained for the benefit of the Company) and the directors may authorise some person to execute an instrument of transfer of shares and/or any relevant buyback instrument (if applicable) to, or in accordance with the directions of, the purchaser; or
 - (ii) subject to the Statutes, first, allot to a member credited as fully paid by way of capitalisation of any reserve account of the Company such number of shares as rounds up the member's holding to a number which, following

consolidation and division or sub-division, leaves a whole number of shares; or

(iii) convert any such fractional entitlements into Deferred Shares.

(d) For the purpose of a sale under paragraph (c)(i) above, the Board may authorise a person to transfer the shares to, or as directed by, the purchaser, who shall not be bound to see to the application of the purchase money and the title of the new holder to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale.

15. Power to issue redeemable shares and conversion of existing non-redeemable shares

Subject to the Statutes:

- (a) a share may be issued on terms that it is to be redeemed or is liable to be redeemed at the option of the Company or the holder and the terms, conditions and manner of redemption of such shares shall be determined by the Board before the shares are allotted (and such terms and conditions shall apply as if the same were set out in these articles); and
- (b) any existing non-redeemable shares (whether issued or not) may, where permitted by these articles and determined by the Board, be converted into shares that are to be redeemed or are liable to be redeemed in accordance with their terms, which may include provision for redemption at the option of either or both of the Company or holder thereof.

16. Power to purchase own shares

Subject to the Statutes, and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares of any class, including any redeemable shares. Subject to the Statutes, the Company may hold as treasury shares any shares purchased or redeemed by it.

17. Power to reduce capital

Subject to the Statutes and to any rights conferred on the holders of any class of shares, the Company may by special resolution reduce its share capital, any capital redemption reserves and any share premium account in any way.

18. Trusts not recognised

Except as required by law, a court of competent jurisdiction or these articles, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required to recognise (even when having notice of it) any equitable, contingent, future, partial or other claim to or interest in or in respect of any share, except the holder's absolute right to the entirety of the share.

UNCERTIFICATED SHARES – GENERAL POWERS

19. Uncertificated shares – general powers

- (a) Subject to the Statutes, the Board may permit any class of shares to be held in uncertificated form and to be transferred by means of a relevant system and may revoke any such permission.
- (b) In relation to any share which is for the time being held in uncertificated form:
 - (i) the Company may utilise the relevant system in which it is held to the fullest extent available from time to time in the exercise of any of its powers or functions under the Statutes or these articles or otherwise in effecting any actions and the Board may from time to time determine the manner in which such powers, functions and actions shall be so exercised or effected;
 - (ii) any provision in these articles which is inconsistent with:
 - (A) the holding or transfer of that share in the manner prescribed or permitted by the Statutes;
 - (B) any other provision of the Statutes relating to shares held in uncertificated form; or
 - (C) the exercise of any powers or functions by the Company or the effecting by the Company of any actions by means of a relevant system,shall not apply;
 - (iii) the Company may, by notice to the holder of that share, require the holder to change the form of such share to certificated form within such period as may be specified in the notice;
 - (iv) the Company may require that share to be converted into certificated form in accordance with the Statutes; and
 - (v) the Company shall not issue a certificate.
- (c) The Company may, by notice to the holder of any share in certificated form, direct that the form of such share may not be changed to uncertificated form for a period specified in such notice.
- (d) For the purpose of effecting any action by the Company, the Board may determine that shares held by a person in uncertificated form shall be treated as a separate holding from shares held by that person in certificated form but shares of a class held by a person in uncertificated form shall not be treated as a separate class from shares of that class held by that person in certificated form.

VARIATION OF RIGHTS

20. Variation of rights

- (a) Whenever the share capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of shares in issue may

from time to time (subject to the Statutes and whether or not the Company is being wound up) be varied in such manner as those rights may provide or (if no such provision is made) either with the consent in writing of the holders of at least three quarters in nominal value of the issued shares of that class or with the authority of a special resolution passed at a separate general meeting of the holders of those shares.

- (b) The provisions of these articles relating to general meetings of the Company or to the proceedings at general meetings shall apply, *mutatis mutandis*, to every such separate general meeting, except that:
 - (i) the quorum at any such meeting (other than an adjourned meeting) shall be two members present in person or by proxy holding at least one-third in nominal amount of the issued shares of the class (excluding any shares of that class held as treasury shares);
 - (ii) if at any adjourned meeting of such holders the quorum required under paragraph (i) above is not present, the quorum shall be at least one member present in person or by proxy holding shares of the class;
 - (iii) every holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by that holder; and
 - (iv) a poll may be demanded by any one holder of shares of the class whether present in person or by proxy.
- (c) Unless otherwise expressly provided by the rights attached to any class of shares those rights shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them or by the purchase or redemption by the Company of any of its own shares.

TRANSFERS OF SHARES

21. Right to transfer shares

Subject to the restrictions in these articles (including but not limited to article 22 below), a member may transfer all or any of the member's shares in any manner which is permitted by the Statutes.

22. Lock-up

- (a) Subject to the exclusions in article 22(b) below and the other provisions of this article 22, no member shall be permitted to Transfer any Lock-up Shares until the earlier of:
 - (i) (A) in the case of a Lock-up Shareholder who is not the Founder or a Founder Permitted Transferee, the date that is six months after the Closing Date; and
(B) in the case of Lock-up Shareholder who is the Founder or a Founder Permitted Transferee, the date that is nine months after the Closing Date; and
 - (ii) subsequent to the Closing Date, the first date on which:
 - (A) the closing price of the Class A Ordinary Shares has equalled or exceeded \$15.00 per Class A Ordinary Share (as adjusted for share capital subdivisions, consolidations, dividends, reorganisations, recapitalisations and the like) for any 20 trading days within any 30-

trading day period commencing at least 90 days after the Closing Date; or

- (B) the Company completes a liquidation, merger, share capital exchange, reorganisation or other similar transaction that results in all of the Company's members having the right to exchange their ordinary shares for cash, securities or other property,

(such time period, the **Lock-up Period**).

- (b) Notwithstanding article 22(a) above, each Lock-up Shareholder or any of its Permitted Lock-up Transferees may Transfer any Lock-up Shares it holds during the Lock-up Period:
 - (i) in respect of Lock-up Shares held by the Founder or any of the Founder Permitted Transferees only, to the Founder Permitted Transferees and to any Permitted Lock-up Transferee pursuant to this article 22(b);
 - (ii) to any other Lock-up Shareholder(s);
 - (iii) in the case of any Lock-up Shareholder (or any Permitted Lock-up Transferee of a Lock-up Shareholder) that is a corporation, partnership, limited liability company, trust or other business entity, to any partners (general or limited), members, managers, shareholders or holders of similar equity interests in such member (or, in each case, its nominee or custodian), or any of its or their Affiliates;
 - (iv) by bona fide gift or gifts, including to a charitable organisation;
 - (v) in the case of an individual, transmission upon death of such individual in accordance with article 27;
 - (vi) to any trust, partnership, limited liability company or other entity for the direct or indirect benefit of a member or the Immediate Family Member of a member;
 - (vii) to any Immediate Family Member or other dependent;
 - (viii) to a nominee or custodian of a person to whom a disposition or transfer would be permissible under paragraphs 22(b)(iv) to 22(b)(vii) inclusive above;
 - (ix) pursuant to an order or decree of a Governmental Entity;
 - (x) to the Company or its subsidiary or parent entities upon death, disability or termination of employment, in each case, of such holder;
 - (xi) pursuant to a bona fide tender offer, merger, consolidation or other similar transaction, in each case made to all holders of ordinary shares, involving a Change of Control (including negotiating and entering into an agreement providing for any such transaction); provided, however, that in the event that such tender offer, merger, consolidation or other such transaction is not completed, such Lock-up Shareholder's shares shall remain subject to the provisions of this article 22;

- (xii) to the Company pursuant to the exercise, in each case on a “cashless” or “net exercise” basis, of any option to purchase ordinary shares pursuant to any employee benefit plans or arrangements which are set to expire during the Lock-up Period, where any shares received by a member upon any such exercise will be subject to the terms of this article 22;
- (xiii) for the purpose of satisfying any withholding taxes (including estimated taxes) due as a result of the exercise of any option to purchase shares or the vesting of any restricted stock awards granted by the Company pursuant to employee benefit plans or arrangements which are set to expire or automatically vest during the Lock-up Period, in each case on a “cashless” or “net exercise” basis, where any shares received by such member upon any such exercise or vesting will be subject to the terms of this article 22,
- (xiv) for the purpose of repaying any loan issued by the Company to any executive officer at the closing of the Merger;
- (xv) in any transaction relating to ordinary shares acquired by a member in open market transactions;
- (xvi) otherwise with the prior written consent or by resolution of a majority of the Board;
- (xvii) in the case of the Founder and any Founder Permitted Transferee, pursuant to a pledge, of up to 10,918,824 ordinary shares, in a bona fide transaction to a lender of such member, as disclosed in writing to the Company; or
- (xviii) any transfers made pursuant to or otherwise in connection with the option agreement between Hanging Gardens Limited and the Founder dated 17 August 2016,

provided that, a Permitted Lock-up Transferee may only Transfer any Lock-Up Shares held by it to another Permitted Lock-up Transferee of the original Lock-up Shareholder that held such Lock-up Shares at the Closing Date and, in the case of each transfer or distribution pursuant to paragraphs 22(b)(i) to 22(b)(vii) (inclusive) above:

- (A) each donee, trustee, distributee or transferee, as the case may be, shall be bound by the restrictions set out in this article 22;
- (B) any such transfer or distribution shall not involve a disposition for value, other than with respect to any such transfer or distribution for which the transferor or distributor receives equity interests of such transferee or such transferee’s interests in the transferor and except for any transfer pursuant to paragraph 22(b)(i) only, to which this paragraph (B) shall not apply; and
- (C) if any public reports or filings (including filings under Section 16(a) of the Exchange Act) reporting a reduction in beneficial ownership of shares are required or are voluntarily made during the Lock-up Period, such member shall provide the Company prior written notice informing them of such report or filing and such report or filing shall disclose that such donee, trustee, distributee or transferee, as the case may be is bound by the restrictions set out in this article 22.

- (c) For the avoidance of doubt, members shall be permitted to enter into a trading plan established in accordance with Rule 10b5-1 under the Exchange Act during the Lock-up Period so long as no Transfers of such members' ordinary shares in contravention of this article 22 are effected prior to the expiration of the Lock-up Period.
- (d) The Company shall be entitled to enter stop transfer instructions with the its transfer agent and registrar against the transfer of any Lock-up Shares except in compliance with the restrictions in this article 22 and, where applicable, to the addition of a legend to such member's Lock-up Shares describing the restrictions in this article 22.
- (e) Nothing in this article 22 shall limit:
 - (i) any Transfer of ordinary shares to any person (including, subject to the Statutes, to the Company) pursuant to article 14(c); or
 - (ii) any purchase or redemption of ordinary shares or Deferred Shares by the Company pursuant to and in accordance with article 16.
- (f) For the purposes of this article 22:
 - (i) **Affiliate** has the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act;
 - (ii) **Change of Control** means any transaction or series of transactions:
 - (A) following which a person or "group" (within the meaning of Section 13(d) of the Exchange Act) of persons (other than the Company, Alkuri (as defined below) or any of their respective subsidiaries), has direct or indirect beneficial ownership of securities (or rights convertible or exchangeable into securities) representing 50 per cent. or more of the voting power of or economic rights or interests in the Company, Alkuri or any of their respective subsidiaries,
 - (B) constituting a merger, consolidation, reorganisation or other business combination, however effected, following which either (1) the members of the Board or the board of directors of Alkuri immediately prior to such merger, consolidation, reorganisation or other business combination do not constitute at least a majority of the board of directors of the company surviving the combination or, if Alkuri is a subsidiary, the ultimate parent thereof or (2) the voting securities of the Company, Alkuri or any of their respective subsidiaries immediately prior to such merger, consolidation, reorganisation or other business combination do not continue to represent or are not converted into 50 per cent. or more of the combined voting power of the then outstanding voting securities of the person resulting from such combination or, if Alkuri is a subsidiary, the ultimate parent thereof, or (C) the result of which is a sale of all or substantially all of the assets of the Company or the surviving corporation (as appearing in its most recent balance sheet) to any person;
 - (iii) **Governmental Entity** means any United States or foreign or international federal, state, local, municipal or other government, governmental or quasi- governmental entity of any nature (including any governmental agency,

branch, department, official, or entity and any court or other tribunal), or body exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature, including any arbitrator or arbitral tribunal (public or private);

- (iv) **Immediate Family Member** means any person that is related by blood or current or former marriage or adoption, in each case that is not more remote than a first cousin;
- (v) **Lock-up Shares** means with respect to any Lock-up Shareholder and its respective Permitted Lock-up Transferees, (A) the ordinary shares held by such person immediately following the closing of the Merger (including, for the avoidance of doubt, any ordinary shares held by such person following the closing of the Merger that are subject to a separate agreement between the member and the Company in accordance with article 10), and (B) the ordinary shares issuable to such person upon the settlement or exercise of restricted stock units, share options or other equity awards outstanding as of immediately following the closing of the Merger in respect of awards of the Company outstanding immediately prior to the closing of the Merger, determined as if, with respect to any such equity awards that are not exercised, such equity awards were instead cash exercised, but excludes any Relevant Warrants;
- (vi) **Lock-up Shareholders** means the holders of ordinary shares in the capital of the Company immediately prior to the closing of the Merger, excluding any ordinary shares issued and allotted to the PIPE Investors on the Closing Date;
- (vii) **Permitted Lock-up Transferees** means, prior to the expiry of the Lock-Up Period, any person to whom such member (or any other Permitted Lock-up Transferee of such member) is permitted to transfer ordinary shares held by it pursuant to article 22(b);
- (viii) **PIPE Investors** means the investors who subscribe for private placement shares in the Company on the Closing Date;
- (ix) **Relevant Warrants** means (A) warrants to acquire ordinary shares issued by the Company to the Sponsor at closing of the Merger; and (B) the ordinary shares issued or issuable upon the settlement or exercise of such warrants;
- (x) **Transfer** shall mean the:
 - (A) sale of, offer to sell, contract or agreement to sell, hypothecation or pledge of, grant of any option to purchase or otherwise dispose of or agreement to dispose of or establishment or increase of a put equivalent position or liquidation with respect to or decrease of a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to, any security;
 - (B) entry into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any security, whether any such transaction is to be settled by delivery of such securities, in cash or otherwise; or

(C) public announcement of any intention to effect any transaction specified in article 22(f)(x)(A) or 22(f)(x)(B).

23. Transfers of uncertificated shares

The Company shall maintain a record of uncertificated shares in accordance with the Statutes.

24. Transfers of certificated shares

- (a) An instrument of transfer of a certificated share may be in any usual form or in any other form which the Board may approve and shall be signed by or on behalf of the transferor and (except in the case of a fully paid share) by or on behalf of the transferee.
- (b) Subject to article 24(c), the Board may in its absolute discretion refuse to register any instrument of transfer of a certificated share unless it is:
 - (i) left at the office, the transfer office, or at such other place as the Board may decide, for registration;
 - (ii) accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to prove the title of the intending transferor or the intending transferor's right to transfer the shares; and
 - (iii) in respect of only one class of shares.
- (c) The Board shall not refuse to register a transfer of a certificated share to or from Cede & Co. unless the registration of such transfer would be contrary to the provisions of article 22 or the Companies Law.
- (d) All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Board refuses to register shall (except in any case where fraud or any other crime involving dishonesty is suspected in relation to such transfer) be returned to the person presenting it.

25. Other provisions relating to transfers

- (a) No fee shall be charged for registration of a transfer or other document or instruction relating to or affecting the title to any share.
- (b) The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect of the share.
- (c) Nothing in these articles shall preclude the Board from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.
- (d) Subject to article 24(c), unless otherwise agreed by the Board in any particular case, the maximum number of persons who may be entered on the register as joint holders of a share is four.

26. Notice of refusal

If the Board refuses to register a transfer of a certificated share it shall, as soon as practicable and in any event within two months after the date on which the instrument of transfer was

lodged, give to the transferor and the transferee notice of the refusal together with its reasons for refusal. The Board shall provide the transferor and the transferee with such further information about the reasons for the refusal as the transferor and/or the transferee may reasonably request.

TRANSMISSION OF SHARES

27. Transmission on death

If a member dies, the survivor, where the deceased was a joint holder, and the member's personal representatives where the member was a sole or the only surviving holder, shall be the only person or persons recognised by the Company as having any title to the member's shares; but nothing in these articles shall release the estate of a deceased holder from any liability in respect of any share held by the member solely or jointly.

28. Election of person entitled by transmission

- (a) A person becoming entitled to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to a transmission by operation of law may, on producing such evidence as the Board may require and subject as provided in this article, elect either to be registered personally as the holder of the share or to nominate some other person to be registered as the holder of the share.
- (b) If the person elects to be registered personally, the person shall give notice to the Company to that effect. If the person elects to have another person registered, the first person shall execute a transfer of the share to that other person or shall execute such other document or take such other action as the Board may require to enable that other person to be registered.
- (c) The provisions of these articles relating to the transfer of shares shall apply to the notice or instrument of transfer or other document or action as if it were a transfer effected by the person from whom the title by transmission is derived and the event giving rise to such transmission had not occurred.

29. Rights of person entitled by transmission

- (a) A person becoming entitled to a share in consequence of a death or bankruptcy or of any other event giving rise to a transmission by operation of law shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share and shall have the same rights in relation to the share as the person would have if the person were the holder except that, until the person becomes the holder, the person shall not be entitled to attend or vote at any general meeting of the Company.
- (b) The Board may at any time give notice requiring any such person to elect either to be registered personally or to transfer the share and, if after 90 days the notice has not been complied with, the Board may withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

GENERAL MEETINGS

30. General meetings

- (a) The Board shall determine whether any general meeting is to be held as:
 - (i) a physical general meeting; or
 - (ii) an electronic general meeting.
- (b) The Board may make whatever arrangements it considers fit to allow those entitled to do so to participate in any general meeting. In the case of an electronic general meeting, the Board need only make arrangements for those entitled to do so to participate electronically (and need not make any provision for attendance at any physical venue).
- (c) Unless otherwise specified in the notice of meeting; decided by the Board in accordance with article 31(a)(ii); or determined by the chair of the meeting either pursuant to article 31(a)(iii) or otherwise, a general meeting is deemed to take place at the place where the chair of the meeting is at the time of the meeting.
- (d) Two or more persons who may not be in the same place as each other attend a general meeting if their circumstances are such that if they have rights to speak and vote at that meeting, they are able to exercise them, and are able to hear the other attendees.
- (e) A person is present at a general meeting if the person attends it in accordance with the provisions of these articles.
- (f) A person is able to participate in a meeting if the person's circumstances are such that if the person has rights in relation to the meeting, the person is able to exercise them.
- (g) In determining whether persons are attending or participating in a meeting, other than a physical general meeting, it is immaterial where any of them are or how they are able to communicate with each other, provided they can hear each other speak.
- (h) A person is able to exercise the right to speak at a general meeting when the chair of the meeting is satisfied that arrangements are in place so as to enable that person to communicate by speaking to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- (i) A person is able to exercise the right to vote at a general meeting when:
 - (i) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - (ii) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

31. Meeting at more than one place or in more than one format

- (a) A general meeting may be held at more than one place, or may be participated in in more than one way, if:
 - (i) the notice convening the meeting so specifies; or
 - (ii) the Board resolves, after the notice convening the meeting has been given, that:

- (A) the meeting shall be held at one or more than one place in addition to any place or places specified in the notice; or
- (B) arrangements will also be made for attendance and participation electronically; or
- (iii) it appears to the chair of the meeting that the place of the meeting specified in the notice convening the meeting is inadequate to accommodate all persons entitled and wishing to attend at that place.
- (b) A general meeting held at more than one place or participated in in more than one way in accordance with paragraph (a) above, is duly constituted and its proceedings are valid if (in addition to the other provisions of these articles relating to general meetings being satisfied) the chair of the meeting is satisfied that facilities (whether electronic or otherwise) are available to enable each person present at each place and/or attending or participating in it electronically to participate in the business of the meeting.
- (c) Each person who is present at any place of the meeting or who is attending it electronically, and who would be entitled to count towards the quorum in accordance with the provisions of article 37 shall be counted in the quorum for, and shall be entitled to vote at, the meeting.

32. Annual general meetings

The Board shall convene and the Company shall hold annual general meetings in accordance with the Statutes.

33. Convening of general meetings other than annual general meetings

- (a) The Board may convene a general meeting other than an annual general meeting whenever it thinks fit.
- (b) A general meeting may also be convened in accordance with article 71.
- (c) A general meeting shall also be convened by the Board on the requisition of members under the Statutes or, in default, may be convened by such requisitionists, as provided by the Statutes.
- (d) The Board shall comply with the Statutes regarding the giving and the circulation, on the requisition of members, of notices of resolutions and of statements with respect to matters relating to any resolution to be proposed or business to be dealt with at any general meeting of the Company.

34. Separate general meetings

Subject to these articles and to any rights for the time being attached to any class of shares in the Company, the provisions of these articles relating to general meetings of the Company (including, for the avoidance of doubt, provisions relating to the proceedings at general meetings or to the rights of any person to attend or vote or be represented at general meetings or to any restrictions on these rights) shall apply, *mutatis mutandis*, in relation to every separate general meeting of the holders of any class of shares in the Company.

NOTICE OF GENERAL MEETINGS

1. Length, form and content of notice

- (a) Subject to the Statutes, all general meetings shall be called by not less than 14 clear days' notice or by not less than such minimum notice period as is permitted by the Statutes.
- (b) Notice of every general meeting shall be given to all members other than any who, under these articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors (or, if more than one, each of them) and to each director.
- (c) The notice (including any notice given by means of a website) shall comply with all applicable requirements in the Statutes and shall specify whether the meeting will be an annual general meeting.
- (d) Without prejudice to the provisions of article 31(a), if it is anticipated that a meeting will be conducted as an electronic general meeting, the notice of meeting shall state how it is proposed that persons attending or participating in the meeting electronically should communicate with the meeting.

36. Omission or non-receipt of notice

The accidental omission to give notice of a general meeting or to send an instrument of proxy (where this is intended to be sent out with the notice) to, or the non-receipt of the notice or instrument of proxy (as applicable) by, any person entitled to receive the same shall not invalidate the proceedings of that meeting.

PROCEEDINGS AT GENERAL MEETINGS

37. Quorum

- (a) No business (other than the appointment of a chair) shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business.
- (b) Two qualifying persons entitled to vote, which must include at least one holder of Class B Ordinary Shares for so long as any Class B Ordinary Shares remain in issue and have a right to vote at such meeting, shall be a quorum, unless:
 - (i) each is a qualifying person only because that person is authorised to act as the representative of a corporation in relation to the meeting, and they are representatives of the same corporation; or
 - (ii) each is a qualifying person only because that person is appointed as proxy of a member in relation to the meeting, and they are proxies of the same member.
- (c) For the purposes of this article, a **qualifying person** means:
 - (i) an individual who is a member of the Company;
 - (ii) a person authorised to act as the representative of a corporation in relation to the meeting; or

- (iii) a person appointed as proxy of a member in relation to the meeting.
- (d) If within 15 minutes from the time fixed for holding a general meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned for ten clear days (or, if that day is a Saturday, a Sunday or a holiday, to the next working day) and at the same time and place (and/or, if appropriate, with similar or equivalent facilities for electronic attendance and participation) as the original meeting, or, subject to article 42(g) and the Statutes, to such other day, and at such other time and place (and/or, if appropriate, with such other facilities for electronic attendance and participation), as the Board may decide.
- (e) If at an adjourned meeting a quorum is not present within 15 minutes from the time fixed for holding the meeting, the meeting shall be dissolved.

38. Security

The Board may, subject to the Statutes, make any physical or electronic security arrangements which it considers appropriate relating to the holding of a general meeting of the Company including, without limitation, arranging for any person attending a meeting physically to be searched and for items of personal property which may be taken into a meeting to be restricted. A director or the secretary may:

- (i) refuse physical or electronic entry to a meeting to any person who refuses to comply with any such arrangements; and
- (ii) physically or electronically eject from a meeting any person who causes the proceedings to become disorderly.

39. Chair

- (a) At each general meeting, the chair of the Board (if any) or, if the chair is absent or unwilling, the deputy chair (if any) of the Board or (if more than one deputy chair is present and willing) the deputy chair who has been longest in such office, shall preside as chair of the meeting. If neither the chair nor deputy chair is present and willing, one of the other directors selected for the purpose by the directors present or, if only one director is present and willing, that director, shall preside as chair of the meeting. If no director is present within 15 minutes after the time fixed for holding the meeting or if none of the directors present is willing to preside as chair of the meeting, the members present and entitled to vote shall choose one of their number to preside as chair of the meeting.
- (b) Subject to the Statutes (and without prejudice to any other powers vested in the chair of a meeting) when conducting a general meeting, the chair of the meeting may make whatever arrangements and take whatever actions as the chair considers, in the chair's sole discretion, to be appropriate or conducive to the facilitation of the conduct of the business of the meeting, proportionate discussion on any item of business of the meeting, or the maintenance of good order.
- (c) If the chair of a general meeting is participating in that meeting electronically and becomes disconnected from the meeting, another person (determined in accordance with the provisions of paragraph (a) above) shall preside as chair of the meeting unless and until the original chair regains electronic connection with the meeting. In the event that no replacement chair is presiding over the general meeting (and the

original chair has not regained electronic connection with the meeting) 20 minutes after the original chair became disconnected from the meeting, the meeting shall be adjourned to a time and place (and/or, if appropriate, facilities for electronic attendance and participation) to be fixed by the Board.

40. Right to attend and speak

- (a) A director shall be entitled to attend and speak at any general meeting of the Company whether or not the director is a member.
- (b) The chair may invite any person to attend and speak at any general meeting of the Company if the chair considers that such person has the appropriate knowledge or experience of the Company's business to assist in the deliberations of the meeting.
- (c) A proxy shall be entitled to speak at any general meeting of the Company.

41. Resolutions and amendments

- (a) Subject to the Statutes, a resolution may only be put to the vote at a general meeting if the chair of the meeting in the chair's absolute discretion decides that the resolution may properly be regarded as within the scope of the meeting.
- (b) In the case of a resolution to be proposed as a special resolution no amendment may be made, at or before the time at which the resolution is put to the vote, to the form of the resolution as set out in the notice of meeting, except to correct a patent error or as may otherwise be permitted by law.
- (c) In the case of a resolution to be proposed as an ordinary resolution no amendment may be made, at or before the time at which the resolution is put to the vote, unless:
 - (i) in the case of an amendment to the form of the resolution as set out in the notice of meeting, notice of the intention to move the amendment is received at the office at least 48 hours before the time fixed for the holding of the relevant meeting; or
 - (ii) in any case, the chair of the meeting in the chair's absolute discretion otherwise decides that the amendment or amended resolution may properly be put to the vote.

The giving of notice under paragraph (i) above shall not prejudice the power of the chair of the meeting to rule the amendment out of order.

- (d) With the consent of the chair of the meeting, a person who proposes an amendment to a resolution may withdraw it before it is put to the vote.
- (e) If the chair of the meeting rules a resolution or an amendment to a resolution admissible or out of order (as the case may be), the proceedings of the meeting or the resolution in question shall not be invalidated by any error in the chair's ruling. Any ruling by the chair of the meeting in relation to a resolution or an amendment to a resolution shall be final and conclusive.

42. Adjournment

- (a) With the consent of any general meeting at which a quorum is present the chair of the meeting may (and shall if so directed by the meeting) adjourn the meeting from time to time and from place (and/or, if appropriate, facilities for electronic attendance and participation) to place (and/or, if appropriate, facilities for electronic attendance and participation).
- (b) In addition, the chair of the meeting may at any time without the consent of the meeting adjourn the meeting (whether or not it has commenced or a quorum is present) to another time and/or place (and, if the chair considers it appropriate, facilities for electronic attendance and participation) if, in the chair's opinion, it would facilitate the conduct of the business of the meeting to do so.
- (c) In addition, the chair of the meeting shall at any time without the consent of the meeting adjourn the meeting (whether or not it has commenced or a quorum is present) to another time and/or place (and/or, if appropriate, with other facilities for electronic attendance and participation) if, in the chair's opinion, the facilities (whether electronic or otherwise, and whether affecting the place (or more than one place) of the meeting or any electronic participation arrangements) are not sufficient to allow the meeting to be conducted substantially in accordance with the provisions set out in the notice of meeting.
- (d) Nothing in this article shall limit any other power vested in the chair of the meeting to adjourn the meeting.
- (e) All business conducted at a general meeting up to the time of any adjournment shall, subject to paragraph (f) below, be valid.
- (f) The chair of the meeting may specify that only the business conducted at a general meeting up to a point in time which is earlier than the time of adjournment is valid if, in the chair's opinion, to do so would be more appropriate.
- (g) Whenever a meeting is adjourned for 30 days or more or *sine die*, at least 14 clear days' notice of the adjourned meeting shall be given in the same manner as in the case of the original meeting but otherwise no person shall be entitled to any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.
- (h) No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

43. Method of voting

All resolutions put to the vote of a general meeting shall be decided on a poll.

44. How poll is to be taken

- (a) A poll shall be taken at such time (either at the meeting at which the resolution is proposed or within 30 days after the meeting), at such place and in such manner (including electronically) as the chair of the meeting shall direct and the chair may appoint scrutineers (who need not be members).
- (b) A poll demanded on a question of adjournment shall be taken at the meeting without adjournment.

- (c) It shall not be necessary (unless the chair of the meeting otherwise directs) for notice to be given of a poll whether taken at or after the meeting at which it was demanded.
- (d) On a poll, votes may be given either personally or by proxy and a member entitled to more than one vote need not use all the member's votes or cast all the votes used in the same way.
- (e) The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded (or deemed to have been demanded).

45. Validity of meeting

All persons seeking to attend or participate in a general meeting electronically shall be responsible for maintaining adequate facilities to enable them to do so. Subject only to the requirement for the chair to adjourn a general meeting in accordance with the provisions of article 42(c), any inability of a person or persons to attend or participate in a general meeting electronically shall not invalidate the proceedings of that meeting.

VOTES OF MEMBERS

46. Voting rights

- (a) Subject to these articles and to any special rights or restrictions as to voting for the time being attached to any class of shares in the Company (including, for the avoidance of doubt, such rights and restrictions as apply to the Class A Ordinary Shares and Class B Ordinary Shares as set out in articles 4(a) and 4(b) above), on a poll, every member who is present in person or by a duly appointed proxy shall have one vote for each share of which he or she is the holder.
- (b) For the purposes of determining which persons are entitled to attend or vote at any general meeting, and how many votes such persons may cast, the Company must specify in the notice of the meeting a time, determined by the Board, by which a person must be entered on the register in order to have the right to attend or vote at the meeting. Changes to entries on the register after the time so specified shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in the Statutes or these articles to the contrary.

47. Representation of corporations

- (a) Any corporation which is a member of the Company may, by resolution of its Board or other governing body, authorise any person or persons to act as its representative or representatives at any general meeting of the Company.
- (b) The Board or any director or the secretary may (but shall not be bound to) require evidence of the authority of any such representative.

48. Voting rights of joint holders

If more than one of the joint holders of a share tenders a vote on the same resolution, whether in person or by proxy, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the relevant share.

49. Voting rights of members incapable of managing their affairs

A member in respect of whom an order has been made by any court having jurisdiction (whether in Jersey or elsewhere) in matters concerning mental disorder may vote by the member's receiver, *curator bonis* or other person in the nature of a receiver or *curator bonis* appointed by that court, and the receiver, *curator bonis* or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming the right to vote must be received at the office (or at such other address as may be specified for the receipt of proxy appointments) not later than the last time by which a proxy appointment must be received in order to be valid for use at the meeting or adjourned meeting or on the holding of the poll at or on which that person proposes to vote and, in default, the right to vote shall not be exercisable.

50. Voting rights suspended where sums overdue

Unless the Board otherwise decides, a member shall not be entitled to vote, either in person or by proxy, at any general meeting of the Company in respect of any share held by that member unless all calls and other sums presently payable by that member in respect of that share have been paid.

51. Objections to admissibility of votes

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting or poll at which the vote objected to is or may be given or tendered, and every vote not disallowed at such meeting or poll shall be valid for all purposes. Any such objection made in due time shall be referred to the chair of the meeting, whose decision shall be final and conclusive.

PROXIES

52. Proxies

- (a) A proxy need not be a member of the Company and a member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member.
- (b) The appointment of a proxy shall not preclude a member from attending and voting in person at the meeting or on the poll concerned.
- (c) The appointment of a proxy shall only be valid for the meeting mentioned in it and any adjournment of that meeting (including on any poll demanded at the meeting or any adjourned meeting).

53. Appointment of proxy

- (a) Subject to the Statutes, the appointment of a proxy may be in such form as is usual or common or in such other form as the Board may from time to time approve and shall be signed by the appointor, or the appointor's duly authorised agent, or, if the appointor is a corporation, shall either be executed under its common seal or be signed by an agent or officer authorised for that purpose. The signature need not be witnessed.
- (b) Without limiting the provisions of these articles, the Board may from time to time in relation to uncertificated shares: (i) approve the appointment of a proxy by means of a communication sent in electronic form which is sent by means of the relevant system and received by such participant in that system acting on behalf of the Company as the Board may prescribe, in such form and subject to such terms and conditions as the Board may from time to time prescribe (subject always to the facilities and requirements of the relevant system)); and (ii) approve supplements to, or amendments or revocations of, any such uncertificated proxy instruction by the same means. In addition, the Board may prescribe the method of determining the time at which any such uncertificated proxy instruction is to be treated as received by the Company or such participant and may treat any such uncertificated proxy instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder.

54. Receipt of proxy

- (a) A proxy appointment:
 - (i) must be received at a proxy notification address not less than 48 hours (or such shorter time as the Board decides) before the time fixed for holding the meeting at which the appointee proposes to vote; or
 - (ii) in the case of a poll taken more than 48 hours after it is demanded or in the case of an adjourned meeting to be held more than 48 hours after the time fixed for holding the original meeting, must be received at a proxy notification address not less than 24 hours (or such shorter time as the Board decides) before the time fixed for the taking of the poll or, as the case may be, the time fixed for holding the adjourned meeting; or
 - (iii) in the case of a poll which is not taken at the meeting at which it is demanded but is taken 48 hours or less after it is demanded, or in the case of an adjourned meeting to be held 48 hours or less after the time fixed for holding the original meeting, must be received:
 - (A) at a proxy notification address in accordance with (i) above;
 - (B) by the chair of the meeting or the secretary or any director at the meeting at which the poll is demanded or, as the case may be, at the original meeting; or
 - (C) at a proxy notification address by such time as the chair of the meeting may direct at the meeting at which the poll is demanded.

In calculating the periods mentioned, no account shall be taken of any part of a day that is not a working day (within the meaning of the Companies Law).

- (b) The Board may, but shall not be bound to, require reasonable evidence of the identity of the member and of the proxy, the member's instructions (if any) as to how the proxy is to vote and, where the proxy is appointed by a person acting on behalf of the member, authority of that person to make the appointment.
- (c) The Board may decide, either generally or in any particular case, to treat a proxy appointment as valid notwithstanding that the appointment or any of the information required under paragraph (b), above has not been received in accordance with the requirements of this article.
- (d) Subject to paragraph (c) above, if the proxy appointment and any of the information required under paragraph (b) above, is not received in the manner set out in paragraph (a) above, the appointee shall not be entitled to vote in respect of the shares in question.
- (e) If two or more valid but differing proxy appointments are received in respect of the same share for use at the same meeting or on the same poll, the one which is last received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share and if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

55. Notice of revocation of authority etc.

- (a) A vote given or poll demanded by proxy or by a representative of a corporation shall be valid notwithstanding the previous termination of the authority of the person voting or demanding a poll or (until entered in the register) the transfer of the share in respect of which the appointment of the relevant person was made unless notice of the termination was received at a proxy notification address not less than six hours before the time fixed for holding the relevant meeting or adjourned meeting or, in the case of a poll not taken on the same day as the meeting or adjourned meeting, before the time fixed for taking the poll.
- (b) A vote given by a proxy or by a representative of a corporation shall be valid notwithstanding that the vote was not cast in accordance with any instructions given by the member by whom the proxy or representative of a corporation is appointed. The Company shall not be obliged to check whether the proxy or representative of a corporation has in fact voted in accordance with any such member's instructions.

56. Information Rights

- (a) A member who holds shares on behalf of another person may nominate that person to enjoy information rights.
- (b) For the purposes of article 56(a), information rights means:
 - (i) the right to receive a copy of all communications that the Company sends to its members generally or to any class of members that includes the person making the nomination;

- (ii) the right of a debenture holder to receive a copy of the Company's last annual accounts and a copy of the auditor's report on the accounts; and
- (iii) the right of a member to receive a document or information from the Company in hard copy form.

MEMBERS' RESOLUTIONS IN WRITING

57. Members' resolutions in writing

If at any time and from time to time the holder(s) of Class B Ordinary Shares hold not less than a simple majority of the total voting rights held by the members of the Company:

- (a) A resolution in writing (including a special resolution but excluding a resolution removing an auditor) signed by members (who would be entitled to receive notice of and attend and vote at a general meeting at which such a resolution would be proposed) or by their duly appointed agents or attorneys representing such number of voting rights of eligible members as would have been required to pass such resolutions on a poll taken at a meeting of the members (or of a class of members) shall be as valid and effectual as if it had been passed at a general meeting of the Company duly convened and held (and, for the avoidance of doubt, any minimum notice period requirements applicable to special resolutions shall not apply).
- (b) Any such resolution may consist of several documents in the like form each signed by one or more of the members or their agent or attorneys and signature in the case of a body corporate which is a member shall be sufficient if made by a director or other duly authorised officer thereof or its duly appointed agent or attorney.

Save as set out above, the passing of a resolution of the members in writing shall be prohibited.

DIRECTORS

58. Number of directors

The directors shall not, unless otherwise determined by an ordinary resolution of the Company, be less than three but shall not be subject to a maximum number.

59. Directors need not be members

A director need not be a member of the Company.

ELECTION, RETIREMENT AND REMOVAL OF DIRECTORS

60. Election of directors by the Company

- (a) Subject to these articles, the Company may by ordinary resolution (including pursuant to article 57 where applicable) elect any person who is willing to act to be a director, either to fill a vacancy or as an additional director, but so that the total number of directors shall not exceed any maximum number fixed by or in accordance with these articles.
- (b) No person (other than a director retiring in accordance with these articles) shall be elected or re-elected a director unless:

- (i) the person is recommended by the Board; or
 - (ii) during the period from and including the date that is 120 days before, to and including the date that is 90 days before, the proposed date of the general meeting of the Company or, where applicable, the date on which an ordinary resolution pursuant to article 57 is passed, there has been given to the Company, by a member (other than the person to be proposed) entitled to vote at the meeting, notice of the member's intention to propose a resolution for the election of that person, stating the particulars which would, if the person were so elected, be required to be included in the Company's register of directors and a notice executed by that person of the person's willingness to be elected.
- (c) The chairman of any general meeting at which resolutions contained any member's notice referred to in article 60(b)(ii) are proposed may waive the notice requirements set out in article 60(b)(ii) and submit to the general meeting the name(s) of any person(s) duly qualified and willing to be elected as a director of the Company for election or re-election (as the case may be). Where article 57 applies and a director is proposed to be elected or re-elected by ordinary resolution of the Company passed in accordance with article 57, the holder(s) of a simple majority of the Class B Ordinary Shares may waive the notice requirements set out in article 60(b)(ii) in writing.

61. Separate resolutions for election of each director

Every ordinary resolution for the election of a director shall relate to one named person and a single resolution for the election of two or more persons shall be void, unless at a general meeting a resolution that it shall be so proposed has been first agreed to by the meeting without any vote being cast against it.

62. The Board's power to appoint directors

The Board may appoint any person who is willing to act to be a director, either to fill a vacancy or by way of addition to their number, but so that the total number of directors shall not exceed any maximum number fixed by or in accordance with these articles.

63. Retirement of directors

- (a) At each annual general meeting every director who held office on the date seven days before the date of notice of the annual general meeting shall retire from office. Each retiring director shall be eligible for re-election, and a director who is re-elected will be treated as continuing in office without a break.
- (b) A retiring director who is not re-elected shall retain office until the close of the meeting at which that director retires.
- (c) If the Company, at any meeting at which a director retires in accordance with these articles, does not fill the office vacated by such director, the retiring director, if willing to act, shall be deemed to be re-elected, unless at the meeting a resolution is passed not to fill the vacancy or to elect another person in that director's place or unless the resolution to re-elect that director is put to the meeting and lost.

64. Removal of directors

- (a) The Company may by ordinary resolution remove any director before that director's period of office has expired notwithstanding anything in these articles or in any agreement between that director and the Company.
- (b) Any removal of a director under this article shall be without prejudice to any claim which such director may have for damages for breach of any agreement between that director and the Company.

65. Vacation of office of director

Without prejudice to the provisions of these articles for retirement or removal, the office of a director shall be vacated if:

- (i) the director is prohibited by law from being a director; or
- (ii) the director becomes bankrupt or makes any arrangement or composition with the director's creditors generally; or
- (iii) a registered medical practitioner who has examined the director gives a written opinion to the Company stating that the director has become physically or mentally incapable of acting as a director and may remain so for more than three months and the Board resolves that the director's office be vacated; or
- (iv) if for more than six months the director is absent, without special leave of absence from the Board, from board meetings held during that period and the Board resolves that the director's office be vacated; or
- (v) the director gives to the Company notice of the director's wish to resign, in which event the director shall vacate that office on the receipt of that notice by the Company or at such later time as is specified in the notice.

66. Executive directors

- (a) The Board may appoint one or more directors to hold any executive office under the Company (including that of chair, chief executive or managing director) for such period (subject to the Statutes) and on such terms as it may decide and may revoke or terminate any appointment so made without prejudice to any claim for damages for breach of any contract of service between the director and the Company.
- (b) The remuneration of a director appointed to any executive office shall be fixed by the Board and may be by way of salary, commission, participation in profits or otherwise and either in addition to or inclusive of that director's remuneration as a director.
- (c) A director appointed as executive chair, chief executive or managing director shall automatically cease to hold that office if that person ceases to be a director but without prejudice to any claim for damages for breach of any contract of service between that director and the Company. A director appointed to any other executive office shall not automatically cease to hold that office if that person ceases to be a director unless the contract or any resolution under which the director holds office expressly states that the director shall, in which case that cessation shall be without

prejudice to any claim for damages for breach of any contract of service between that director and the Company.

REMUNERATION, EXPENSES, PENSIONS AND OTHER BENEFITS

67. Special remuneration

- (a) The Board may grant special remuneration to any director who performs any special or extra services to or at the request of the Company.
- (b) Such special remuneration may be paid by way of lump sum, salary, commission, participation in profits or otherwise as the Board may decide in addition to any remuneration payable under or pursuant to any other of these articles.

68. Expenses

A director shall be paid out of the funds of the Company all travelling, hotel and other expenses properly incurred by the director in and about the discharge of the director's duties, including the director's expenses of travelling to and from board meetings, committee meetings and general meetings. Subject to any guidelines and procedures established from time to time by the Board, a director may also be paid out of the funds of the Company all expenses incurred by the director in obtaining professional advice in connection with the affairs of the Company or the discharge of the director's duties as a director.

69. Pensions and other benefits

The Board may exercise all the powers of the Company to:

- (a) pay, provide, arrange or procure the grant of pensions or other retirement benefits, death, disability or sickness benefits, health, accident and other insurances or other such benefits, allowances, gratuities or insurances, including in relation to the termination of employment, to or for the benefit of any person who is or has been at any time a director of the Company or in the employment or service of the Company or of any body corporate which is or was associated with the Company or of the predecessors in business of the Company or any such associated body corporate, or the relatives or dependants of any such person. For that purpose the Board may procure the establishment and maintenance of, or participation in, or contribution to, any pension fund, scheme or arrangement and the payment of any insurance premiums;
- (b) establish, maintain, adopt and enable participation in any profit sharing or incentive scheme including shares, share options or cash or any similar schemes for the benefit of any director or employee of the Company or of any associated body corporate, and to lend money to any such director or employee or to trustees on their behalf to enable any such schemes to be established, maintained or adopted; and
- (c) support and subscribe to any institution or association which may be for the benefit of the Company or of any associated body corporate or any directors or employees of the Company or associated body corporate or their relatives or dependants or connected with any town or place where the Company or an associated body corporate carries on business, and to support and subscribe to any charitable or public object whatsoever.

POWERS OF THE BOARD

70. General powers of the Board to manage the Company's business

- (a) The business of the Company shall be managed by the Board which may exercise all the powers of the Company, subject to the Statutes, these articles and any resolution of the Company. No resolution or alteration of these articles shall invalidate any prior act of the Board which would have been valid if the resolution had not been passed or the alteration had not been made.
- (b) The powers given by this article shall not be limited by any special authority or power given to the Board by any other article.

71. Power to act notwithstanding vacancy

The continuing directors or the sole continuing director at any time may act notwithstanding any vacancy in their number; but, if the number of directors is less than the minimum number of directors fixed by or in accordance with these articles, the continuing directors or director may act for the purpose of filling up vacancies or calling a general meeting of the Company, but not for any other purpose. If no director is able or willing to act, then any two members may summon a general meeting for the purpose of appointing directors.

72. Provisions for employees

The Board may exercise any of the powers conferred by the Statutes to make provision for the benefit of any persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any of its subsidiaries.

73. Power to borrow money

Subject to the Statutes, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

74. Power to change the name of the Company

Subject to the Statutes, the Company may change its name by special resolution.

DELEGATION OF BOARD'S POWERS

75. Delegation to individual directors

The Board may entrust to and confer upon any director any of its powers, authorities and discretions (with power to sub-delegate) on such terms and conditions as it thinks fit and may revoke or vary all or any of them, but no person dealing in good faith shall be affected by any revocation or variation.

76. Committees

- (a) The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee consisting of such person or persons (whether directors or not) as it thinks fit, provided that the majority of the members of the committee are directors and that no meeting of the committee shall be quorate for the purpose of exercising any of its powers, authorities or discretions unless a majority of those present are directors. The Board may make any such delegation on such terms and conditions as it thinks fit and may revoke or vary any such delegation and discharge any committee wholly or in part, but no person dealing in good faith shall be affected by any revocation or variation. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may be imposed on it by the Board.
- (b) The proceedings of a committee with two or more members shall be governed by any regulations imposed on it by the Board and (subject to such regulations) by these articles regulating the proceedings of the Board so far as they are capable of applying.

77. Local boards

- (a) The Board may establish any local or divisional board or agency for managing any of the affairs of the Company whether in Jersey or elsewhere and may appoint any persons to be members of a local or divisional board, or to be managers or agents, and may fix their remuneration.
- (b) The Board may delegate to any local or divisional board, manager or agent any of its powers, authorities and discretions (with power to sub-delegate) and may authorise the members of any local or divisional board or any of them to fill any vacancies and to act notwithstanding vacancies.
- (c) Any appointment or delegation under this article may be made on such terms and subject to such conditions as the Board thinks fit and the Board may remove any person so appointed, and may revoke or vary any delegation, but no person dealing in good faith shall be affected by the revocation or variation.

78. Powers of attorney

The Board may by power of attorney or otherwise appoint any person to be the agent of the Company on such terms (including terms as to remuneration) as it may decide and may delegate to any person so appointed any of its powers, authorities and discretions (with power to sub-delegate). The Board may remove any person appointed under this article and may revoke or vary the delegation, but no person dealing in good faith shall be affected by the revocation or variation.

DIRECTORS' INTERESTS

79. Declaration of interests in a proposed transaction or arrangement with the Company

A director who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the Company or by a subsidiary of the Company which to a material extent conflicts or may conflict with the interests of the Company and of which such director is aware, shall disclose to the Company the nature and extent of such director's interest.

80. Provisions applicable to declarations of interest

For the purposes of article 79:

- (a) the disclosure shall be made at the first meeting of the directors at which the transaction is considered after the director concerned becomes aware of the circumstances giving rise to such director's duty to make it or, if for any reason the director fails to do so at such meeting, as soon as practical after the meeting, by notice in writing delivered to the secretary;
- (b) the secretary, where the disclosure is made to shall inform the directors that it has been made and shall in any event table the notice of the disclosure at the next meeting after it is made;
- (c) a disclosure to the Company by a director in accordance with article 80(a) above that such director is to be regarded as interested in a transaction with a specified person is sufficient disclosure of that director's interest in any such transaction entered into after the disclosure is made; and
- (d) any disclosure made at a meeting of the directors shall be recorded in the minutes of the meeting.

81. Directors' interests and voting

- (a) Subject to the Statutes and to declaring any interest or interests in accordance with articles 79 and 80, a director may:
 - (i) enter into or be interested in any transaction or arrangement with the Company, either with regard to the director's tenure of any office or position in the management, administration or conduct of the business of the Company or as vendor, purchaser or otherwise;
 - (ii) hold any other office or place of profit with the Company (except that of auditor) in conjunction with the director's office of director for such period (subject to the Statutes) and upon such terms as the Board may decide and be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the Board may decide, either in addition to or in lieu of any remuneration under any other provision of these articles;
 - (iii) act personally or by the director's firm in a professional capacity for the Company (except as auditor) and be entitled to remuneration for professional services as if the director were not a director;
 - (iv) be or become a member or director of, or hold any other office or place of profit under, or otherwise be interested in, any holding company or subsidiary undertaking of that holding company or any other company in which the Company may be interested. The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of that other company to be exercised in such manner in all respects as it thinks fit (including the exercise of voting rights in favour of any resolution appointing the directors or any of them as directors or officers of the other company or voting or providing for the payment of any benefit to the directors or officers of the other company); and

- (i) be or become a director, manager or employee of, or a consultant to, or acquire or retain any direct or indirect interest in, any entity (whether or not a body corporate) in which the Company does not have an interest if that cannot reasonably be regarded as likely to give rise to a conflict of interest at the time of the director's appointment as a director of that other company.
- (b) A director shall not, by reason of holding office as director (or of the fiduciary relationship established by holding that office), be liable to account to the Company for any remuneration, profit or other benefit resulting from any interest permitted under paragraph (a) above and no contract shall be liable to be avoided on the grounds of any director having any type of interest permitted under paragraph (a) above.
- (c) 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 (including fixing or varying its terms), or the termination of that director's own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment (including fixing or varying its terms), or the termination of the appointment, of two or more directors to offices or places of profit with the Company or any other company in which the Company is interested, those proposals may be divided and a separate resolution may be put in relation to each director and in that case each of the directors concerned (if not otherwise debarred from voting under this article) shall be entitled to vote (and be counted in the quorum) in respect of each resolution unless it concerns that director's own appointment or the termination of that director's own appointment.
- (d) A director shall also not vote (or be counted in the quorum at a meeting) in relation to any resolution relating to any transaction or arrangement with the Company in which the director has an interest which may reasonably be regarded as likely to give rise to a conflict of interest and, if the director purports to do so, the director's vote shall not be counted, but this prohibition shall not apply and a director may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters:
 - (i) any 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;
 - (ii) the giving of any guarantee, security or indemnity in respect of:
 - (A) money lent or obligations incurred by the director or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings; or
 - (B) a debt or obligation of the Company or any of its subsidiary undertakings for which the director personally has assumed responsibility in whole or in part (either alone or jointly with others) under a guarantee or indemnity or by the giving of security;
 - (iii) indemnification (including loans made in connection with it) by the Company in relation to the performance of the director's duties on behalf of the Company or of any of its subsidiary undertakings;

- (iv) any issue or offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings in respect of which the director is or may be entitled to participate in the director's capacity as a holder of any such securities or as an underwriter or sub-underwriter;
 - (v) any transaction or arrangement concerning any other company in which the director does not hold, directly or indirectly as shareholder voting rights representing one per cent. or more of any class of shares in the capital of that company;
 - (vi) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not accord to the director any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and
 - (vii) the purchase or maintenance of insurance for the benefit of directors or for the benefit of persons including directors.
- (e) If any question arises at any meeting as to whether an interest of a director (other than the chair of the meeting) may reasonably be regarded as likely to give rise to a conflict of interest or as to the entitlement of any director (other than the chair of the meeting) to vote in relation to a transaction or arrangement with the Company and the question is not resolved by the director voluntarily agreeing to abstain from voting, the question shall be referred to the chair of the meeting and the chair's ruling in relation to the director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the director concerned, so far as known to the director concerned, has not been fairly disclosed. If any question shall arise in respect of the chair of the meeting and is not resolved by the chair voluntarily agreeing to abstain from voting, the question shall be decided by a resolution of the Board (for which purpose the chair shall be counted in the quorum but shall not vote on the matter) and the resolution shall be final and conclusive except in a case where the nature or extent of the interest of the chair of the meeting, so far as known to the chair, has not been fairly disclosed.
- (f) Subject to the Statutes, the Company may by ordinary resolution suspend or relax the provisions of this article to any extent or ratify any transaction or arrangement not duly authorised by reason of a contravention of this article.

82. No duty of confidentiality to another person; waiver of corporate opportunity

- (a) A director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person. In particular, the director shall not be in breach of the general duties he owes to the Company because he fails:
- (i) to disclose any such information to the Board or to any director or other officer or employee of the Company; and/or
 - (ii) to use or apply any such information in performing his duties as a director of the Company.

- (b) Where the existence of a director's relationship with another person gives rise to a conflict of interest or possible conflict of interest, the director shall not be in breach of the general duties he owes to the Company because he:
- (i) absents himself from meetings of the Board at which any matter relating to the conflict of interest or possible conflict of interest will or may be discussed or from the discussion of any such matter at a meeting or otherwise; and/or
 - (ii) makes arrangements not to receive documents and information relating to any matter which gives rise to the conflict of interest or possible conflict of interest sent or supplied by the Company and/or for such documents and information to be received and read by a professional adviser,

for so long as he reasonably believes such conflict of interest or possible conflict of interest subsists.

- (c) To the fullest extent permitted by law, the Company hereby agrees that no director (excluding the Founder) (a **relevant director**) shall have any obligation to refrain from engaging, directly or indirectly and whether or not by or through his affiliates, in the same or similar business activities or lines of business as the Company or any of its subsidiaries. To the fullest extent permitted by applicable law, the Company, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Company and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities that are from time to time available to any relevant director or his affiliates, even if the opportunity is one that the Company or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so. The Company hereby further agrees that no relevant director shall have any duty to communicate or offer such business opportunity to the Company (and that there shall be no restriction on any relevant director or any of his affiliates using the general knowledge and understanding of the Company and the industry in which the Company operates that such relevant director has gained from occupying the position of a director) and, to the fullest extent permitted by applicable law, shall not be liable to the Company or any of its subsidiaries or shareholders for breach of any fiduciary or other duty as a director solely by reason of the fact that the relevant director or his affiliates pursue or acquire such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Company or its subsidiaries, or uses such knowledge and understanding in the manner described herein.
- (d) For the purposes of paragraph (c) above and article 11(c), an **affiliate** of a relevant director means an entity (whether or not a body corporate) of which the relevant director is a director, manager or employee, or to which the relevant director is a consultant, or in which the relevant director has any direct or indirect interest (an **affiliated entity**), and any other entity (whether or not a body corporate) in which an affiliated entity of the relevant director has any direct or indirect interest, but in each case excluding the Company and its subsidiaries.
- (e) The provisions of paragraphs (a), (b) and (c) above are without prejudice to any equitable principle or rule of law which may excuse the director from:
- (i) disclosing information, in circumstances where disclosure would otherwise be required under these articles; or

- (ii) attending meetings or discussions or receiving documents and information as referred to in paragraph (b) above, in circumstances where such attendance or receiving such documents and information would otherwise be required under these articles or the law.

PROCEEDINGS OF THE BOARD

83. Board meetings

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A director at any time may, and the secretary at the request of a director at any time shall, summon a board meeting.

84. Notice of board meetings

Notice of a board meeting may be given to a director personally or by word of mouth or given in hard copy form or in electronic form to the director at such address as the director may from time to time specify for this purpose (or if the director does not specify an address, at the director's last known address). A director may waive notice of any meeting either prospectively or retrospectively and any retrospective waiver shall not affect the validity of the meeting or of any business conducted at the meeting.

85. Quorum

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two directors. Subject to these articles, any director who ceases to be a director at a board meeting may continue to be present and to act as a director and be counted in the quorum until the end of the Board meeting if no other director objects and if otherwise a quorum of directors would not be present.

86. Chair or deputy chair to preside

- (a) The Board may appoint a chair and one or more deputy chair(s) and may at any time revoke any such appointment.
- (b) The chair, or failing the chair any deputy chair (the longest in office taking precedence, if more than one is present), shall, if present and willing, preside at all board meetings but, if no chair or deputy chair has been appointed, or if the chair or deputy chair is not present within five minutes after the time fixed for holding the meeting or is unwilling to act as chair of the meeting, the directors present shall choose one of their number to act as chair of the meeting.

87. Competence of board meetings

A board meeting at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

88. Voting

Questions arising at any board meeting shall be determined by a majority of votes. In the case of an equality of votes the chair of the meeting shall have a second or casting vote.

1. Telephone/electronic board meetings

- (a) A board meeting may consist of a conference between directors some or all of whom are in different places provided that each director may participate in the business of the meeting whether directly, by telephone or by any other means (whether electronically or otherwise) which enables the director:
 - (i) to hear (or otherwise receive real time communications made by) each of the other participating directors addressing the meeting; and
 - (ii) if the director so wishes, to address all of the other participating directors simultaneously (or otherwise communicate in real time with them).
- (b) A quorum is deemed to be present if at least the number of directors required to form a quorum, subject to the provisions of article 71, may participate in the manner specified above in the business of the meeting.
- (c) A board meeting held in this way is deemed to take place at the place where the largest group of participating directors is assembled or, if no such group is readily identifiable, at the place from where the chair of the meeting participates.
- (d) A resolution passed at any meeting held in the above manner, and signed by the chair of the meeting, shall be as valid and effectual as if it had been passed at a meeting of the Board (or committee of the Board, as the case may be) duly convened and held.

90. Resolutions without meetings

A resolution which is signed or approved by all the directors entitled to vote on that resolution (and whose vote would have been counted) shall be as valid and effectual as if it had been passed at a board meeting duly called and constituted. The resolution may be contained in one document or communication in electronic form or in several documents or communications in electronic form (in like form), each signed or approved by one or more of the directors concerned. For the purpose of this article the approval of a director shall be given in hard copy form or in electronic form.

91. Validity of acts of directors in spite of formal defect

All acts *bona fide* done by a meeting of the Board, or of a committee, or by any person acting as a director or a member of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or committee or of the person so acting, or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and qualified to be a director and had continued to be a director or member of the committee and had been entitled to vote.

92. Minutes

The Board shall cause minutes to be made and kept in books kept for the purpose:

- (i) of all appointments of officers made by the Board;
- (ii) of the names of all the directors present at each meeting of the Board and of any committee; and

- (iii) of all resolutions and proceedings of all meetings of the Company and of any class of members, and of the Board and of any committee.

SECRETARY

93. Secretary

Subject to the Companies Law, the secretary shall be appointed by the Board for such term, at such remuneration and on such conditions as it thinks fit, and the Board may remove from office any person so appointed (without prejudice to any claim for damages for breach of any contract between the secretary and the Company).

SHARE CERTIFICATES

94. Issue of share certificates

- (a) A person whose name is entered in the register as the holder of any certificated shares shall be entitled (unless the conditions of issue otherwise provide) within the time limits prescribed by the Statutes to receive one certificate for those shares, or one certificate for each class of those shares and, if that person transfers part of the shares represented by a certificate in that person's name, or elects to hold part in uncertificated form, to receive a new certificate for the balance of those shares, provided in all cases that there shall be no requirement to issue any certificate to Cede & Co. in respect of any shares held by it.
- (b) In the case of joint holders, the Company shall not be bound to issue more than one certificate for all the shares in any particular class registered in their joint names, and delivery of a certificate for a share to any one of the joint holders shall be sufficient delivery to all.
- (c) A share certificate shall be issued under seal or signed by at least one director and the secretary or by at least two directors (which may include any signature being applied mechanically or electronically). A share certificate shall specify the number and class of the shares to which it relates and the amount or respective amounts paid up on the shares and (where required by the Statutes), the distinguishing numbers of such shares. Any certificate so issued shall, as against the Company, be prima facie evidence of title of the person named in that certificate to the shares comprised in it.
- (d) A share certificate may be given to a member in accordance with the provisions of these articles on notices and the Statutes.

95. Charges for and replacement of certificates

- (a) Except as expressly provided to the contrary in these articles, no fee shall be charged for the issue of a share certificate.
- (b) Any two or more certificates representing shares of any one class held by any member may at the member's request be cancelled and a single new certificate issued.
- (c) If any member surrenders for cancellation a certificate representing shares held by that member and requests the Company to issue two or more certificates representing those shares in such proportions as that member may specify, the Board may, if it thinks fit, comply with the request on payment of such fee (if any) as the Board may decide.

- (d) If a certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued on compliance with such conditions as to evidence, indemnity and security for such indemnity as the Board may think fit and on payment of any exceptional expenses of the Company incidental to its investigation of the evidence and preparation of the indemnity and security and, if damaged or defaced, on delivery up of the old certificate.
- (e) In the case of joint holders of a share a request for a new certificate under any of the preceding paragraphs of this article may be made by any one of the joint holders unless the certificate is alleged to have been lost, stolen or destroyed.

LIEN ON SHARES

96. Lien on partly paid shares

- (a) The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable (whether or not due) in respect of that share. The lien shall extend to every amount payable in respect of that share.
- (b) The Board may at any time either generally or in any particular case declare any share to be wholly or partly exempt from this article. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien (if any) on that share.

97. Enforcement of lien

- (a) The Company may sell any share subject to a lien in such manner as the Board may decide if an amount payable on the share is due and is not paid within 14 clear days after a notice has been given to the holder or any person entitled by transmission to the share demanding payment of that amount and giving notice of intention to sell in default.
- (b) To give effect to any sale under this article, the Board may authorise some person to transfer the share sold to, or as directed by, the purchaser. The purchaser shall not be bound to see to the application of the purchase money nor shall the title of the new holder to the share be affected by any irregularity in or invalidity of the proceedings relating to the sale.
- (c) The net proceeds of the sale, after payment of the costs of such sale, shall be applied in or towards satisfaction of the amount due and any residue shall (subject to a like lien for any amounts not presently due as existed on the share before the sale), on surrender, in the case of shares held in certificated form, of the certificate for the shares sold, be paid to the holder or person entitled by transmission to the share immediately before the sale.

CALLS ON SHARES

98. Calls

- (a) Subject to the terms of these articles and the terms of which the shares are allotted, the Board may make calls on the members in respect of any moneys unpaid on their shares (whether in respect of nominal amount or premium) and not payable on a date fixed by or in accordance with the terms of issue. Each member shall (subject to receiving at least 14 clear days' notice specifying when and where payment is to be

made) pay to the Company as required by the notice the amount called on the member's shares. A call may be revoked or postponed as the Board may decide.

- (b) Any call may be made payable in one sum or by instalments and shall be deemed to be made at the time when the resolution of the Board authorising that call is passed.
- (c) A person on whom a call is made shall remain liable for it notwithstanding the subsequent transfer of the share in respect of which the call is made.
- (d) The joint holders of a share shall be jointly and severally liable for the payment of all calls in respect of that share.

99. Interest on calls

If a call is not paid before or on the due date for payment, the person from whom it is due shall pay interest on the amount unpaid, from the due date for payment to the date of actual payment, at such rate as the Board may decide, but the Board may waive payment of the interest, wholly or in part.

100. Sums treated as calls

A sum which by the terms of allotment of a share is payable on allotment, or at a fixed time, or by instalments at fixed times, whether in respect of nominal value or premium, shall for all purposes of these articles be deemed to be a call duly made and payable on the date or dates fixed for payment and, in case of non-payment, these articles shall apply as if that sum had become due and payable by virtue of a call.

101. Power to differentiate

On any allotment of shares the Board may make arrangements for a difference between the allottees or holders of the shares in the amounts and times of payment of calls on their shares.

102. Payment of calls in advance

The Board may, if it thinks fit, receive all or any part of the moneys payable on a share beyond the sum actually called up on it if the holder is willing to make payment in advance and, on any moneys so paid in advance, may (until they would otherwise be due) pay interest at such rate as may be agreed between the Board and the member paying the sum in advance.

FORFEITURE OF SHARES

103. Notice of unpaid calls

- (a) If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the Board may give a notice to the holder requiring the holder to pay so much of the call or instalment as remains unpaid, together with any accrued interest.
- (b) The notice shall state a further day, being not less than 14 clear days from the date of the notice, on or before which, and the place where, payment is to be made and shall state that, in the event of non-payment on or before the day and at the place appointed, the share in respect of which the call was made or instalment is payable will be liable to be forfeited.

- (c) The Board may accept a surrender of any share liable to be forfeited.

104. Forfeiture on non-compliance with notice

- (a) If the requirements of a notice given under article 103 are not complied with, any share in respect of which it was given may at any time thereafter (before the payment required by the notice is made) be forfeited by a resolution of the Board. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.
- (b) If a share is forfeited, notice of the forfeiture shall be given to the person who was the holder of the share or (as the case may be) the person entitled to the share by transmission, and an entry that notice of the forfeiture has been given, with the relevant date, shall be made in the register; but no forfeiture shall be invalidated by any omission to give such notice or to make such entry.

105. Power to annul forfeiture or surrender

The Board may, at any time before the forfeited or surrendered share has been sold, re-allotted or otherwise disposed of, annul the forfeiture or surrender upon payment of all calls and interest due on or incurred in respect of the share and on such further conditions (if any) as it thinks fit.

106. Disposal of forfeited or surrendered shares

- (a) Every share which is forfeited or surrendered shall become the property of the Company and (subject to the Statutes) may be sold, re-allotted or otherwise disposed of, upon such terms and in such manner as the Board shall decide either to the person who was before the forfeiture the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up. The Board may for the purposes of a disposal authorise some person to transfer the forfeited or surrendered share to, or in accordance with the directions of, any person to whom the same has been disposed of.
- (b) A statutory declaration by a director or the secretary that a share has been forfeited or surrendered on a specified date shall, as against all persons claiming to be entitled to the share, be conclusive evidence of the facts stated in it and shall (subject to the execution of any necessary transfer) constitute a good title to the share. The person to whom the share has been disposed of shall not be bound to see to the application of the consideration for the disposal (if any) nor shall that person's title to the share be affected by any irregularity in or invalidity of the proceedings connected with the forfeiture, surrender, sale, re-allotment or disposal of the share.

107. Arrears to be paid notwithstanding forfeiture or surrender

A person any of whose shares have been forfeited or surrendered shall cease to be a member in respect of the forfeited or surrendered share and shall, in the case of shares held in certificated form, surrender to the Company for cancellation any certificate for the share forfeited or surrendered, but shall remain liable (unless payment is waived in whole or in part by the Board) to pay to the Company all moneys payable by that person on or in respect of that share at the time of forfeiture or surrender, together with interest from the time of forfeiture or surrender until payment at such rate as the Board shall decide, in the same manner as if the share had not been forfeited or surrendered. The Board may waive payment of interest wholly or in part and may enforce payment, without any reduction or allowance

for the value of the shares at the time of forfeiture or for any consideration received on their disposal. Such a person shall also be liable to satisfy all the claims and demands (if any) which the Company might have enforced in respect of the share at the time of forfeiture or surrender. No deduction or allowance shall be made for the value of the share at the time of forfeiture or surrender or for any consideration received on its disposal.

SEAL

108. Seal

- (a) The Company may exercise the powers conferred by the Statutes with regard to having official seals and those powers shall be vested in the Board.
- (b) The Board shall provide for the safe custody of every seal of the Company.
- (c) A seal shall be used only by the authority of the Board or a duly authorised committee but that authority may consist of an instruction or approval given in hard copy form or in electronic form by a majority of the directors or of the members of a duly authorised committee.
- (d) The Board may determine who shall sign any instrument to which a seal is applied, either generally or in relation to a particular instrument or type of instrument, and may also determine, either generally or in any particular case, that such signatures shall be dispensed with or affixed by some mechanical means.
- (e) Unless otherwise decided by the Board:
 - (i) certificates for shares, debentures or other securities of the Company issued under seal need not be signed; and
 - (ii) every other instrument to which a seal is applied shall be signed by at least one director and the secretary or by at least two directors or by one director in the presence of a witness who attests the signature.

DIVIDENDS

109. Declaration of dividends by the Company

Subject to the provisions of the Companies Law, the Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profits, and may fix the time for payment of such dividend, but no dividend shall exceed the amount recommended by the Board.

110. Fixed and interim dividends

Subject to the provisions of the Companies Law, the Board may pay interim dividends and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, none of the directors shall incur any liability to the holders of shares conferring preferred rights for any loss such holders may suffer in consequence of the payment of an interim dividend on any shares having non-preferred or deferred rights.

1. Calculation and currency of dividends

- (a) Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide:
 - (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this article as paid up on the share;
 - (ii) all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; and
 - (iii) dividends may be declared or paid in any currency.
- (b) The Board may agree with any member that dividends which may at any time or from time to time be declared or become due on that member's shares in one currency shall be paid or satisfied in another, and may agree the basis of conversion to be applied and how and when the amount to be paid in the other currency shall be calculated and paid and for the Company or any other person to bear any costs involved.

112. Method of payment

- (a) The Company may pay any dividend or other sum payable in respect of a share by such method as the Board may decide. The Board may decide to use different methods of payment for different holders or groups of holders. Without limiting any other method of payment which the Board may decide upon, the Board may decide that payment can be made, wholly or partly and exclusively or optionally:
 - (i) by cheque or dividend warrant payable to the holder (or, in the case of joint holders, the holder whose name stands first in the register in respect of the relevant share) or to such other person as the holder (or, in the case of joint holders, all the joint holders) may notify to the Company for the purpose; or
 - (ii) by a bank or other funds transfer system or by such other electronic means as the Board may decide (including, in the case of an uncertificated share, a relevant system) to such account as the holder (or, in the case of joint holders, all the joint holders) may notify to the Company for the purpose; or
 - (iii) in such other way as may be agreed between the Company and the holder (or, in the case of joint holders, all such holders).
- (b) If the Board decides that any dividend or other sum payable in respect of a share will be made exclusively by one or more of the methods referred to in paragraph (a)(ii) above to an account, but no such account is nominated by the holder (or, in case of joint holders, all the joint holders) or if an attempted payment into a nominated account is rejected or refunded, the Company may treat that dividend or other sum payable as unclaimed.
- (c) Any such cheque or dividend warrant may be sent by post to the registered address of the holder (or, in the case of joint holders, to the registered address of that person whose name stands first in the register in respect of the relevant share) or to such

other address as the holder (or, in the case of joint holders, all the joint holders) may notify to the Company for the purpose.

- (d) Every cheque or warrant is sent, and payment in any other way is made, at the risk of the person or persons entitled to it and the Company will not be responsible for any sum lost or delayed when it has sent or transmitted the sum in accordance with these articles. Clearance of a cheque or warrant or transmission of funds through a bank or other funds transfer system or by such other electronic means as is permitted by these articles shall be a good discharge to the Company.
- (e) Any joint holder or other person jointly entitled to any share may give an effective receipt for any dividend or other sum paid in respect of the share.
- (f) Any dividend, distribution or other sum payable in respect of any share may be paid to a person or persons entitled by transmission to that share as if that person or those persons were the holder or joint holders of that share and that person's address (or the address of the first named of two or more persons jointly entitled) noted in the register were the registered address.

113. Dividends not to bear interest

No dividend or other moneys payable by the Company on or in respect of any share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

114. Calls or debts may be deducted from dividends

The Board may deduct from any dividend or other moneys payable to any person (either alone or jointly with another) on or in respect of a share all such sums as may be due from that person (either alone or jointly with another) to the Company on account of calls or otherwise in relation to shares of the Company.

115. Unclaimed dividends etc.

- (a) All unclaimed dividends, interest or other sums payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends and any other such monies unclaimed for a period of 10 years after having been declared shall be forfeited and cease to remain owing by the Company.
- (b) If the Company exercises its power of sale in accordance with article 129, all dividends and other such monies payable on that share shall be forfeited and cease to remain owing by the Company.
- (c) The payment of any unclaimed dividend, interest or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee in respect of it.

116. Uncashed dividends

If:

- (i) a payment for a dividend or other sum payable in respect of a share sent by the Company to the person entitled to it in accordance with these articles is left uncashed or is returned to the Company or a payment has failed (including where the payment has been rejected or refunded) and, after

reasonable enquiries, the Company is unable to establish any new address or, with respect to a payment to be made by a funds transfer system, a new account, for that person; or

- (ii) such a payment is left uncashed or returned to the Company or fails (including where the payment has been rejected or refunded) on two consecutive occasions,

the Company shall not be obliged to send any dividends or other sums payable in respect of that share to that person until that person notifies the Company of an address or, where the payment is to be made by a funds transfer system, details of the account, to be used for the purpose.

117. Dividends *in specie*

- (a) With the authority of an ordinary resolution of the Company and on the recommendation of the Board, payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company.
- (b) Where any difficulty arises with the distribution, the Board may settle the difficulty as it thinks fit and, in particular, may issue fractional certificates (or ignore fractions), fix the value for distribution of the specific assets or any part of them, determine that cash payments be made to any members on the basis of the value so fixed in order to secure equality of distribution and vest any of the specific assets in trustees on such trusts for the persons entitled to the dividend as the Board may think fit.

118. Scrip dividends

- (a) The Board may, with the authority of an ordinary resolution of the Company, offer any holders of any particular class of shares the right to elect to receive further shares of that class, credited as fully paid, instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution (a **scrip dividend**) in accordance with the following provisions of this article.
- (b) The ordinary resolution may specify a particular dividend (whether or not already declared) or may specify all or any dividends declared within a specified period, but such period may not end later than five years after the date of the meeting at which the ordinary resolution is passed.
- (c) The basis of allotment shall be decided by the Board so that, as nearly as may be considered convenient, the value of the further shares, including any fractional entitlement, is equal to the amount of the cash dividend which would otherwise have been paid (disregarding the amount of any associated tax credit).
- (d) For the purposes of paragraph (c) above the value of the further shares shall be:
 - (i) equal to the final reported per share closing price as quoted for a fully paid share of the relevant class, as shown in the NASDAQ Daily List for the day on which such shares are first quoted "ex" the relevant dividend and the four subsequent dealing days; or
 - (ii) calculated in such manner as may be determined by or in accordance with the ordinary resolution.

- (e) The Board shall give notice to the holders of such shares of their rights of election in respect of the scrip dividend and shall specify the procedure to be followed in order to make an election.
- (f) The dividend or that part of it in respect of which an election for the scrip dividend is made shall not be paid and instead further shares of the relevant class shall be allotted in accordance with elections duly made and the Board shall capitalise a sum equal to the aggregate nominal amount of the shares to be allotted out of such sums available for the purpose as the Board may consider appropriate.
- (g) The further shares so allotted shall rank *pari passu* in all respects with the fully paid shares of the same class then in issue except as regards participation in the relevant dividend.
- (h) The Board may decide that the right to elect for any scrip dividend shall not be made available to members resident in any territory where, in the opinion of the Board, compliance with local laws or regulations would be unduly onerous.
- (i) The Board may do all acts and things as it considers necessary or expedient to give effect to the provisions of a scrip dividend election and the issue of any shares in accordance with the provisions of this article, and may make such provisions as it thinks fit for the case of shares becoming distributable in fractions (including provisions under which, in whole or in part, the benefit of fractional entitlements accrues to the Company rather than to the members concerned). To the extent that the entitlement of any holder of shares in respect of any dividend is less than the value of one new share of the relevant class (as determined for the basis of any scrip dividend) the Board may also from time to time establish or vary a procedure for such entitlement to be accrued and aggregated with any similar entitlement for the purposes of any subsequent scrip dividend.
- (j) The Board may from time to time establish or vary a procedure for election mandates, under which a holder of shares may, in respect of any future dividends for which a right of election pursuant to this article is offered, elect to receive shares in lieu of such dividend on the terms of such mandate.
- (k) The Board shall not make a scrip dividend available unless the Company has sufficient undistributed profits or reserves to give effect to elections which could be made to receive that scrip dividend.
- (l) The Board may decide at any time before the further shares are allotted that such shares shall not be allotted and pay the relevant dividend in cash instead. Such decision may be made before or after any election has been made by holders of shares in respect of the relevant dividend.

CAPITALISATION OF RESERVES

119. Capitalisation of reserves

- (a) The Board may, with the authority of an ordinary resolution of the Company or, if required by the Companies Law, a special resolution:
 - (i) subject to these articles, resolve to capitalise any sum standing to the credit of any reserve account of the Company (including share premium account and capital redemption reserve) or any sum standing to the credit of profit and

loss account not required for the payment of any preferential dividend (whether or not it is available for distribution); and

- (ii) appropriate that sum as capital to the holders of ordinary shares in proportion to the nominal amount of the ordinary share capital held by them respectively and apply that sum on their behalf in paying up in full any shares or debentures of the Company of a nominal amount equal to that sum and allot the shares or debentures credited as fully paid to those members, or as they may direct, in those proportions or in paying up the whole or part of any amounts which are unpaid in respect of any issued shares in the Company held by them respectively, or otherwise deal with such sum as directed by the resolution provided that the share premium account, the capital redemption reserve, any redenomination reserve and any sum not available for distribution in accordance with the Statutes may only be applied in paying up shares to be allotted credited as fully paid up.
- (b) Where any difficulty arises in respect of any distribution of any capitalised reserve or other sum, the Board may settle the difficulty as it thinks fit and in particular may make such provisions as it thinks fit in the case of shares or debentures becoming distributable in fractions (including provisions under which, in whole or in part, the benefit of fractional entitlements accrues to the Company rather than the members concerned) or ignore fractions and may fix the value for distribution of any fully paid up shares or debentures and may determine that cash payments be made to any members on the basis of the value so fixed in order to secure equality of distribution, and may vest any shares or debentures in trustees upon such trusts for the persons entitled to share in the distribution as the Board may think fit.
- (c) The Board may also authorise any person to sign on behalf of the persons entitled to share in the distribution a contract for the acceptance by those persons of the shares or debentures to be allotted to them credited as fully paid under a capitalisation and any such contract shall be binding on all those persons.

120. Capitalisation of reserves – employees' share schemes

- (a) This article (which is without prejudice to the generality of the provisions of article 119) applies where, pursuant to an employees' share scheme:
 - (i) a person is granted a right to acquire shares in the Company for no payment or at a price less than their nominal value; or
 - (ii) the terms on which any person is entitled to acquire shares in the Company are adjusted so that the price payable to acquire them is less than their nominal value,and the relevant shares are to be subscribed.
- (b) In any such case the Board:
 - (i) may, without requiring any further authority of the Company in general meeting, at any time transfer to a reserve account a sum (the **reserve amount**) which is equal to the amount required to pay up the nominal value of the shares in full, after taking into account the amount (if any) payable by the person from the profits or reserves of the Company which are available

for distribution and not required for the payment of any preferential dividend; and

- (ii) (subject to paragraph (d) below) will not apply the reserve amount for any purpose other than paying up the nominal value on the allotment of the relevant shares.
- (c) Whenever the Company allots shares to a person pursuant to a right described in article 120(a), the Board will (subject to the Statutes) appropriate to capital the amount of the reserve amount necessary to pay up the nominal value of those shares in full, after taking into account the amount (if any) payable by the person, apply that amount in paying up the nominal value of those shares in full and allot those shares credited as fully paid to the person entitled to them.
- (d) If any person ceases to be entitled to acquire shares as described in article 120(a), the restrictions on the reserve amount will cease to apply in relation to the part of that amount (if any) applicable to those shares.

RECORD DATES

121. Fixing of record dates

- (a) Notwithstanding any other of these articles, but without prejudice to any rights attached to any shares and subject always to the Companies Law, the Company or the Board may fix any date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared, paid or made.
- (b) In the absence of a record date being fixed, entitlement to any dividend, distribution, allotment or issue shall be determined by reference to the date on which the dividend is declared or the distribution, allotment or issue is made.

ACCOUNTS

122. Accounting records

- (a) The Board shall cause accounting records of the Company to be kept in accordance with the Statutes.
- (b) No member (as such) shall have any right of inspecting any account, book or document of the Company, except as conferred by law or authorised by the Board or by any ordinary resolution of the Company.

REGISTER

123. Register Requirements

- (a) The directors shall keep, or cause to be kept, at the transfer office (but in relation to the principal register not, for the avoidance of doubt, at a place outside Jersey), the register in the manner required by the Companies Law.
- (b) Subject to the provisions of the Companies Law, the Company may keep an overseas branch register in any country, territory or place (other than in the United Kingdom).

The Board may (subject to the Companies Law and the requirement that no overseas branch register shall be kept in the United Kingdom) make and vary such regulations as it may think fit in relation to the keeping of any such overseas branch register, including any regulations regarding the transfer of shares from such overseas branch register to the register, the transfer of shares from the register to such overseas branch register or the inspection of the overseas branch register. For so long as the shares of the Company are listed on NASDAQ, the Company shall maintain a US branch register.

- (c) For so long as the shares of the Company are listed on NASDAQ, all members shall have their shares registered on the US branch register unless the Board otherwise resolves. The Board may take such action as it deems necessary to transfer any shares from the principal register or any other register to the US branch register. Each director (acting alone) will be deemed to have been appointed as the agent of any holder with shares registered on any register other than the US branch register with full power to execute, complete and deliver, in the name of and on behalf of the holder, any transfer form or other documents necessary to transfer such shares from the relevant register to the US branch register. Such appointment is:
 - (i) made with effect from the later of (i) the holder becoming the holder of such shares and (ii) any share in the Company being listed on NASDAQ; and
 - (ii) irrevocable for a period of one year thereafter.

COMMUNICATIONS

124. Communications to the Company

- (a) Subject to the Statutes and except where otherwise expressly stated in these articles, any document, notice or information to be sent or supplied to the Company (whether or not such document, notice or information is required or authorised under the Statutes) shall be in hard copy form or, subject to paragraph (b) below, be sent or supplied in electronic form or by means of a website.
- (b) Subject to the Statutes, a document, notice or information may be given to the Company in electronic form only if it is given in such form and manner and to such address as may have been specified by the Board from time to time for the receipt of documents in electronic form. The Board may prescribe such procedures as it thinks fit for verifying the authenticity or integrity of any such document or information given to it in electronic form.

125. Communications by the Company

- (a) A document notice or information may be sent or supplied in hard copy form by the Company to any member either personally or by sending or supplying it by post addressed to the member at the member's registered address or by leaving it at that address.
- (b) Subject to the Statutes (and other rules applicable to the Company), a document, notice or information may be sent or supplied by the Company to any member in electronic form to such address as may from time to time be authorised by the member concerned or by making it available on a website and notifying the member concerned in accordance with the Statutes (and other rules applicable to the Company) that it has been made available. A member shall be deemed to have

agreed that the Company may send or supply a document, notice or information by means of a website if the conditions set out in the Statutes have been satisfied.

- (c) In the case of joint holders of a share, any document, notice or information sent or supplied by the Company in any manner permitted by these articles to the joint holder who is named first in the register in respect of the joint holding shall be deemed to be given to all other holders of the share.

126. When communication is deemed received

- (a) Any document, notice or information, if sent by recorded delivery post or by courier, shall be deemed to have been received on delivery, if sent by airmail, shall be deemed to have been received five days following that on which the envelope containing it is put into the post, if sent by first class post, shall be deemed to have been received on the day following that on which the envelope containing it is put into the post, or, if sent by second class post, shall be deemed to have been received on the second day following that on which the envelope containing it is put into the post and in proving that a document, notice or information has been received it shall be sufficient to prove that the letter, envelope or wrapper containing the document or information was properly addressed, prepaid and put into the post.
- (b) Any document, notice or information not sent by post but left at a registered address or address at which a document, notice or information may be received shall be deemed to have been received on the day it was so left.
- (c) Any document, notice or information, if sent or supplied by electronic means, shall be deemed to have been received on the day on which the document, notice or information was sent or supplied by or on behalf of the Company.
- (d) If the Company receives a delivery failure notification following a communication by electronic means in accordance with paragraph (c) above, the Company shall send or supply the document, notice or information in hard copy or electronic form (but not by electronic means) to the member either personally or by post addressed to the member at the member's registered address or by leaving it at that address. This shall not affect when the document, notice or information was deemed to be received in accordance with paragraph (c) above.
- (e) Where a document, notice or information is sent or supplied by means of a website, it shall be deemed to have been received:
 - (i) when the material was first made available on the website; or
 - (ii) if later, when the recipient was deemed to have received notice of the fact that the material was available on the website.
- (f) A member present, either in person or by proxy, at any meeting of the Company or class of members of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which the meeting was convened.
- (g) Every person who becomes entitled to a share shall be bound by every notice in respect of that share which before that person's name is entered in the register was given to the person from whom that person derives title to the share.

127. Record date for communications

- (a) For the purposes of giving notices of meetings, or of sending or supplying other documents or other information, whether under any Statute, a provision in these articles or any other instrument, the Company may determine that persons entitled to receive such notices, documents or other information are those persons entered on the register at the close of business on a day determined by it.
- (b) The day determined by the Company under paragraph (a) above may not be more than 15 days before the day that the notice of the meeting, document or other information is given.

128. Communication to person entitled by transmission

Where a person is entitled by transmission to a share, any notice or other communication shall be given to that person, as if that person were the holder of that share and that person's address noted in the register were that person's registered address. In any other case, any notice or other communication given to any member pursuant to these articles shall, notwithstanding that the member is then dead or bankrupt or that any other event giving rise to the transmission of the share by operation of law has occurred and whether or not the Company has notice of the death, bankruptcy or other event, be deemed to have been properly given in respect of any share registered in the name of that member as sole or joint holder.

UNTRACED MEMBERS

129. Sale of shares of untraced members

- (a) The Company may sell, in such manner as the Board may decide and at the best price it considers to be reasonably obtainable at that time, any share of a member, or any share to which a person is entitled by transmission if:
 - (i) during a period of 12 years at least three cash dividends have become payable in respect of the share to be sold;
 - (ii) during that period of 12 years no cash dividend payable in respect of the share has been claimed, no cheque, warrant, order or other payment for a dividend has been cashed, no dividend sent by means of a bank or other funds transfer system or other electronic system or means (including, in the case of uncertificated shares, a relevant system) has been paid and no communication has been received by the Company from the member or the person entitled by transmission to the share;
 - (iii) on or after the expiry of that period of 12 years the Company has sent, or caused to be sent, a notice to the registered address or last known address the Company has for the member or other person entitled by transmission to the share, giving notice of its intention to sell the share (provided that before sending such a notice, the Company shall have made, or caused to be made, such tracing enquiries for the purpose of contacting that member or other person as the Board considers to be reasonable and appropriate in the circumstances); and
 - (iv) during the period of three months following the sending of the notice referred to in paragraph (iii) above and after that period until the exercise of the power

to sell the share, the Company has not received any communication from the member or the person entitled by transmission to the share.

- (b) The Company's power of sale shall extend to any further share which, on or before the sending of the notice pursuant to paragraph (a) (iii) above, is issued in right of a share to which paragraph (a) above applies (or in right of any share to which this paragraph applies) if the conditions set out in paragraphs (a)(ii) to (iv) above are satisfied in relation to the further share (but as if the references to a period of 12 years were references to a period beginning on the date of allotment of the original share and ending on the date of sending the notice referred to above).
- (c) To give effect to any sale, the Board may authorise some person to transfer the share to, or as directed by, the purchaser, who shall not be bound to see to the application of the purchase money; nor shall the title of the new holder to the share be affected by any irregularity in, or invalidity of, the proceedings relating to the sale.

130. Application of proceeds of sale

- (a) The net proceeds of any sale made under article 129 will be forfeited and will belong to the Company. The Company will not be liable in any respect to the former member or members or other person who may or would have been entitled to the share or shares by law for the proceeds of sale, and the Company may use the proceeds of sale for any purpose as the Board may decide.

DESTRUCTION OF DOCUMENTS

131. Destruction of documents

- (a) Subject to the Statutes, the Board may authorise or arrange the destruction of documents held by the Company as follows:
 - (i) at any time after the expiration of six years from the date of registration, all instruments of transfer of shares and all other documents transferring or purporting to transfer shares or representing or purporting to represent the right to be registered as the holder of shares on the faith of which entries have been made in the register;
 - (ii) at any time after the expiration of one year from the date of cancellation, all registered share certificates which have been cancelled;
 - (iii) at any time after the expiration of two years from the date of recording them, all dividend mandates and notifications of change of address; and
 - (iv) at any time after the expiration of one year from the date of actual payment, all paid dividend warrants and cheques.
- (b) Subject to the Statutes, it shall conclusively be presumed in favour of the Company that:
 - (i) every entry in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made;

- (ii) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
 - (iii) every share certificate so destroyed was a valid certificate duly and properly cancelled;
 - (iv) every other document mentioned in paragraph (a) above so destroyed was a valid and effective document in accordance with the particulars of it recorded in the books and records of the Company; and
 - (v) every paid dividend warrant and cheque so destroyed was duly paid.
- (c) The provisions of paragraph (b) above shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant.
 - (d) Nothing in this article shall be construed as imposing on the Company or the Board any liability in respect of the destruction of any document earlier than as stated in paragraph (a) above or in any other circumstances in which liability would not attach to the Company or the Board in the absence of this article.
 - (e) References in this article to the destruction of any document include references to its disposal in any manner.

WINDING UP

132. Powers to distribute *in specie*

If the Company is in liquidation, the liquidator may, with the authority of a special resolution of the Company and any other authority required by the Statutes:

- (i) divide among the members *in specie* the whole or any part of the assets of the Company and, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members; or
- (ii) vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like sanction, shall think fit but no member shall be compelled to accept any assets upon which there is any liability.

INDEMNITY AND INSURANCE, ETC.

133. Directors' indemnity, insurance and defence

- (a) Subject to the provisions of the Companies Law, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director or other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company, provided that this article shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this article, or any element of it, to be treated as void under the Companies Law or otherwise unlawful under the Companies Law.

- (b) Without prejudice to the foregoing, the board may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any person who is or was:
 - (i) a director, officer, employee or auditor of the Company or any body which is or was the holding company or subsidiary undertaking of the Company, or in which the Company or such holding company or subsidiary undertaking has or had any interest (whether direct or indirect) or with which the Company or such holding company or subsidiary undertaking is or was in any way allied or associated; or
 - (ii) a trustee of any pension fund in which employees of the Company or any other body referred to in paragraph (i) above are or have been interested,

including without limitation insurance against any liability incurred by such person in respect of any act or omission in the actual or purported execution or discharge of his duties or in the exercise or purported exercise of his powers or otherwise in relation to his duties, powers or offices in relation to the relevant body or fund.

FORUM SELECTION

134. Forum Selection

- (a) Unless the Company 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:
 - (i) any derivative action or proceeding brought on behalf of the Company;
 - (ii) any action, including any action commenced by a member of the Company in its own name or on behalf of the Company, asserting a claim of breach of any fiduciary or other duty owed by any director, officer or other employee of the Company (including but not limited to duties arising under the Companies Law); and/or
 - (iii) any action arising out of or in connection with these articles (pursuant to any provision of the laws of Jersey or these articles (as either may be may be amended from time to time)) or otherwise in any way relating to the constitution or conduct of the Company, other than any such action in any way relating to the conduct of the Company arising out of a breach of any federal law of the United States of America or the laws of any State of the United States of America.
- (b) Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the United States Securities Act of 1933, as amended or any successor thereto.
- (c) For the avoidance of doubt, nothing contained in this article 134 shall apply to any action brought to enforce a duty or liability created by the Exchange Act or any successor thereto.

DESCRIPTION OF SECURITIES

A summary of the material provisions governing our securities registered pursuant to Section 12(b) of the Exchange Act of 1934, as amended (the "Exchange Act") is provided below. This summary is not complete and should be read together with our Amended and Restated Memorandum and Articles of Association (the "Babylon Articles"), a copy of which is filed with the U.S. Securities Exchange and Commission (the "SEC"). References herein to "we," "us," "our," "Babylon" and the "company" refer to Babylon Holdings Limited.

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. 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 Ali Parsadoust (the "Founder"));
- 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;
- 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. 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.

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 specific 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 of 1933, as amended (the “Securities Act”).

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; or
- 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;
- 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 Babylon. 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.

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.

It should be remembered that the price of securities and the income from them can go down as well as up. Nothing 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.

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 Continental Stock Transfer & Trust Company, as warrant agent, and us. 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, 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.

Listing of Securities

Our Class A Ordinary Shares and warrants exercisable for our Class A Ordinary Shares are listed on the New York Stock Exchange under the symbols “BBLN” and “BBLN.W,” respectively.

SECOND AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER

THIS SECOND AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER (this “**Agreement**”) is entered into as of October 29, 2021, by and among High SH Holdings Inc., a Delaware corporation (the “**Company**”), Babylon Holdings Limited, a company incorporated under the Companies (Jersey) Law 1991 with a registered number 114474 (“**Parent**”), Babylon Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Parent (“**Merger Sub**”) and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the representative, agent and attorney-in-fact of the Indemnifying Parties (“**Stockholder Representative**”), and amends and restates the Original Agreement. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the parties hereto hereby agree as follows:

Article I THE MERGER

1.1 The Closing

Unless this Agreement is terminated pursuant to **Section 6.1**, Parent may elect, in its sole discretion, for the Transactions to be consummated at a closing (the “**Closing**”) by delivering the signed Exercise Notice to Company, which such Exercise Notice shall be irrevocable and shall designate the date of the Closing (the “**Closing Date**”), which Closing Date shall be at least thirteen (13) days following delivery of the Exercise Notice to permit the Election Deadline (as defined below) to pass and the Closing Date Payment Spreadsheet to be delivered; provided, however, that Parent may designate a shorter period to Closing which (i) shall not affect the Election Deadline, (ii) shall automatically include a waiver of including the elections not yet made in the Closing Date Payment Spreadsheet and (iii) in no event, shall be shorter than 5 Business Days following the date of the delivery of the Exercise Notice. The delivery of an Exercise Notice may occur no earlier than the 11th day, and no later than the end of the 20th day, following the delivery by Parent to the Company of a Notice to Provide Final Representation Qualifications. Upon delivery of the Exercise Notice, each of Parent and the Company shall promptly and in good faith proceed to consummate the Merger pursuant to the terms hereof and, prior to the Closing Date, the Company shall cause each of its obligations set forth in **Annex A** to be fulfilled. For clarity, the consummation of the Closing shall be at Parent's sole election, and Parent shall be under no obligation to consummate the Closing unless the Exercise Notice has been signed and delivered to the Company and unless and until each of the conditions to closing set forth herein shall have been satisfied (or, if permissible, waived by Parent).

1.2 The Merger

On the terms and subject to the conditions in this Agreement and Delaware Law, on the Closing Date, Parent, the Company, and Merger Sub shall effect the Merger by filing a Certificate of Merger with the Secretary of State of the State of Delaware in accordance with Delaware Law, whereupon the separate corporate existence of Merger Sub shall cease and the Company shall continue as the surviving corporation and a wholly owned subsidiary of Parent (the “**Surviving Corporation**”). The Merger shall become effective upon the acceptance by the Secretary of State of the State of Delaware of the Certificate of Merger or such other time as may be specified therein (the “**Effective Time**”).

1.3 Effects of the Merger on the Entities

The certificate of incorporation and the bylaws of the Surviving Corporation shall be amended and restated as of the Effective Time to be identical to the certificate of incorporation and bylaws, respectively, of Merger Sub as in effect immediately prior to the Effective Time (except that the name of the Surviving Corporation shall be that of the Company). The directors and officers of Merger Sub immediately prior to the Effective Time shall be the directors and officers of the Surviving Corporation immediately after the Effective Time. At the Effective Time, the other effects of the Merger shall be as provided by the Certificate of Merger and Delaware Law.

1.4 Effect of Merger on the Capital Stock

(a) **Merger Sub Capital Stock.** At the Effective Time, each share of capital stock of Merger Sub that is issued and outstanding as of immediately prior to the Effective Time shall be converted into and become one share of Company Common Stock (and there shall be no other shares of Company Capital Stock issued and outstanding).

(b) **Company Capital Stock; Company Options.**

(i) **Company Capital Stock.** At the Effective Time, each share of Company Capital Stock (excluding Cancelled Shares and Dissenting Shares) issued and outstanding as of immediately prior to the Effective Time shall be cancelled and converted into the right to receive, in each case in accordance with and pursuant to the terms hereof, the Charter Documents and Delaware Law, the portion of the Merger Consideration such share is so entitled to receive, if any, as set forth in the amounts and calculations and components thereof in the Closing Date Payment Spreadsheet.

(ii) **Cancelled Shares; Dissenting Shares.** At the Effective Time, each share of Company Capital Stock that is issued and outstanding and held by Parent, Merger Sub, the Company or any of their Subsidiaries as of immediately prior to the Effective Time ("**Cancelled Shares**") shall be cancelled without any consideration therefor. At the Effective Time, each share of Company Capital Stock with respect to which the holder thereof has properly demanded and not effectively withdrawn or lost appraisal rights under Delaware Law ("**Dissenting Shares**") shall not be converted into the right to receive the consideration set forth in **Section 1.4(b)(i)** but instead shall be entitled to such rights as are provided by Delaware Law; *provided, however* that if any holder of Dissenting Shares effectively withdraws, loses or fails to perfect such holder's appraisal rights, then such holder's shares shall be converted into the right to receive, upon the terms of this Agreement, the consideration set forth in **Section 1.4(b)(i)** (without interest). The Company shall give Parent prompt notice and a copy of any demand for appraisal received by the Company and/or any of its Affiliates. The Surviving Corporation shall not make any payment with respect to any such demands or offer to settle or settle any such demands without the prior written consent of Parent.

(iii) **Company Options.** No Company Option shall be assumed by Parent. At the Effective Time, each Company Option (or portion thereof), whether vested or unvested, that is outstanding and unexercised as of immediately prior to the Effective Time, shall be cancelled without the payment of any consideration. Prior to the Effective Time, and subject to the review and approval of Parent, the Company shall take all actions necessary to effect the transactions contemplated by this **Section 1.4(b)(iii)** under the Plan, all Company Option agreements, and any other plan or arrangement of the Company (whether written or oral, formal or informal) and any applicable Legal Requirement, including adopting all resolutions, giving all notices, obtaining all consents, and taking any other actions reasonably necessary to effect the transactions contemplated by this **Section 1.4(b)(iii)**, so that, at the Closing, the Company shall not have any outstanding equity interests or equity-related interests other than shares of Company Capital Stock. The Company agrees to effect the termination of the Plan or any other successor plan or arrangement, subject to the reasonable review and approval of Parent, at the Closing.

1.5 Payment of Merger Consideration for Company Capital Stock; Payment of Company Debt at or Prior to Closing

(a) **Paying Agent.** The Paying Agent shall serve as the paying agent for the Merger. Parent and the Company shall cooperate and deliver all materials to the Paying Agent as are reasonably required by the Paying Agent.

(b) **Payments.** On the later of (a) the Closing Date and (b) two (2) Business Days after a Stockholder complies with **Section 1.5(e)**, Parent shall:

(i) cause to be paid cash to the Paying Agent and/or cause to be issued to each Stockholder, unregistered Parent Ordinary Shares that in the aggregate constitute the Merger Consideration, in accordance with the election of the recipient thereof pursuant to **Section 1.5(c)** and the Closing Date Payment Spreadsheet; provided that the Merger Consideration otherwise payable to each Stockholder on the Closing Date shall be reduced by such Stockholder's Pro Rata Portion of the Holdback Fund. The Holdback Fund shall be released (if at all) pursuant to the terms of Article VII. The Company shall cause all amounts, calculations and components of the Merger Consideration, and any other information required by Parent to pay the Merger Consideration, to be set forth in the Closing Date Payment Spreadsheet;

(ii) cause to be paid cash to Weeks in the amount equal to the Weeks Payment in satisfaction of the Weeks Note in accordance with the payoff letter to be delivered no later than one (1) Business Day prior to the Closing Date; and

(iii) cause to be paid cash to ALP in the amount equal to the ALP Payment in satisfaction of the ALP Note in accordance with the payoff letter to be delivered no later than one (1) Business Day prior to the Closing Date, unless otherwise agreed by Parent and ALP prior to the Closing.

(c) **Cash/Stock Election.** With respect to any portion of the Merger Consideration that a Stockholder is entitled to receive pursuant to **Section 1.4(b)(i)**, the Stockholders listed on **Annex D-1** (the "**Electing Stockholders**") may make an election on a form acceptable to Parent (the "**Form of Election**"), as to whether such Stockholder's portion of the Merger Consideration shall take the form of cash or unregistered Parent Ordinary Shares. Such Form of Election shall be distributed by the Company to the Electing Stockholders as soon as reasonably practicable following receipt of the Exercise Notice, if not before. Such election shall be made on a holder-by-holder basis within ten (10) days of delivery of the Exercise Notice (the "**Election Deadline**"), such that any Stockholder may make an election to receive (i) cash with respect to all shares of Company Capital Stock held by such Stockholder or (ii) Parent Ordinary Shares (valued at the Parent Share Price) with respect to all shares of Company Capital Stock held by such holder. Those Stockholders listed on Annex D-2 shall not be Electing Stockholders and shall receive unregistered Parent Ordinary Shares with respect to their portion of the Merger Consideration (the "**Equity-Elected Stockholders**"). Any fractional shares that would be issued with respect to an election to receive Parent Ordinary Shares shall instead be paid in cash (valuing such fractional share at the Parent Share Price). For clarity, in no event shall Parent be required to pay, in cash and Parent Ordinary Shares, more than the sum of the Merger Consideration and the Employee Equity Amount (valuing the Parent Ordinary Shares at the Parent Share Price). Notwithstanding anything herein to the contrary, Parent Ordinary Shares shall only be issued to "accredited investors" within the meaning of Regulation D, Rule 501(a), promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, and in the event that any Stockholder that is not an "accredited investor" to Parent's reasonable satisfaction or is otherwise unable to be issued Parent Ordinary Shares and purports to elect to receive Parent Ordinary Shares, such Stockholder shall instead receive cash with respect to such payment (valuing Parent Ordinary Shares at the Parent Share Price).

(d) **Payment Spreadsheets.** At least 3 Business Days prior to the Closing Date, the Company shall deliver to Parent a completed payment spreadsheet (the "**Closing Date Payment Spreadsheet**"), in a form acceptable to Parent (which shall be subject to Parent's reasonable prior review and comment), which shall include all of the information necessary for Parent to perform its obligations under **Section 1.4** and this **Section 1.5** with respect to the payment of the Merger Consideration, calculated as of immediately prior to the Effective Time, which shall be true, correct, and complete in all respects as of immediately prior to the Effective Time. A form of the Closing Date Payment Spreadsheet with preliminary Merger Consideration amounts is attached as Exhibit D. The Closing Date Payment Spreadsheet shall include: (i) a calculation of the Merger Consideration, including all components thereof (including each subsection of the definition thereof, each of their respective components and each subsection of the respective definitions of such components), (ii) a calculation of the Employee Equity Amount, including all components thereof (including each subsection of the definition thereof, each of their respective components and each subsection of the respective definitions of such components), (iii) each Stockholder's name, address and email address and, if available, social security number (or tax identification number, as applicable), (iv) the number, class and series of shares of Company Capital Stock held by such Stockholder, the respective certificate number(s) (if any) of such shares or a designation that such shares are uncertificated (if applicable), (v) the liquidation preference and conversion ratio applicable to each such share, if any, (vi) the date of acquisition of such shares and the basis of such shares, (vii) the Pro Rata Portion applicable to such Stockholder, (viii) any tax withholding obligations with respect to such Stockholder pursuant to **Section 1.5(g)** with respect to payments of the Merger Consideration, (ix) the election each Electing Stockholder has made (for all shares) regarding whether such Electing Stockholder is to receive cash or unregistered Parent Ordinary Shares for payment of the Merger Consideration and with respect to each Equity-Elected Stockholder a designation of 100% election for unregistered Parent Ordinary Shares, (x) the contribution of such Stockholder into the Holdback Fund (including the amount of cash and/or unregistered Parent Ordinary Shares so contributed), (xi) the amount of the Weeks Payment and wiring instructions for repayment of the Weeks Note in accordance with this Agreement, (xii) the amount of the ALP Payment and wiring instructions for repayment of the ALP Note in accordance with this Agreement, (xiii) on the basis of the foregoing, the amount of cash to be paid to such Electing Stockholder pursuant to **Section 1.4** and unregistered Parent Ordinary Shares to be issued, in full satisfaction of all of Parent's obligations pertaining to paying the Merger Consideration, (xiv) whether such Stockholder is an "accredited investor" within the meaning of

Regulation D, Rule 501(a), promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, (xv) wiring instructions for such Stockholder and (xv) such other information relevant thereto or which Parent may reasonably request. Parent and the Paying Agent may rely without any liability to any Person upon the Closing Date Payment Spreadsheet in making payments pursuant to this Agreement.

(e) **Payment Procedures.**

(i) **Payment Procedure for Company Capital Stock.** As soon as reasonably practicable after the Closing Date, the Paying Agent shall mail exchange documents that Parent and the Paying Agent may reasonably require to effectuate the payments to be made under **Section 1.4** hereof (the "Exchange Documents"), to the respective addresses of the Stockholders set forth in the Closing Date Payment Spreadsheet. Once delivered by an Electing Stockholder, a Form of Election shall be irrevocable unless Parent consents in writing. As soon as reasonably practicable after the receipt of duly completed Exchange Documents and any other document Parent or the Paying Agent may reasonably require (including certificates representing shares of Company Capital Stock, if any, from the Electing Stockholders, and receipt of the final Closing Date Payment Spreadsheet, from the Parent), the Paying Agent and the Company shall cause to be delivered an amount equal to the Merger Consideration less the cash and Parent Ordinary Shares subject to the Holdback Fund, to which the holders are entitled hereunder at the Closing pursuant to the terms of this Agreement and the delivery information contained in the Exchange Documents. Any lost, stolen or destroyed certificates representing shares of Company Capital Stock shall be treated in a manner as Parent and the Paying Agent may reasonably require.

(f) **No Further Ownership Rights in Company Capital Stock.** Following the consummation of the Merger, the cash amounts paid and/or unregistered Parent Ordinary Shares issued in respect of the surrender for exchange of shares of Company Capital Stock in accordance with the terms hereof shall be deemed to be full satisfaction of all rights pertaining to such shares of Company Capital Stock, and if any certificates representing the same are presented to the Surviving Corporation after such time for any reason, they shall be canceled and exchanged as provided in this **Article I**. The right of any Stockholder to any portion of the Merger Consideration shall not be assignable or transferrable except by will, laws of intestacy or other Legal Requirement, without Parent's written consent (which shall not be unreasonably withheld), and neither Parent, the Surviving Corporation, the Paying Agent nor the Stockholder Representative shall give effect to any such purported assignment or transfer made in contravention of this sentence.

(g) **Withholding Taxes.** Any consideration payable pursuant to this Agreement shall be reduced by any amounts required to be deducted or withheld therefrom under applicable Legal Requirements and shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

(h) **Maximum Consideration.** For the avoidance of doubt, notwithstanding anything to the contrary contained herein, in no event shall the aggregate consideration payable or distributable by Parent hereunder exceed the Merger Consideration (valuing the Parent Ordinary Shares at the Parent Share Price).

Article II REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and Merger Sub, as of the Original Effective Date and as of Closing Date, as follows, with such exceptions incorporated herein as have been Made Available, are set forth in the Disclosure Schedule to the Series B Preferred Stock Purchase Agreement and/or as are otherwise updated by the Company from time to time in accordance with the terms of this Agreement:

1.1 Organization and Good Standing. The Company and each of its Subsidiaries is a corporation (or other legal entity) duly incorporated, validly existing and in good standing (where such concept exists) under the laws of the State of Delaware (or the other jurisdiction of its incorporation or organization). Each of the Company and its Subsidiaries has the requisite corporate power to own, lease and operate its assets and properties and to carry on its business as currently conducted. Each of the Company and its

Subsidiaries is duly qualified or licensed to do business and in good standing as a foreign corporation in each jurisdiction in which the character or location of its assets or properties or the nature of its business make such qualification or license necessary to the Company's business as currently conducted. The Company and its Subsidiaries are not in violation of any provision of the Charter Documents. All of the equity interests of each Subsidiary are owned of record and beneficially by the Company, without any right, restriction, option, warrant, call, put or other right with respect to the delivery, transfer, issuance of such equity interests and without any Contract with respect to voting or transfer thereof.

1.2 Authority and Enforceability. The Company has all requisite power and authority to enter into this Agreement and any Related Agreements to which it is a party and to consummate the Transactions. The execution and delivery of this Agreement and any Related Agreements to which the Company is a party and the consummation of the Transactions have been duly authorized by all necessary corporate action on the part of the Company and no further corporate or other action is required on the part of the Company to authorize this Agreement and any Related Agreements to which the Company is a party or to consummate the Transactions. The Company Board has unanimously determined that this Agreement and the Transactions are advisable, fair to, and in the best interests of, the Company and its Stockholders, approved this Agreement and the Transactions, and recommended to the Stockholders to vote in favor of adoption of this Agreement and approval of the Transactions. The Company has obtained and delivered to Parent the Required Vote, which is the only vote or approval by its securityholders necessary to authorize the Merger and the Transactions. This Agreement and each of the Related Agreements to which the Company is a party have been duly executed and delivered by the Company and constitute the valid and binding obligations of the Company enforceable against it in accordance with their respective terms.

1.3 Governmental Approvals and Consents. No Consent is required by, or with respect to, the Company or any Subsidiary in connection with the execution and delivery of this Agreement and any Related Agreement to which the Company or any Subsidiary is a party or the consummation of the Transactions, except for (a) such Consents as may be required under the HSR Act and any applicable foreign Antitrust Laws and (b) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware.

1.4 No Conflicts. The execution and delivery by the Company of this Agreement and any Related Agreement to which the Company is a party, and the consummation of the Transactions, will not Conflict with any provision of the Charter Documents, any Contract described or referred to in **Section 2.10**, or any Legal Requirement, Permit, Consent, Order or Privacy Law.

1.5 Company Capital Structure. As of the Original Effective Date, the Company has Made Available to Parent a spreadsheet that contains, and as of the Closing, the Closing Date Payment Spreadsheet will contain, a true, complete and correct list of the classes, series and amounts of authorized, issued and outstanding capital stock of the Company, and the holders thereof, as of their respective dates. All outstanding shares of Company Capital Stock are duly authorized, validly issued, fully paid and non-assessable and are not subject to preemptive rights, right of first refusal, purchase option or similar right or limitation. Except for the Plan, neither the Company nor any Subsidiary has ever adopted, sponsored or maintained any plan or agreement providing for equity-related compensation to any Person. As of the Original Effective Date, the Company has Made Available to Parent a spreadsheet that contains, and as of the Closing, the Closing Date Payment Spreadsheet will contain, a true, complete and correct list of the amount of shares reserved, issuable upon exercise and issued, pursuant to the Plan, and with respect to each Company Option, the holder thereof, shares issuable upon exercise, grant date, expiration date, exercise price and vesting schedule with respect thereto. Except as set forth on the Closing Date Payment Spreadsheet, there are no options, warrants, calls, stock appreciation, phantom stock, profit participation, or other similar rights with respect to the Company or any Subsidiary or other instrument having (or being convertible into an instrument having) the right to vote on matters on which any Stockholder may vote. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting stock of the Company or any Subsidiary. There are no agreements to which the Company or any Subsidiary is a party relating to the registration, sale or transfer of any Company Capital Stock. As a result of the Merger, Parent will be the sole record and beneficial holder of all issued and outstanding Company Capital Stock and all rights to acquire or receive any shares of Company Capital Stock. For clarity, the spreadsheets that the Company has Made Available to Parent and the representations contained in this **Section 2.5** made as of the Original Effective Date shall be true, complete and correct as of such date (and, with respect to the representations contained in this **Section 2.5** made as of the Original Effective Date, shall be made after giving effect to the transactions contemplated by the Series B Stock Purchase Agreement).

1.6 Company Financial Statements; No Undisclosed Liabilities; No Changes. The Financials have been, and when delivered the Post-Signing Financial Statements will be, prepared in material compliance with GAAP consistently applied on a consistent basis throughout the periods indicated and consistent with each other. The Financials present, and when delivered the Post-Signing Financial Statements will present, fairly, in all material respects, the Company's consolidated financial condition, operating results and cash flows as of the dates and during the periods indicated therein. Neither the Company nor any Subsidiary has any liability of any nature (whether or not required to be reflected in financial statements prepared in accordance with GAAP), except for those (a) which have been reflected in the Current Balance Sheet, (b) were incurred pursuant to this Agreement or the Series B Stock Purchase Agreement, or (c) which have arisen in the ordinary course of business consistent with past practices (but not any for violations of any Legal Requirement or breach of any Contract). Since the Balance Sheet Date, the business of the Company and the Subsidiaries has been conducted, in all material respects, in the ordinary course consistent with past practice, and no Company Material Adverse Effect has occurred.

1.7 Tax Matters. Each Tax Return required to be filed by the Company or any Subsidiary (i) has been timely filed; and (ii) has been accurately and completely prepared in all material respects in compliance with all applicable Legal Requirements. All Taxes required to be paid or withheld by the Company or any Subsidiary have been timely paid or withheld. There is no Contract covering any Employee that could (i) give rise to the payment of any amount that would not be deductible pursuant to Section 280G of the Code, (ii) be characterized as a "parachute payment" within the meaning of Section 280G(b)(1) of the Code or (iii) the Company or any of its Subsidiaries to compensate any Employee for a Tax gross up payment or for excise taxes payable pursuant to Section 4999 or 409A of the Code. A valid election under Section 83(b) of the Code was timely made in connection with any issuance of any shares of Company Capital Stock that were eligible for such an election.

1.8 Real Property; Tangible Property. Neither the Company nor its Subsidiaries owns any real property. There are no other parties occupying, or with a right to occupy, any real property leased by the Company. The Company and each Subsidiary has good and valid title to, or, in the case of leased properties and leased assets, valid leasehold interests in, all of its material tangible properties and assets, real, personal and mixed, used or held for use in its business, free and clear of any Liens, except for Permitted Liens.

1.9 Intellectual Property. The Company exclusively owns all patents, copyrights, trademarks, domain names, data, software code, and trade secrets ("IP") embodied in the Company products or services or otherwise used in the operation of the Company's business (the "Company IP") free and clear of any Liens or licenses (other than ordinary course licenses to customers on standard forms). The Company has used commercially reasonable efforts to secure, protect and maintain the Company IP, including maintenance of all Company IP registered with any patent and trademark office. The Company has entered into adequate written IP assignment and confidentiality agreements with all Employees that have had access to Company confidential information or engaged in development of Company technology or Company IP. The Company has adequate and sufficient rights for the use of all third-party technology and IP as such third-party technology IP is incorporated, embodied or otherwise used in the Company products or services or otherwise used in the operation of the Company's business, and is in compliance with all associated licenses and agreements governing the use of such technology and IP. Company has not used in its business, or incorporated into its products, any open source software in any manner that may require Company to distribute or license any Company authored software or other Company IP to be disclosed in source code form or licensed for the purpose of further modification or distribution. The operation of the Company's business has not, does not, and will not, infringe or violate any IP or other rights of any third party (or exceed the scope of any applicable agreement with or license from any third party), and there is no pending or threatened allegation or claim of such infringement or violation. The consummation of the Transactions will not result in the grant or expansion of any rights, licenses, or encumbrances on, or loss or modification of any right to, any Company IP (or third party IP used in the Company's business) or any IP owned by Parent, the disclosure or delivery of any Company technology to any third party, or any payment to any third party in excess of what would have otherwise been payable.

1.10 Material Contracts. There are no Contracts to which the Company is a party or by which it is bound that involve (a) obligations of, or payments to, the Company in excess of \$150,000 (other than arising from purchase or sale agreements entered into in the ordinary course of business), (b) the license or assignment of any patent, copyright, trade secret, data or other proprietary right to or from the Company (other than non-exclusive licenses granted in the ordinary course), (c) any commitments by the Company regarding exclusive rights or arrangements, covenants not to sue, non-solicitation, non-

competition, most favored pricing, rights of first refusal, offer or negotiation, or any other restrictions on the operations or scope of the Company's business, or (d) payments or rights that will be triggered as a result of the Transactions. The Company has Made Available (a) each Contract with its top ten (10) customers (measured by total consolidated revenue for each twelve (12) month period ending on each fiscal year beginning with the fiscal year ended December 31, 2019), (b) each Contract with a supplier of hardware or data used in or to produce or deliver a Company product or service, (c) material office leases, (d) each Contract for the provision of data center or hosting services used to deliver a Company product or service, and (e) each contract for third party proprietary IP (i.e., not open source software) incorporated into, embedded in or used to deliver a Company product or service, and no counterparty thereto has (i) ceased to do business with the Company or any Subsidiary, (ii) substantially reduced its dealings with the Company or any Subsidiary or (iii) given notice that it will or may do any such things, and there are no circumstances which are likely to result in any of the foregoing. Each of the foregoing Contracts is in full force and effect and has not been materially breached by the Company nor is the Company aware of any circumstance which could give rise to a claim of breach.

1.11 Litigation and Orders. There is no, and since the date that is four (4) years prior to the Closing Date, there has been no, Action pending or threatened against the Company or any of its Subsidiaries, their properties and assets or any of their officers or directors (in their capacities as such). There is no Action pending against any Person who has a contractual right or a right pursuant to applicable Legal Requirements to indemnification from the Company or any of its Subsidiaries in respect of such Action.

1.12 Compliance with Legal Requirements. The Company and each Subsidiary complies, and at all times has complied, in all material respects with all Legal Requirements. Neither the Company nor any Subsidiary has received any notices of any violation of any Legal Requirement or has provided any notice to any Governmental Entity regarding any violation by the Company or any of the Subsidiaries of any Legal Requirement. The Company and each Subsidiary are in possession of all Permits, Consents and Orders necessary for the Company and such Subsidiary to own, lease and operate its assets and properties and to carry on its business as currently conducted. Each such Permit, Consent and Order is in full force and effect, and neither the Company nor any Subsidiary has received any notices of any violation of any such Permit, Consent or Order.

1.13 Health Care Law Compliance. The Company and each Subsidiary complies, and at all times has complied, with all Health Care Laws. The Company and each Subsidiary possess all material Registrations required to conduct their respective businesses as currently conducted. Each such Registration is valid and in full force and effect, and, to the knowledge of the Company, no Governmental Entity is considering limiting, suspending or revoking any such Registration. The Company and its Subsidiaries are in, and have been, in compliance in all material respects with, and have fulfilled and performed their obligations in all material respects under, each such Registration, and there are no circumstances which are likely to result in a breach or default or cause the revocation or termination of any such Registration.

1.14 Privacy Law Compliance. The products and all third parties performing services for the Company and its Subsidiaries comply, and at all times have complied, with all Privacy Laws. The Company maintains, and at all times has maintained, reasonable and appropriate security policies and measures for its products, the information technology assets used in its business, and data processed in its business. There has been no accidental, unlawful, or unauthorized access to, or loss, destruction, acquisition, alteration, or other processing of, any such products or assets or any data maintained or otherwise processed by or for the Company.

1.15 Interested Party Transactions. No Interested Party has or has had (i) any interest in any Person which furnished or sold, or furnishes or sells, goods, products, services, IP that the Company or any Subsidiary furnishes or sells (whether directly or as a component), or proposes to furnish or sell (whether directly or as a component), or (ii) any interest in any Person that purchases from or sells or furnishes to the Company or any Subsidiary, any goods or services, or (iii) any interest in, or is a party to, any Contract to which the Company or any Subsidiary is a party (other than in such Person's capacity as an officer, director or employee of the Company or any Subsidiary). There are no Contracts with regard to contribution or indemnification between the Company and any of the Stockholders (other than in such Person's capacity as an officer, director or employee of the Company or any Subsidiary).

1.16 Certain Materials Made Available. The Company has Made Available (a) the Charter Documents, each as amended and each in full force and effect, (b) the minute books of the Company and its Subsidiaries, which fairly reflect, in all material respects, the business activities and condition of the

Company and its Subsidiaries, (c) all Privacy Policies, (d) each document embodying each Company Employee Plan and any communications material to any Employee which would result in liability to the Company or any Subsidiary, (e) each form of agreement relating to or issued under the Plan, (f) each Contract referred to or of the type referred to in **Section 2.10** and (g) each Tax Return required to be filed by the Company or its Subsidiaries for taxable years beginning after January 1, 2016.

Article III REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Each of Parent and Merger Sub hereby represents and warrants to the Company, as of the Original Effective Date and as of the Closing Date, as follows:

1.1 Authority and Other Standard Matters. Parent is duly organized and validly existing under the Companies (Jersey) Law 1991. Merger Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of Parent and Merger Sub has all requisite corporate power and authority to enter into this Agreement and any Related Agreements to which it is a party and to consummate the Transactions. The execution and delivery by each of Parent and Merger Sub of this Agreement and any Related Agreements to which it is a party and the consummation of the Transactions have been duly authorized by all necessary corporate and other action on the part of Parent and Merger Sub. This Agreement and any Related Agreements to which Parent and/or Merger Sub is a party have been duly executed and delivered by Parent and Merger Sub and constitute the valid and binding obligations of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with their terms. No Consent is required by or with respect to Parent or Merger Sub in connection with the execution and delivery of this Agreement and any Related Agreements to which Parent or Merger Sub is a party or the consummation of the Transactions, except for (a) such Consents as may be required under the HSR Act and any applicable foreign Antitrust Laws, (b) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and (c) Consents which, if not obtained or made, would not materially impair Parent's ability to consummate the Merger. Parent has had the opportunity to conduct due diligence on the Company and to ask questions of the management of the Company regarding the Company's and its subsidiaries' business. Parent has sufficient capital resources to pay the consideration due and payable by Parent as and when due under this Agreement.

Article IV CONDUCT OF COMPANY DURING PENDENCY OF TRANSACTION

1.1 Affirmative Obligations of the Company. During the period from the date of the delivery of the Exercise Notice and continuing until the earlier of the valid termination of this Agreement pursuant to **Section 6.1** or the Closing, except to the extent that Parent shall otherwise consent in writing, the Company shall conduct the business of the Company and the Subsidiaries in the usual, regular and ordinary course, pay or perform all obligations of the Company and the Subsidiaries when due, bill and collect fees pursuant to existing Contracts, preserve intact the present business, capital structure and entity structure of the Company and the Subsidiaries, keep available the services of the present officers and Employees of the Company and the Subsidiaries, preserve the assets and properties of the Company and the Subsidiaries and preserve the relationships of the Company and the Subsidiaries with customers, suppliers, distributors, licensors, licensees, and others having business dealings with them, all with the goal of preserving unimpaired the goodwill and ongoing businesses of the Company and the Subsidiaries at the Closing.

Article V ADDITIONAL AGREEMENTS

1.1 Exclusivity

Commencing on the Original Effective Date and continuing until the earlier to occur of the Closing and the termination of this Agreement pursuant to the provisions of Section 6.1, the Company shall not, directly or indirectly, take any action to solicit or support any offer from, furnish any information to, or participate in any negotiations or discussions with, any third party, or enter into any Contract regarding any sale, transfer, exclusive license or other disposition of the Company, or any of its material assets or employees.

1.2 **Stockholder Approval**

. Concurrently with the execution of this Agreement, the Company shall have obtained Stockholder Written Consents and Joinder Agreements from holders of at least 90% of the total amount of outstanding Company Capital Stock as of the date of this Agreement; *provided, however*, that, and notwithstanding the foregoing, each Equity-Elected Stockholder and each Electing Stockholder who elects such Stockholder's portion of Merger Consideration in unregistered Parent Ordinary Shares shall execute a Joinder Agreement as a condition to receiving such Parent Ordinary Shares. Within 15 Business Days after the date hereof, the Company shall circulate to all holders of Company Capital Stock who did not previously execute a Stockholder Written Consent an Information Statement, and the Company shall use reasonable best efforts to solicit such Stockholders' consent and to cause them to deliver their executed counterpart to the Stockholder Written Consent and Joinder Agreement. The Company covenants that the Information Statement will not contain any statement which is false or misleading with respect to any material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not false or misleading.

1.3 **Reasonable Best Efforts to Close**

. Each of the parties hereto (other than the Stockholder Representative) shall use reasonable best efforts to take cause to be taken promptly all actions necessary, proper or advisable to allow for the consummation of the Transactions as promptly as practicable following the delivery of the Exercise Notice, including by the Company using reasonable best efforts to satisfy each of the conditions set forth in **Annex A**. Each party hereto (other than the Stockholder Representative), at the request of another party hereto, shall execute and deliver such other instruments and do and perform such other acts as may be necessary, proper or advisable for effecting completely the consummation of the Transactions in a timely manner following the delivery of the Exercise Notice. Without limiting the generality of the foregoing, each party (other than the Stockholder Representative) agrees to (i) within 15 Business Days after the date hereof (or at such later time as Parent may request), make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the Transactions (and, to the extent such filing expires, to submit a new appropriate filing pursuant to the HSR Act with respect to the Transactions), (ii) supply as promptly as reasonably practicable any additional information that reasonably may be required or requested by the FTC, the DOJ or other applicable competition or merger control authorities, (iii) promptly inform the other party or parties hereto, as the case may be, of any communication from any Governmental Entity regarding the Transactions and (iv) if such party receives a request for additional information or documentary material from any such Governmental Entity with respect to the Transactions, then such party shall use reasonable best efforts to make, or cause to be made, as soon as reasonably practicable (and, in the case of the Company, after consultation with Parent), an appropriate response in compliance with such request. Nothing in this Agreement will require Parent, the Surviving Corporation or any other Subsidiary of Parent to sell, hold separate, license or otherwise dispose of any assets or conduct their business in a specified manner, or agree or proffer to sell, hold separate, license or otherwise dispose of any assets or conduct their business in a specified manner, or permit or agree to the sale, holding separate, licensing or other disposition of, any assets of Parent, the Surviving Corporation or any other Subsidiary of Parent or the Company for any reason.

1.4 **Notification**

. Within 10 days following the written request of Parent (such request not to be made more than once every 90 days) the Company shall, and within 10 days following a delivery of a Notice to Provide Final Representation Qualifications, the Company may, notify Parent of all occurrences or non-occurrences of any Effect (whether existing before or after the Original Effective Date or the date of this Agreement) that caused or constitutes an inaccuracy in, or breach of, any representation or warranty made by the Company under this Agreement, which such notification shall fully, fairly and accurately, and with reasonable specificity, disclose the relevant matter and nature of such breach and the relevant representation and warranty to which such breach applies (a **"Representation Qualification Notice"**). In addition, the Company may, from time to time, at its own election, provide Parent with a Representation Qualification Notice. Any Representation Qualification Notice delivered by the Company to Parent on or prior to the date that is 10 days following the delivery of a Notice to Provide Final Representation Qualifications shall have the consequences set forth in **Section 7.3(c)**. For clarity, any Representation Qualification Notice shall include all matters to be disclosed, whether or not included in a Representation Qualification Notice that was previously delivered, such that the parties need to only look at the most recently delivered Representation Qualification Notice (the **"Final Representation Qualification Notice"**) on or prior to the date that is 10 days following the delivery of a Notice to Provide Final Representation

Qualifications to determine which representations are so qualified. For further clarity, Parent may provide more than one Notice to Provide Final Representations Qualifications, so long as Parent is considering in good faith whether or not to deliver an Exercise Notice at such time. No Representation Qualification Notice delivered after the date that is 10 days following the delivery of a Notice to Provide Final Representation Qualifications shall be given any effect, unless a subsequent Notice to Provide Final Representation Qualifications is given, in which case the time periods set forth in this section relating thereto shall be renewed with respect thereto. In addition, the Company shall notify Parent promptly of any breach in a material respect of any covenant or obligation of the Company under this Agreement.

1.5 D&O Insurance

. During the period commencing at the Effective Time and ending on the 6th anniversary of the Effective Time, the Surviving Corporation shall (and Parent will cause the Surviving Corporation to) maintain in effect the Company's current directors' and officers' liability insurance ("**D&O Insurance**") in respect of claims arising from acts or omissions occurring at or prior to the Effective Time on terms (including with respect to coverage, conditions, retentions, limits and amounts) that are no less favorable to those of the D&O Insurance; *provided, however*, that in no event shall the Parent or the Surviving Corporation be required to expend in any one year an amount in excess of 300% of the current annual premium paid by the Company for such insurance.

1.6 Employee RSUs. At the later of (i) sixty-one (61) days following Closing and (ii) the effective date for the registration of the Parent's Form S-8, Parent shall grant restricted stock units ("**RSUs**") pursuant to Parent's employee RSU plan, to be available for allocation to the Employees who continue employment or service with Parent or one of its Subsidiaries (including the Surviving Corporation) following the Closing (the "**Closing Date RSUs**"). The aggregate amount of Parent Ordinary Shares underlying the Closing Date RSUs shall be determined by the quotient obtained by dividing (x) the Employee Equity Amount, by (y) the Parent Share Price, rounded down to the nearest whole share. The RSUs shall be subject to vesting on the terms mutually agreed upon between Parent and the Company. The allocation of the Closing Date RSUs at Closing to Employees who continue employment or service with Parent or one of its Subsidiaries (including the Surviving Corporation) shall be determined by mutual agreement between Parent and Company prior to Closing. The other terms of the Closing Date RSUs shall be determined by Parent and shall in all cases be subject to Parent's employee RSU plan. For the avoidance of doubt, Parent reserves the right to make all final hiring decisions (including with respect to terms of employment, including compensation and benefits) and the employment of any continuing employees, and nothing contained in this **Section 5.6** is intended to, or shall be construed to, confer upon any other person than the parties hereto any rights or remedies hereunder.

1.7 Confidentiality. Except with the consent of Parent, the Company shall, and except with the consent of the Company, Parent shall, keep strictly confidential and not use for any purpose (i) all confidential or secret information or data that derives independent economic value, actual or potential, from not being generally known, regarding the Company, (ii) all information regarding the businesses or assets of the Company or any of its Affiliates and (iii) the existence of this Agreement and the Related Agreements, including the terms and conditions of the Transactions; provided that Parent and the Company may disclose such information (a) if required by Legal Requirement, (b) to its professional advisors who need to know such information in connection with the Transactions and are obligated to keep such information strictly confidential and (c) in connection with any Action related to the enforcement or defense of this Agreement.

1.8 Termination of Investor Agreements. Prior to the Closing, the Company shall take all action necessary to cause each of the "Investor Agreements" (as such term is defined in the Joinder Agreements) to terminate automatically upon the Effective Time, without any obligation on the part of Parent or its Affiliates (including the Surviving Corporation).

1.9 Registration of Shares. Parent will use commercially reasonable efforts to register the Parent Ordinary Shares within 120 days of first issuance, or earlier if the PIPE Investors receive more beneficial terms with respect to registration and the Parent Ordinary Shares have been issued prior to the commencement of registration of shares issued to the PIPE Investors, in each case on the registration statement that Parent has previously agreed to file pursuant to **Section 2.1.1.** of the Registration Rights Agreement, dated June 3, 2021, by and among Parent, Alkuri Sponsors LLC and certain shareholders of Parent or on a substantially similar registration statement if necessary.

1.10 Lockup of Shares.

(a) Subject to the exclusions in Section 5.10(b) below, (i) each Stockholder agrees that it, he or she shall not Transfer any Parent Ordinary Shares until the date that is twelve (12) months after the Closing Date (the "**Lockup Period**").

(b) Notwithstanding Section 5.10(a) above, each Stockholder may Transfer any Parent Ordinary Shares it holds during the Lockup Period:

(i) to other Stockholders;

(ii) in the case of any Stockholder that is a corporation, partnership, limited liability company, trust or other business entity, to any partners (general or limited), members, managers, shareholders or holders of similar equity interests in the undersigned (or, in each case, its nominee or custodian) or any of their Affiliates;

(iii) by bona fide gift or gifts, including to a charitable organization;

(iv) in the case of an individual, transmission upon death of such individual in accordance with Article 24 of the Amended and Restated Memorandum and Articles of Association of Babylon Holdings Limited;

(v) to any trust, partnership, limited liability company or other entity for the direct or indirect benefit of the undersigned or the Immediate Family Member of the undersigned;

(vi) to any Immediate Family Member;

(vii) to a nominee or custodian of a person to whom a disposition or transfer would be permissible under clauses (iv) through (vii) above;

(viii) pursuant to an order or decree of a Governmental Entity;

(ix) to the Company or its subsidiary or parent entities upon death, disability or termination of employment, in each case, of such holder;

(x) pursuant to a bona fide tender offer, merger, consolidation or other similar transaction, in each case made to all holders of Parent Ordinary Shares, involving a change of control (including negotiating and entering into an agreement providing for any such transaction); provided, however, that in the event that such tender offer, merger, consolidation or other such transaction is not completed, such Stockholder's shares shall remain subject to the provisions of this Section 5.10;

(xi) to the Company pursuant to the exercise, in each case on a "cashless" or "net exercise" basis, of any option to purchase Parent Ordinary Shares pursuant to any employee benefit plans or arrangements which are set to expire during the Lockup Period, where any shares received by the undersigned upon any such exercise will be subject to the terms of this Section 5.10;

(xii) for the purpose of satisfying any withholding taxes (including estimated taxes) due as a result of the exercise of any option to purchase shares or the vesting of any restricted stock awards granted by the Company pursuant to employee benefit plans or arrangements which are set to expire or automatically vest during the Lockup Period, in each case on a "cashless" or "net exercise" basis, where any shares received by such Stockholder upon any such exercise or vesting will be subject to the terms of this Section 5.10; or

(xiii) in any transaction relating to Parent Ordinary Shares acquired by the undersigned in open market transactions.

(c) For the avoidance of doubt, each Stockholder shall be permitted to enter into a trading plan established in accordance with Rule 10b5-1 under the Exchange Act during the Lockup Period so long as no Transfers of such Stockholder's Parent Ordinary Shares in contravention of this Section 5.10 are effected prior to the expiration of the Lockup Period.

(d) Each Stockholder also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of any Parent Ordinary Shares except in compliance with the foregoing restrictions and to the addition of a legend to such Stockholder's Parent Ordinary Shares describing the foregoing restrictions.

(e) Each Stockholder agrees not to Transfer any Parent Ordinary Shares in violation of this Agreement.

Article VI PRE-CLOSING TERMINATION OF AGREEMENT

1.1 Pre-Closing Termination. This Agreement may be terminated and the Merger abandoned (a) by Parent or the Company if Parent shall not have delivered to the Company a Notice to Provide Final Representation Qualifications prior to 11:59 PM Pacific time on the Option Termination Date and (ii) further delivered an Exercise Notice in accordance with the terms of Section 1.1 following such Notice to Provide Final Representation Qualifications; (b) by Parent, following the date of the Closing Date designated in the Exercise Notice, if the Company has not fulfilled its obligations set forth in **Annex A** at such time, (c) by Parent, at any time prior to the delivery of an Exercise Notice; (d) by Parent or the Company if any Legal Requirement shall be in effect which has the effect of making the Merger illegal or otherwise prevents consummation of the Merger (and in the case of an Order, such Order has become final and non-appealable); or (e) by Company in the event Parent, Merger Sub or any of their affiliates is a Defaulting Holder as defined in the Series B Preferred Stock Purchase Agreement.

1.2 Effect of Termination. In the event of termination of this Agreement as provided in **Section 6.1**, this Agreement shall become void and there shall be no liability or obligation on the part of any party or their Representatives; *provided, however*, that each party hereto shall remain liable for any willful and intentional breaches of this Agreement, Related Agreements or in any certificate or other instruments delivered pursuant to this Agreement prior to its termination; *provided further*, that, the provisions of this **Section 6.2** and the general provisions contained in **Annex C** (but excluding paragraph 7 thereof) shall remain in full force and effect and survive any termination of this Agreement.

Article VII POST-CLOSING INDEMNIFICATION

1.1 Survival of Representations, Warranties and Related Indemnification Claims. The representations and warranties of the Company set forth in this Agreement, and the right to make indemnification claims in respect thereof under this Agreement, shall survive until 11:59 p.m. Illinois time on the Holdback Expiration Date; *provided, however*, that (a) each IP Representation, and the right to make indemnification claims in respect thereof under this Agreement, shall survive until 11:59 p.m. Illinois time on the IP Representations Expiration Date and (b) each Fundamental Representation and each Tax Representation and any claim based on Fraud, and the right to make indemnification claims in respect thereof, shall survive until 11:59 p.m., Illinois time, on the date that is 30 days after the expiration of all applicable underlying statutes of limitations governing the subject matters addressed thereby (including all periods of extension and tolling); *provided, further*, that all representations and warranties of the Company and the right to make indemnification claims in respect thereof under this Agreement, shall survive beyond the survival periods specified above with respect to any inaccuracy therein or breach thereof if a claim is timely made in accordance with the terms hereunder prior to the expiration of the survival period, in which case such representation and warranty and the right to make indemnification claims in respect thereof shall survive as to such claim until such claim has been finally resolved. The representations and warranties of Parent and Merger Sub set forth in this Agreement, the Related Agreements or in any certificate or other instrument delivered pursuant to this Agreement shall survive until 11:59 p.m. Illinois time 30 days after the Holdback Expiration Date, subject to the same tolling beyond such date as described above for unresolved claims. For the avoidance of doubt, it is the intention of the parties hereto that the foregoing respective survival periods and termination dates supersede any applicable statutes of limitations (including 10 Del. C. § 8106(a)) that may otherwise apply to such representations and warranties and the right to make indemnification claims in respect thereof under this Agreement.

1.2 Indemnification

(a) From and after the consummation of the Merger, subject to the terms and limitations of this **Article VII**, the Indemnifying Parties shall severally, but not jointly, indemnify and hold harmless the Indemnified Parties, from and against all Losses paid, incurred, suffered or sustained by the Indemnified

Parties, resulting from or arising out of: (i) any breach of or inaccuracy in a representation or warranty of the Company set forth in this Agreement; *provided, however,* that in the event of any such breach or inaccuracy, no effect will be given to any qualifications based on the word “material” or similar phrases contained in such representation or warranty; (ii) any inaccuracy in any information required to be set forth in the Closing Date Payment Spreadsheet including any failure to properly calculate any item required to be contained therein; (iii) any failure by the Company to perform or comply with any covenant or agreement of the Company set forth in this Agreement which is required to be performed prior to the Closing, including each of the obligations set forth in **Annex A**; (iv) any payment or expense in respect of any Dissenting Shares in excess of the consideration that otherwise would have been payable in respect of such shares in accordance with this Agreement; (v) any Fraud by or on behalf of the Company or any Subsidiary in connection with the Transactions.

(b) The Indemnifying Parties shall not have any right of contribution, indemnification or right of advancement from the Indemnified Parties with respect to any Loss.

(c) Except in the case of Fraud committed by an Indemnifying Party or to which such Indemnifying Party was a party, the indemnification rights set forth in this **Article VII** shall be the sole and exclusive remedy of the Indemnified Parties from and after the Effective Time for any claims arising under this Agreement; *provided, however,* that this **Section 7.2(c)** shall not be deemed a waiver by any party of any right to specific performance or injunctive relief. Nothing in this Agreement shall limit the right of any party to a Related Agreement to pursue remedies under such Related Agreement against the other parties thereto. In no event shall a Stockholder be liable for the Fraud of any other Stockholder unless such first Stockholder was a party to such Fraud.

1.3 Limitations on Indemnification

(a) **Threshold.** Except in the case of Fraud committed by an Indemnifying Party or to which an Indemnifying Party was a party, the Indemnified Parties, as a group, may not recover any Losses pursuant to an indemnification claim under **Section 7.2(a)(i)** (other than with respect to a breach of an IP Representation, Fundamental Representation or Tax Representation) unless and until the Indemnified Parties, as a group, shall have paid, incurred, suffered or sustained Losses in an aggregate amount equal to \$1,000,000 in respect of indemnification claims under **Section 7.2(a)(i)** (the “**Threshold Amount**”), in which case Parent shall be entitled to recover all Losses so identified from the first dollar; *provided, however,* that indemnification claims under **Section 7.2(a)(i)** (other than with respect to a breach of a IP Representation, Fundamental Representation or Tax Representation) in amounts below \$37,500 (a “**De Minimis Amount**”) shall not be recoverable and shall not count towards the Threshold Amount (it being understood that the dollar value of Losses resulting from “individual” occurrences, events or circumstances that relate to or result from the same cause or circumstance will be aggregated for purposes of the De Minimis Amount).

(b) **Maximum Liability.**

(i) Except as specifically set forth in this **Article VII**, the maximum amount that an Indemnified Party may recover for Losses arising out of this Agreement or any Related Agreement (A) pursuant to the indemnity set forth in **Section 7.2(a)(i)** (other than with respect to a breach of a IP Representation, Fundamental Representation or a Tax Representation) shall be limited to an amount equal to the General Representations Cap, (B) pursuant to the indemnity set forth in **Section 7.2(a)(i)** with respect to a breach of an IP Representation shall be limited to an amount equal to the IP Representations Cap, (C) pursuant to the indemnity set forth in **Section 7.2(a)(i)** in respect of breaches of Fundamental Representations and Tax Representations and pursuant to the indemnity set forth in **Sections 7.2(a)(ii)–(iv)** shall be limited to an amount equal to the Merger Consideration (valuing any Parent Ordinary Shares issued as part of the Merger Consideration at the Parent Share Price) and (D) pursuant to the indemnity set forth in **Section 7.2(a)(v)** or any Fraud committed by such Stockholder or of which such Stockholder was a party shall be unlimited.

(ii) The Indemnified Parties’ first source of recovery for indemnification claims under **Section 7.2(a)** shall be against the Holdback Fund; if the Holdback Fund is insufficient to fully satisfy an indemnification claim under **Section 7.2**, the Indemnified Parties shall be entitled to recover such excess portion of such Losses (an “**Excess Loss**”) directly from the Indemnifying Parties, and each Indemnifying Party shall, subject to the limitations set forth in this **Article VII**, be liable, severally and not jointly, solely for its, his or her Pro Rata Portion of the Excess Losses. Any such recovery by Parent from the Holdback Fund shall value Parent Ordinary Shares at the Parent Share Price and shall be made pro rata to the

respective proportions that the cash and Parent Ordinary Shares comprise the Holdback Fund. Any recovery directly from an Indemnified Party shall be made, at the election of each Indemnified Party, by (A) returning Parent Ordinary Shares (valuing the Parent Ordinary Shares at the fair market value at the time of the claim) to Parent, free and clear of any Liens and/or (B) returning cash to Parent.

(iii) The liability of each Indemnifying Party for indemnification claims under this Agreement shall be limited, in the aggregate, to a dollar amount equal to the portion of the Merger Consideration received by such Indemnifying Party pursuant to this Agreement; *provided, however*, that nothing in this **Article VII** shall limit the liability of an Indemnifying Party in connection with a claim based on Fraud committed by an Indemnifying Party or of which an Indemnifying Party was a party.

(c) No Indemnifying Party shall be liable for Losses directly related to matters that were fully, fairly and accurately, and with reasonable specificity, disclosed in the Final Representation Qualification Notice delivered to Parent prior to the date that is 10 days following the delivery of a Notice to Provide Final Representation Qualifications (it being understood that only matters that are known to actually exist, and not potential or hypothetical matters, may be so disclosed); *provided, however*, that the foregoing limitation on rights to indemnification shall not apply to any Fundamental Representations, and the rights of the Indemnified Parties to indemnification or any other remedy under this Agreement with respect to a Fundamental Representation shall not be affected by any such Representation Qualification Notice or any other investigation or knowledge acquired (or capable of being acquired), including exceptions incorporated herein as have been Made Available, are set forth in the Disclosure Schedule to the Series B Preferred Stock Purchase Agreement, or as may otherwise be updated by the Company from time to time pursuant to **Section 5.4**. The waiver of any condition will not affect the right to indemnification or any other remedy under this Agreement. No Indemnified Party shall be required to show reliance in order for such Indemnified Party to be entitled to indemnification hereunder.

(d) All indemnifiable Losses shall be calculated net of the amount of any actual recoveries actually received by an Indemnified Party from any unrelated third party insurer prior to the Holdback Expiration Date under any existing insurance policies of the Indemnified Party (in each case, calculated net of any collection costs and reserves, reimbursement, expenses, deductibles, or premium adjustments or retrospectively rated premiums (as reasonably determined by an Indemnified Party) incurred or paid to procure such recoveries) related to the insurance claim in respect of such indemnifiable Losses incurred, suffered or sustained by such Indemnified Party. The Indemnified Parties shall have no obligation to seek recovery under any insurance policies covering any indemnifiable Losses, or to maintain any insurance policies for any period of time (except, for clarity, as contemplated by **Section 5.5**).

(e) Notwithstanding anything to the contrary in this Agreement, no Indemnifying Party shall be liable for (A) Losses attributable to the amount, value or condition of any Tax asset or attribute (e.g., net operating loss carry-forward of Tax credit carry-forward) of the Company or its Subsidiaries, or (B) the ability of Parent, the Surviving Corporation or any of their Affiliates to utilize such Tax asset or attribute in any Tax period or portion thereof beginning on or after the Closing Date.

1.4 Indemnification Claim Procedures

(a) If an Indemnified Party wishes to make an indemnification claim under this **Article VII**, such Indemnified Party shall deliver a written notice (an "**Indemnification Claim Notice**") to the Stockholder Representative (or for claims directly against an Indemnifying Party, to such Indemnifying Party) (i) stating that an Indemnified Party has paid, incurred, suffered or sustained, or reasonably anticipates that it may pay, incur, suffer or sustain Losses, and (ii) to the extent known, specifying in reasonable detail the nature of such Losses. Parent may update an Indemnification Claim Notice from time to time to reflect any new information with respect to the claim.

(b) In the event of the assertion or commencement by any Person (other than a party to this Agreement) of any Action with respect to which the Indemnifying Parties may become obligated to indemnify any Indemnified Party pursuant to this **Article VII** (each, a "**Third Party Action**"), the Stockholder Representative shall (on behalf of the Indemnifying Parties) have the right to participate in (at the expense of the Indemnifying Parties), but not to control, the defense of such Third Party Action. The Indemnified Parties may settle a Third Party Action without the prior written consent of the Stockholder Representative; *provided*, that such settled amount shall not be determinative of the amount of Losses indemnifiable pursuant to this **Article VII** unless the Stockholder Representative consents to such settlement (which consent will not be unreasonably withheld, delayed or conditioned).

(c) If the Stockholder Representative on behalf of the Indemnifying Parties shall not object in writing within the 30 day period after receipt of an Indemnification Claim Notice by delivery of a written notice of an objection containing a reasonably detailed description of the facts and circumstances supporting such objection (an "**Indemnification Claim Objection Notice**"), such failure to so object shall mean for all purposes that the Indemnified Party is entitled to the full amount of the claim for Losses set forth in such Indemnification Claim Notice. In such event Parent shall be entitled to permanently retain from the Holdback Fund an amount of cash and Parent Ordinary Shares (valued at the Parent Share Price) equal to the Losses set forth in such Indemnification Claim Notice, pro rata to the respective proportions that the cash and Parent Ordinary Shares comprise the Holdback Fund.

(d) In the event that the Stockholder Representative shall deliver an Indemnification Claim Objection Notice in accordance with **Section 7.4(c)**, the Stockholder Representative (on behalf of the Indemnifying Parties) and Parent may attempt to agree upon the rights of the respective parties with respect to such claims. If the Stockholder Representative and Parent so agree, a memorandum setting forth such agreement shall be prepared and signed by both parties (a "**Resolution Memorandum**"). In such event, Parent shall, subject to **Section 7.4(g)**, be entitled to permanently retain from the Holdback Fund the amount of cash and/or Parent Ordinary Shares (valued at the Parent Share Price) as set forth in the Resolution Memorandum, pro rata to the respective proportions that the cash and Parent Ordinary Shares comprise the Holdback Fund. Should the amount of the Holdback Fund be insufficient to satisfy in whole the amount owed to an Indemnified Party in accordance with such memorandum and this Agreement, then each Indemnifying Party shall promptly pay or surrender to the Indemnified Party such Indemnifying Party's pro rata portion of such shortfall as though such shortfall was an Excess Loss. In such a case, the Indemnifying Parties may, at their election (A) return Parent Ordinary Shares to Parent, free and clear of any Liens (valuing the Parent Ordinary Shares at the fair market value at the time of the claim) or (B) pay cash to Parent to satisfy such shortfall.

(e) If no such agreement can be reached prior to 30 days after delivery of an Indemnification Claim Objection Notice, either Parent or the Stockholder Representative may demand arbitration of the matter unless the amount of the Loss that is at issue is then subject of a pending litigation with a third party. Such arbitration shall be conducted by one arbitrator mutually agreeable to Parent and the Stockholder Representative. In the event that, within 30 days after submission of any dispute to arbitration, Parent and the Stockholder Representative cannot mutually agree on one arbitrator, then, within 15 days after the end of such 30-day period, Parent and the Stockholder Representative shall each select one independent arbitrator who shall select a third independent arbitrator.

(f) Any such arbitration shall be held in Cook County, Illinois, under the Comprehensive Arbitration Rules and Procedures of JAMS ("**JAMS**"). The arbitrator(s) shall determine how all expenses relating to the arbitration shall be paid. The arbitrator(s) shall establish procedures designed to reduce the cost and time for discovery while allowing the parties an opportunity to discover relevant information from the opposing parties about the subject matter of the dispute. The arbitrator(s) shall rule upon motions to compel or limit discovery and shall have the authority to impose sanctions to the same extent as a competent court of law or equity, should the arbitrator(s) determine that discovery was sought without substantial justification or that discovery was refused or objected to without substantial justification. The decision of the arbitrator(s) as to the validity and amount of any claim in such Indemnification Claim Notice shall be final, binding, and conclusive upon the parties to this Agreement and the Indemnifying Parties. Such decision shall be written and shall be supported by written findings of fact and conclusions which shall set forth the award, judgment, decree or order awarded by the arbitrator(s). Within 30 days of a decision of the arbitrator(s) requiring payment by Parent to the Indemnifying Parties or by the Indemnifying Parties to Parent, such person(s) shall make the payment to such other person(s) and shall be pro rata to the respective proportions that the cash and Parent Ordinary Shares comprise the Holdback Fund. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction. The forgoing arbitration provision shall apply to any dispute among the Indemnifying Parties or any Indemnifying Party and the Indemnified Parties under this **Article VII**, whether or not relating to claims to recover funds or shares from the Holdback Fund.

(g) On the Holdback Expiration Date, Parent shall (i) continue to retain an amount of the Holdback Fund, if any, equal to the amount of any claims for indemnification asserted in an Indemnification Claim Notice delivered in accordance with **Section 7.4** prior to the Holdback Expiration Date but which are not yet resolved or for which payment has not yet been made (the "**Unresolved Claims**") and (ii) release any remaining portion of the Holdback Fund net of such Unresolved Claims to the Paving Agent for further distribution to the Stockholders in accordance with this Agreement. Such amounts retained or released shall be in the form of cash and Parent Ordinary Shares (valued at the Parent Share Price), pro rata to the respective proportions that the cash and Parent Ordinary Shares

comprise the Holdback Fund. The amount of the Holdback Fund retained for each Unresolved Claim shall be released (to the extent not utilized to indemnify any Indemnified Party) by Parent to the Paying Agent for further distribution to the Stockholders in accordance with this Agreement upon the resolution of such Unresolved Claim in accordance with this **Article VII**.

(h) Following the delivery of a Claim Notice, the Stockholder Representative and its representatives and agents shall be given all such access (including electronic access, to the extent available) as they may reasonably require to the books and records of the Surviving Corporation and access to such personnel or representatives of the Surviving Corporation and Parent, including but not limited to the individuals responsible for the matters that are subject of the Claim Notice, as they may reasonably require for the purposes of investigating or resolving any disputes or responding to any matters or inquiries raised in the Claim Notice.

1.5 Stockholder Representative. By virtue of the execution and delivery of a Joinder Agreement and/or a Stockholder Written Consent, and the adoption of this Agreement and approval of the Merger by the Stockholders, and by receiving the benefits thereof, including any consideration payable hereunder, each of the Indemnifying Parties shall be deemed to have agreed to appoint Shareholder Representative Services LLC as its representative, agent and attorney-in-fact as of the Closing, as the Stockholder Representative for and on behalf of the Indemnifying Parties for all purposes in connection with this Agreement and any related agreements, including to give and receive notices and communications in respect of indemnification claims under this Agreement, to authorize payment to any Indemnified Party from the Holdback Fund in satisfaction of any indemnification claims hereunder by any Indemnified Party, to object to such payments, to agree to, negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to any such indemnification claims, to assert, negotiate, enter into settlements and compromises of, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to, any such indemnification claim by any Indemnified Party hereunder against any Indemnifying Party or by any such Indemnifying Party against any Indemnified Party or any dispute between any Indemnified Party and any such Indemnifying Party, in each case relating to this Agreement or the Transactions, and to take all other actions that are either (i) necessary or appropriate in the judgment of the Stockholder Representative for the accomplishment of the foregoing or (ii) mandated or permitted by the terms of this Agreement or the agreements ancillary hereto. After the Closing, notices or communications to or from the Stockholder Representative shall constitute notice to or from the Indemnifying Parties. A decision, act, consent or instruction of the Stockholder Representative, including an amendment, extension or waiver of this Agreement pursuant to the terms hereof shall constitute a decision of the Indemnifying Parties and shall be final, conclusive and binding upon the Indemnifying Parties; and Parent and their respective Affiliates (including the Surviving Corporation) may rely upon any such decision, act, consent or instruction of the Stockholder Representative as being the decision, act, consent or instruction of the Indemnifying Parties. Parent and their respective Affiliates (including the Surviving Corporation) are hereby relieved from any liability to any Person (including the Stockholders) for any acts done by them in accordance with such decision, act, consent or instruction of the Stockholder Representative.

The Stockholder Representative will incur no liability in connection with its services pursuant to this Agreement and any related agreements except to the extent resulting from its gross negligence or willful misconduct. The Stockholder Representative shall not be liable for any action or omission pursuant to the advice of counsel.

The Indemnifying Parties shall indemnify the Stockholder Representative against any reasonable, documented, and out-of-pocket losses, liabilities and expenses ("**Representative Losses**") arising out of or in connection with this Agreement and any related agreements, in each case as such Representative Loss is suffered or incurred; provided, that in the event that any such Representative Loss is finally adjudicated to have been caused by the gross negligence or willful misconduct of the Stockholder Representative, the Stockholder Representative will reimburse the Indemnifying Parties the amount of such indemnified Representative Loss to the extent attributable to such gross negligence or willful misconduct. Representative Losses may be recovered by the Stockholder Representative from (i) the funds in the Expense Fund and (ii) any other funds that become payable to the Indemnifying Parties under this Agreement at such time as such amounts would otherwise be distributable to the Indemnifying Parties; provided, that while the Stockholder Representative may be paid from the aforementioned sources of funds, this does not relieve the Indemnifying Parties from their obligation to promptly pay such Representative Losses as they are suffered or incurred. In no event will the Stockholder Representative be required to advance its own funds on behalf of the Indemnifying Parties or otherwise. Notwithstanding anything in this Agreement to the contrary, any restrictions or limitations on liability or indemnification obligations of, or provisions limiting the recourse against non-parties otherwise applicable to, the

Indemnifying Parties set forth elsewhere in this Agreement are not intended to be applicable to the indemnities provided to the Stockholder Representative hereunder. The foregoing indemnities will survive the Closing, the resignation or removal of the Stockholder Representative or the termination of this Agreement.

The Stockholder Representative may resign at any time. If the Stockholder Representative shall resign or be removed by the Indemnifying Parties, the Indemnifying Parties shall (by consent of those Persons entitled to at least a majority of the Merger Consideration), within 10 days after such resignation or removal, appoint a successor to the Stockholder Representative. Any such successor shall succeed the former Stockholder Representative as the Stockholder Representative hereunder.

Upon the Closing, the Company will wire US\$250,000 (the "**Expense Fund**") to the Stockholder Representative, which will be used for any expenses incurred by the Stockholder Representative. The Indemnifying Parties will not receive any interest or earnings on the Expense Fund and irrevocably transfer and assign to the Stockholder Representative any ownership right that they may otherwise have had in any such interest or earnings. The Stockholder Representative will hold these funds separate from its corporate funds and will not voluntarily make these funds available to its creditors in the event of bankruptcy. As soon as practicable following the completion of the Stockholder Representative's responsibilities, the Stockholder Representative will deliver any remaining balance of the Expense Fund to the Paying Agent for further distribution to the Indemnifying Parties. For tax purposes, the Expense Fund will be treated as having been received and voluntarily set aside by the Indemnifying Parties at the time of Closing.

Article VIII MISCELLANEOUS PROVISIONS

1.1 Miscellaneous Provisions. All capitalized terms that are used but not defined herein shall have the respective meanings ascribed thereto in **Annex B**. The miscellaneous provisions set forth on **Annex C** are incorporated into this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Parent, Merger Sub, the Company and the Stockholder Representative have caused this Agreement to be executed as of the date first written above.

“PARENT”: BABYLON HOLDINGS LIMITED

By: /s/ Ali Parsa
Name: Ali Parsa
Title: Chief Executive Officer

“MERGER SUB” BABYLON ACQUISITION CORP.

By: /s/ Ali Parsa
Name: Ali Parsa
Title: Authorized Signatory

THE “COMPANY” HIGI SH HOLDINGS INC.

By: /s/ Jeff Bennett
Name: Jeff Bennett
Title: CEO

“STOCKHOLDER REPRESENTATIVE” SHAREHOLDER REPRESENTATIVE SERVICES LLC, solely in its capacity as the Stockholder Representative

By: /s/ Sam Riffe
Name: Sam Riffe
Title: Managing Director

[Agreement and Plan of Merger]

ANNEX A
OBLIGATIONS OF THE COMPANY

Prior to the Closing, the Company shall have delivered or caused to be delivered to Parent the following:

- (a) A FIRPTA Certificate.
 - (b) Duly executed resignation letters from each member of the Company Board.
 - (c) A certificate of good standing from the Secretary of State of the State of Delaware which is dated within 3 Business Days prior to Closing with respect to the Company.
 - (d) Evidence reasonably satisfactory to Parent that, unless otherwise instructed by Parent prior to the Closing, the Company shall have terminated, effective as of no later than the day immediately preceding the Closing Date, each 401(k) Plan.
 - (e) Evidence reasonably satisfactory to Parent that either (i) a vote of the Stockholders was solicited in conformance with Section 280G and the requisite stockholder approval was obtained with respect to any payments and/or benefits subject to such vote (the "**280G Solicitation**") or (ii) that no "parachute payments" shall be made or provided, pursuant to the 280G Waivers executed by the affected individuals.
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**ANNEX B
CERTAIN DEFINED TERMS**

"280G Waivers" means the waivers (in a form approved by Parent) to be executed and delivered by any "disqualified individual" (as defined in Code Section 280G and the regulations promulgated thereunder) prior to the 280G Solicitations referred to in **Annex A**.

"401(k) Plan" means each Company Employee Plan intended to include group severance pay or benefits and any Code Section 401(k) arrangement.

"Action" means any action, suit, claim, allegation of wrongdoing, complaint, litigation, investigation, audit, proceeding, arbitration or other similar dispute.

"Adjusted Base Purchase Price" means (i) the Base Purchase Price *minus* (ii) \$6,000,000 if the Licensing Prepayment has occurred.

"Affiliate" of any Person means another Person that directly or indirectly through one of more intermediaries controls, is controlled by or is under common control with, such first Person.

"ALP Payment" means the cash payment of \$5,000,000 plus then-accrued interest, which amount the parties agree is sufficient to satisfy the Company's obligation to extinguish any remaining amounts due and payable as of the date of the Closing under that certain secured promissory note by and between the Company and ALP Partners Limited ("**ALP**", and such promissory note, the "**ALP Note**").

"Antitrust Law" means the Sherman Antitrust Act of 1890, the Clayton Antitrust Act of 1914, the HSR Act, the Federal Trade Commission Act of 1914 and all other Legal Requirements that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or significant impediments or lessening of competition or the creation or strengthening of a dominant position through merger or acquisition, in any case that are applicable to the Transactions.

"Applicable Interest Rate" means the short-term applicable federal rate for annual compounding, as described under Section 1274(d) of the Code (or any comparable successor rates to the foregoing).

"Balance Sheet Date" means December 31, 2019.

"Base Purchase Price" means an amount equal to \$90,000,000.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions located in the United Kingdom or Chicago, Illinois are authorized or obligated by Legal Requirement to close.

"Certificate of Merger" means the certificate of merger filed with the Secretary of State of the State of Delaware for the purposes of effecting the Merger, in a customary form to be prepared by Parent.

"Charter Documents" means the Company and its Subsidiaries' certificate of incorporation and bylaws (or similar organizational document).

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Board" means the Board of Directors of the Company.

"Company Capital Stock" means the Company Common Stock, the Company Preferred Stock and any other shares of capital stock, if any, of the Company, taken together.

"Company Common Stock" means shares of common stock, par value \$0.0001 per share, of the Company.

"Company Employee Plan" means any "employee benefit plan," within the meaning of Section 3(3) of ERISA (whether or not subject to ERISA) which is maintained, contributed to or required to be contributed

to by the Company or any Subsidiary under common control with the Company as determined under ERISA.

"Company Material Adverse Effect" means any change, event, violation, inaccuracy, circumstance or effect (any such item, an **"Effect"**), individually or when taken together with all other Effects, that has had or would reasonably be expected to have a material adverse effect on the business, assets, liabilities, operations, condition or results of operations of the Company and the Subsidiaries, taken as a whole; except to the extent that any such Effect directly results from: (A) changes in general economic or business conditions, (B) changes in GAAP or any other accounting requirements or principles or any change in any Legal Requirement, or the interpretation or enforcement thereof, after the Original Effective Date, (C) any failure by the Company to meet any internal or published projections, estimates, bookings, forecasts or revenue or earnings predictions, provided that the underlying causes of such failure shall not be excluded, (D) the announcement or pendency of the transactions contemplated by this Agreement or any action required to be taken by the Company pursuant to this Agreement, (E) actions taken with Parent's prior written consent, or (F) any natural disasters or acts of nature, hostilities, acts of war, sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, acts of war, sabotage or terrorism or military actions existing or underway as of the Original Effective Date or any change in political conditions, in each case, after the Original Effective Date; provided, further, that the matters described in clauses (A), (B) and (F) will be excluded only to the extent that such matters do not have a disproportionate impact on the Company and its Subsidiaries, taken as a whole, as compared to other companies in the industry in which the Company and its Subsidiaries operate.

"Company Options" means all options (including commitments to grant options) to purchase or otherwise acquire Company Common Stock (whether or not vested) held by any Person that are outstanding and unexercised as of immediately prior to the Effective Time.

"Company Preferred Stock" means shares of preferred stock designated "Series A-1 Preferred Stock", par value \$0.0001 per share, "Series A-2 Preferred Stock", par value \$0.0001 per share, "Series A-3 Preferred Stock", par value \$0.0001 per share, and "Series B Preferred Stock", par value \$0.0001 per share, of the Company, taken together.

"Conflict" means any conflict, breach, violation, default, or right of payment, termination, cancellation, modification or acceleration under, or imposition of any Lien upon any assets or equity securities, or any requirement of notice, consent, filing, waiver or approval of any Person.

"Consent" means any approval, consent, notice, ratification, permission, waiver, exception, exemption, authorization, registration, declaration or filing (including any Consent of a Governmental Entity).

"Contract" means any written, oral or implied contract, mortgage, indenture, lease, license, covenant, plan, insurance policy or other agreement, instrument, arrangement, understanding or commitment, permit, concession, franchise or license and including all amendments and schedules thereto.

"Current Balance Sheet" means the Company's unaudited balance sheet as of the Balance Sheet Date, as has been Made Available.

"Delaware Law" means the General Corporation Law of the State of Delaware.

"Employee" means any current or former employee, independent contractor, consultant, advisor, or director of the Company or any Subsidiary.

"Employee Equity Amount" means an amount equal to (A) the Base Purchase Price, *multiplied by* (B) the Employee Equity Percentage. For the avoidance of doubt, the Employee Equity Amount shall be based upon the multiplying the Employee Equity Percentage with the Base Purchase Price, not the Adjusted Base Purchase Price (i.e., there shall be no reduction in the Employee Equity Amount as a result of the Licensing Prepayment or otherwise).

"Employee Equity Percentage" means a percentage equal to 22.0%.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Exercise Notice" means the Notice of Exercise of Option in the form set forth in **Exhibit B**.

"Financials" means the Company's audited consolidated balance sheets as of December 31, 2019 and December 31, 2020 and unaudited consolidated balance sheets as of December 31, 2020, and the related consolidated statements of income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for the respective twelve (12) month periods then ended, in each case as have been Made Available.

"FIRPTA Certificate" means a certificate meeting the requirements of U.S. Treasury Regulations Section 1.1445-2(c)(3) .

"Form S-8" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the Securities Exchange Commission.

"Fraud" means fraud, intentional misrepresentation or willful breach.

"FTC" means the United States Federal Trade Commission.

"Fundamental Representations" means the representations and warranties of the Company set forth in **Section 2.1** (*Organization and Good Standing*), **Section 2.2** (*Authority and Enforceability*), **Section 2.3** (*Governmental Approvals and Consents*), **Section 2.5** (*Company Capital Structure*).

"GAAP" means the generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board that are applicable to the circumstances of the date of determination, consistently applied.

"General Representations Cap" means an amount equal to 12.5% of the Merger Consideration.

"Governmental Entity" means any court, administrative agency or commission or other multinational, federal, state, county, local or other governmental authority, organization, instrumentality, agency or commission, whether located in the United States or outside the United States.

"Health Care Laws" shall have the meaning set forth in the Series B Stock Purchase Agreement.

"Holdback Fund" means an amount of cash and Parent Ordinary Shares (rounded up to the nearest whole share per Stockholder) equal to in value to 12.5% of the Merger Consideration.

"Holdback Expiration Date" means the date that is the 15 month anniversary of the Closing Date.

"Immediate Family Member" means any person that is related by blood or current or former marriage or adoption, in each case that is not more remote than a first cousin.

"Indemnified Party" means Parent and its Affiliates (including the Surviving Corporation and its Subsidiaries) and their respective Representatives.

"Indemnifying Party" means the Stockholders.

"Information Statement" means an information statement prepared by the Company (and subject to the review and comment by Parent), which shall include the Stockholder Written Consent and the Joinder Agreement, any notices that such consent has been obtained as required by applicable Legal Requirements and any other information regarding the Company, Parent and the Transactions as may be required by applicable Legal Requirements or the Charter Documents or as may otherwise be requested by Parent.

"Interested Party" means any officer, director or employee of the Company or any of its Subsidiaries or any Stockholder, and any Immediate Family Member of any of such Persons, or any trust, partnership or corporation in which any of such Persons has or has had an interest.

"IP Representations" means the representations and warranties of the Company set forth in **Section 2.9** (*Intellectual Property*).

"IP Representations Cap" means an amount equal to 37.5% of the Merger Consideration.

"IP Representations Expiration Date" means the date that is the 24 month anniversary of the Closing Date.

"Joinder Agreement" means a Joinder Agreement in the form set forth as **Exhibit C**.

"Legal Requirement" means any U.S. or non-U.S. federal, state, local or other constitution, law, statute, ordinance, rule, regulation, code, published administrative position, policy or principle of common law, or any Order, in any case issued, enacted, adopted, promulgated, implemented or otherwise put into legal effect by or under the authority of any Governmental Entity.

"Licensing Prepayment" means \$6,000,000 paid in accordance with Statement of Work No. 2 by and between Babylon and the Company dated July 1, 2021.

"Lien" means any lien, pledge, charge, claim, mortgage, license, security interest or other encumbrance of any kind or character whatsoever.

"Loss" means all claims, losses, liabilities and damages (excluding punitive and exemplary damages, except to the extent that any punitive or exemplary damages are claimed, asserted or awarded in any proceeding by a third party against an Indemnified Party with respect to a matter for which Indemnified Party is entitled to seek indemnification hereunder) of any kind or nature, Taxes, awards, judgments penalties, fees, costs and expenses, including fees and expenses incurred in connection with investigating, defending against or settling any claims that are indemnifiable hereunder.

"Lost Note Documentation" means documentation satisfactory to the Parent and the Paying Agent (acting reasonably) with regard to a lost or stolen Weeks Note, including, if required by the Parent and/or the Paying Agent, an affidavit of lost note and an indemnification agreement by the holder of the Weeks Note in favor of the Parent with respect to such lost or stolen Weeks Note.

"Made Available" means that the Company has posted such materials to the virtual data room hosted on behalf of the Company and made available to Parent and its Representatives, (x) with respect to materials in existence on or prior to the Original Effective Date or the date of this Agreement, at least 1 Business Day prior to the Original Effective Date or the date of this Agreement, respectively, or (y) with respect to materials in existence after the date of this Agreement, as promptly as practicable following the date hereof prior the Closing.

"Merger" means the acquisition by Parent of the Company through the statutory merger of Merger Sub with and into the Company, pursuant to which the Company will become a wholly owned subsidiary of Parent.

"Merger Consideration" means an amount of cash and/or Parent Ordinary Shares (valued at the Parent Share Price) equal to (A) (i) Adjusted Base Purchase Price *multiplied by* (ii) the Merger Consideration Percentage *minus* (B) the Weeks Amount. In no event shall any deduction from Merger Consideration be made with respect to any indebtedness, other than the Weeks Amount, of the Company being repaid at Closing or otherwise.

"Merger Consideration Percentage" means a percentage equal to (i) 100%, *minus* (ii) the Employee Equity Percentage, *minus* (iii) the Parent Consideration Percentage.

"Notice to Provide Final Representation Qualifications" means the Notice to Provide Representation Qualifications in the form set forth in **Exhibit A**.

"Option Termination Date" shall mean the date that is thirty (30) days following the SPAC Transaction.

"Order" means any order, judgment, injunction, ruling, edict, determination or other decree, whether non-final, final, temporary, preliminary or permanent, enacted, issued, promulgated, enforced or entered by any Governmental Entity.

"Original Agreement" means that certain Agreement and Plan of Merger, dated as of the Original Effective Date, by and among Parent, Merger Sub, and the Company, as amended and restated by the parties thereto on March 5, 2021.

"Original Effective Date" means May 18, 2020.

"Parent Consideration Percentage" means a percentage equal to twenty-five and three tenths percent (25.3 %) provided that, for the purposes of this definition, the Series B Liquidation Preference (pursuant to Section 2.1 of the Company's fourth and amended and restated certificate of incorporation, and as defined therein) that would otherwise be payable to Parent, Merger Sub or their respective Subsidiaries shall be ignored.

"Parent Ordinary Shares" means the ordinary shares of Parent, with substantially the same registration rights and privileges as the shares granted to the PIPE Investors.

"Parent Share Price" means \$10 per Parent Ordinary Share.

"Parent Designee" means the member of the Company Board that is designated by Parent or its Affiliate.

"Paying Agent" means Parent, one of its Affiliates, or a nationally recognized paying agent of Parent's election.

"Permit" means any permit, franchise, grant, authorization, license, easement, variance, certificate, product listing, registration or clearance.

"Permitted Liens" means Liens not interfering in any material respect with the ordinary conduct of the business of the Company or materially detracting from the value of the property upon which such Lien exists.

"Person" means any individual or entity, including a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a Governmental Entity (or any department, agency, or political subdivision thereof).

"PIPE Investor" means each investor being issued shares of Parent Ordinary Shares in the private investment transaction in connection with the SPAC Transaction.

"Plan" means the Company's 2017 Stock Incentive Plan.

"Post-Signing Financial Statements" means the Company's consolidated balance sheets and the related consolidated statements of income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for each of the fiscal quarters and fiscal years following the Original Effective Date, in each case as prepared by the Company in the ordinary course and delivered to Parent pursuant to the amended restated investor rights' agreement entered into in connection with the Series B Stock Purchase Agreement, dated as of the Original Effective Date between the Company, Parent and certain other investors listed on Schedule A thereto.

"Privacy Law" means any applicable Legal Requirement (including HIPAA, the EU General Data Protection Regulation, and the California Consumer Privacy Act), Privacy Policy, any applicable rule, principle, or other requirement of a self-regulatory organization, and any applicable published industry best practice or other standard or contractual requirement relating to privacy, data protection, data security, or data processing.

"Privacy Policy" means each statement, policy, or notice of the Company relating to privacy, data protection, data security, or data processing.

"Pro Rata Portion" means, with respect to each Stockholder, an amount equal to the quotient obtained by *dividing* (x) the portion of the Merger Consideration payable pursuant to **Section 1.4(a)** in respect of shares of Company Capital Stock owned by such Stockholder *by* (y) the aggregate Merger Consideration payable pursuant to **Section 1.4(a)** in respect of all shares of Company Capital Stock owned by all Stockholders. For purposes of clarity, (i) the sum of all "Pro Rata Portions" shall at all times equal 1 (one) and (ii) Parent shall be excluded from both (x) the numerator and (y) the denominator for this purpose.

"Registration" means any regulatory clearance, approval, authorization, establishment registration or product listing.

"Related Agreements" means the Joinder Agreements, the Stockholder Written Consents, and all other agreements and certificates entered into by the Company or any of the Stockholders in connection with the Transactions; provided that for purposes of the representations and warranties hereunder the Series B Stock Purchase Agreement shall not be deemed to be a Related Agreement.

"Representatives" means, with respect to any Person, its directors, officers, employees, representatives, or other agents.

"Required Vote" means the affirmative vote of a majority of the voting power of the shares of Company Common Stock then issued or issuable upon conversion of the then outstanding shares of Company's Preferred Stock, including each Significant Investor, voting together as a single class.

"Series B Stock Purchase Agreement" means that certain Series B Preferred Stock Purchase Agreement dated as of the Original Effective Date between the Company, Parent and certain other purchasers party thereto.

"Significant Investor" means (i) Parent, provided it, Merger Sub and/or any of their affiliates is not a Defaulting Holder (as defined in the Series B Stock Purchase Agreement), (ii) Flare Capital Partners I, LP, Flare Capital Partners I-A, LP and their respective Affiliates (collectively, "**Flare Capital**"), (iii) 7wire Ventures Fund, L.P., 7wire Ventures Wanxiang Strategic Fund I, LLC and their respective Affiliates (collectively, "**7wire**"), and (iv) William Wrigley as Trustee of Trust #101 and its Affiliates (the "**Wrigley Trust**"), for so long as each such foregoing stockholder holds shares of Company Preferred Stock and/or Company Common Stock issued upon conversion of Company Preferred Stock representing, in the aggregate, at least 10% of the shares of Company Preferred Stock originally issued to each such stockholder group (in each case as adjusted for any stock split, stock dividend, combination, or other recapitalization or reclassification effected after the Original Effective Date).

"SPAC Transaction" means, the Parent's merger with a special purpose acquisition company in which the post-combination securities of Parent are publicly traded on a national securities exchange.

"Subsidiary" means, with respect to any Person, a corporation, limited liability company, partnership, association, joint venture or other business entity of which such Person owns, directly or indirectly, more than 50% of the securities or other interests entitled to vote on the election of the members of the board of directors or similar governing body or otherwise has the power to direct the business and policies of any of the foregoing Persons.

"Stockholder" means any holder of any Company Capital Stock as of immediately prior to the Effective Time.

"Stockholder Approval" means the Stockholder Written Consent with the Required Vote.

"Stockholder Written Consent" means a Stockholder Written Consent in the form set forth in **Exhibit D**.

"Tax" means (a) any tax, governmental fee or other like assessment or charge in the nature of a tax, including escheat or unclaimed property, together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Entity responsible for the imposition of any such tax, (b) any and all liability for amounts described in clause (a) of any member of an affiliated, consolidated, combined or unitary group of which the Company or any of its Subsidiaries (or any predecessor of any of the foregoing) is or was a member on or prior to the Closing Date, and (c) any and all liability for amounts described in clause (a) of any Person imposed on the Company or any of its Subsidiaries as a transferee or successor, by contract, pursuant to any Legal Requirement, or otherwise.

"Tax Representations" means: the representations and warranties set forth in **Section 2.7 (Tax Matters)**.

"Tax Return" means any return, statement, estimate, schedule, form or other document or information filed or required to be filed with any Governmental Entity in connection with any Tax, including any amendment thereof or attachment thereto.

"Transactions" means the transactions contemplated by this Agreement and the Related Agreements.

"Transfer" means the (A) sale of, offer to sell, contract or agreement to sell, hypothecation or pledge of, grant of any option to purchase or otherwise dispose of or agreement to dispose of or establishment or increase of a put equivalent position or liquidation with respect to or decrease of a call equivalent position within the meaning of Section 16 of the Exchange Act with respect to, any security, (B) entry into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any security, whether any such transaction is to be settled by delivery of such securities, in cash or otherwise, or (C) public announcement of any intention to effect any transaction specified in clause (A) or (B).

"Weeks Amount" means the cash amount of \$2,300,000.

"Weeks Payment" means the cash payment of \$2,000,000, which amount the parties agree is sufficient to satisfy holders of Company's Series B Preferred Stock's obligation to extinguish any remaining amounts due and payable as of the date of the Closing under that certain subordinated secured promissory note by and between the Company and the Marta S. Weeks Revocable Trust ("**Weeks**", and such promissory note, the "**Weeks Note**").

ANNEX C – MISCELLANEOUS PROVISIONS

1. Certain Interpretations. When a reference is made in this Agreement to an Annex, or Exhibit, such reference shall be to an Annex or Exhibit to this Agreement unless otherwise indicated. When a reference is made in this Agreement to an Article or a Section, such reference shall be to an Article or a Section of this Agreement unless otherwise indicated. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The phrases "ordinary course," "ordinary course of business," "ordinary course of business consistent with past practices" and other similar phrases shall all be construed to mean the usual, regular and ordinary course of business of the Company and the Subsidiaries, consistent in nature, scope, frequency and magnitude with past practices. The table of contents and headings set forth in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The parties hereto agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document. Although the same or similar subject matters may be addressed in different provisions of this Agreement, the parties intend that, except as reasonably apparent on the face of the Agreement or as expressly provided in this Agreement, each such provision shall be read separately, be given independent significance and not be construed as limiting any other provision of this Agreement.

2. Amendment; Waiver. This Agreement may be amended and any provision may be waived at any time by execution of an instrument in writing signed by Parent, the Stockholder Representative and, prior to the Effective Time, the Company (or the Surviving Corporation following the Effective Time). At any time prior to the Closing, Parent, on the one hand, and the Company, on the other hand, may, to the extent permitted under any applicable Legal Requirements, by a written instrument signed on behalf of such party, (a) extend the time for the performance of any of the obligations of the other party hereto, (b) waive any inaccuracies in the representations and warranties made to such party set forth herein or in any document delivered pursuant hereto, and (c) waive compliance with any of the covenants, agreements or conditions for the benefit of such party set forth herein.

3. Assignment. This Agreement shall not be assigned by any party to this Agreement without the prior written consent of the non-assigning parties, except that Parent and Merger Sub may, without the consent of any other party, assign their rights and delegate their obligations hereunder, in whole or in part, to any of their Affiliates as long as Parent remains ultimately liable for all of Parent's obligations hereunder. For clarity, any rights to transfer shares of Company Capital Stock that are expressly permitted by the Joinder Agreement shall be permitted pursuant to, and subject to the satisfaction of the applicable conditions, thereof.

4. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial messenger or courier service, or mailed by registered or certified mail (return receipt requested) or sent via electronic mail (with automatically generated receipt of delivery) to the parties at the following addresses; provided, however, that notices sent by mail will not be deemed given until received:

if to Parent or Merger Sub, to:

c/o Babylon Holdings Limited
60 Sloane Avenue
London, SW3 3DD
United Kingdom
Attention: Henry Bennett
Email: henry.bennett@babylonhealth.com

with a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati, P.C.
1301 Avenue of the Americas, 40th Floor
New York, NY 10019-6022
United States of America
Attention: Megan J. Baier
Email: mbaier@wsgr.com

and with a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati, P.C.
701 Fifth Avenue
Seattle, WA 98104
United States of America
Attention: Brendan Ripley Mahan
Email: bmahan@wsgr.com

if to the Company (prior to the Closing), to:

higi SH Holdings Inc.
100 S Wacker Drive, Suite 1600
Chicago, IL 60606
United States of America
Attention: Jeff Bennett
Email: jbennett@higi.com

with a copy (which shall not constitute notice) to:

Fenwick & West LLP
801 California Street
Mountain View, CA 94041

United States of America
Attention: Cynthia Clarfield Hess
Email: chess@fenwick.com

and with a copy (which shall not constitute notice) to:

Fenwick & West LLP
228 Santa Monica Boulevard, Suite 300
Santa Monica, CA 90401
Attention: Thomas Kang
Email: tkang@fenwick.com

if to the Stockholder Representative, to:

Shareholder Representative Services LLC
950 17th Street, Suite 1400
Denver, CO 80202
Attention: Managing Director
Email: deals@srsacquiom.com

with a copy (which shall not constitute notice) to:

Fenwick & West LLP
801 California Street
Mountain View, CA 94041

United States of America
Attention: Cynthia Clarfield Hess
Email: chess@fenwick.com

and with a copy (which shall not constitute notice) to:

Fenwick & West LLP
228 Santa Monica Boulevard
Santa Monica, CA 90401
Attention: Thomas Kang
Email: tkang@fenwick.com

5. Entire Agreement: Effectiveness of Amendment and Restatement. This Agreement, the Annexes, Schedules and Exhibits hereto, the Related Agreements, and the documents and instruments and other agreements among the parties hereto referenced herein constitute the entire agreement among the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings both written and oral, among the parties with respect to the subject matter hereof, and are not intended to confer upon any other person any rights or remedies hereunder. This Agreement amends and restates certain provisions of the Original Agreement and restates the terms of the Original Agreement in their entirety. All amendments to the Original Agreement effected by this Agreement, and all other covenants, agreements, terms and provisions of this Agreement, shall have effect as of the Original Effective Date unless expressly stated otherwise. This Agreement shall be effective as of the date that copies hereof have been executed and delivered upon execution by each of the parties hereto.

6. No Third Party Beneficiaries. Nothing in this Agreement, except for is intended to, or shall be construed to, confer upon any other person any rights or remedies hereunder.

7. Specific Performance and Other Remedies. The parties to this Agreement agree that irreparable damage would occur in the event that any of the provisions of this Agreement are not performed by any party in accordance with their specific terms or were otherwise breached by such party. The parties to this Agreement accordingly agree that in the event of any breach or threatened breach by a party or parties hereto, any Stockholder or the Stockholder Representative of any covenant, obligation or other agreement set forth in this Agreement, (i) each other party shall be entitled, without any proof of actual damages (and in addition to any other remedy that may be available to it), to a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other agreement and an injunction preventing or restraining such breach or threatened breach, and (ii) no party hereto shall be required to provide or post any bond or other security or collateral in connection with any such decree, order or injunction or in connection with any related action or legal proceeding. Any and all remedies herein expressly conferred herein upon a party hereto shall be deemed to be cumulative with, and not exclusive of, any other remedy conferred hereby, or by law or in equity upon such party, and the exercise by a party hereto of any one remedy will not preclude the exercise of any other remedy.

8. Severability. In the event that any provision of this Agreement or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of, and without giving effect to, the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

10. Exclusive Jurisdiction. Subject to Sections 7.4(e) and 7.4(f), each of the parties hereto irrevocably consents to the exclusive jurisdiction and venue of the state courts of the State of Delaware in connection with any matter based upon or arising out of this Agreement and the Transactions (or, only if the state courts of the State of Delaware decline to accept jurisdiction over a particular matter, any federal court within the State of Delaware). Subject to Sections 7.4(e) and 7.4(f), each party agrees not to commence any legal proceedings related hereto except in such state courts of the State of Delaware (or, only if the state courts of the State of Delaware decline to accept jurisdiction over a particular matter, in any federal court within the State of Delaware). By execution and delivery of this Agreement, subject to Sections 7.4(e) and 7.4(f), each party hereto and the Stockholders irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and to the appellate courts therefrom solely for the purposes of disputes arising under the this Agreement and not as a general submission to such jurisdiction or with respect to any other dispute, matter or claim whatsoever. The parties hereto and the Stockholders irrevocably consent to the service of process out of any of the aforementioned courts in any such action or proceeding by the delivery of copies thereof in accordance with the notice provisions set forth in this Annex B. Nothing herein shall affect the right to serve process in any other manner permitted by applicable Legal Requirement. The parties hereto and the Stockholders hereby waive any right to stay or dismiss any action or proceeding under or in connection with this Agreement brought before the foregoing courts on the basis of (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason, or that it or any of its property is immune from the above-described legal process, (b) that such action or proceeding is brought in an inconvenient forum, that venue for the

action or proceeding is improper or that this Agreement may not be enforced in or by such courts, or (c) any other defense that would hinder or delay the levy, execution or collection of any amount to which any party hereto is entitled pursuant to any final judgment of any court having jurisdiction.

11. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AND ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT, EQUITY OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY RELATED AGREEMENT, THE TRANSACTIONS OR THE ACTIONS OF ANY PARTY HERETO IN NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF. THE PARTIES TO THIS AGREEMENT EACH HEREBY AGREES AND CONSENTS THAT EACH SUCH PARTY MAY FILE A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

12. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart. The exchange of a fully executed Agreement (in counterparts or otherwise) by electronic transmission in .PDF format shall be sufficient to bind the parties to the terms and conditions of this Agreement.

13. Privilege. All privileged and confidential communications made by or to the Company shall remain, following the Closing, the privileged and confidential communications of the Surviving Corporation; provided, however, that, other than in connection with any claim for Fraud, Parent agrees not to admit into evidence against the Stockholders or the Stockholder Representative any privileged communication between the Company, on the one hand, and Akerman LLP, on the other hand, in existence prior to Closing made in connection with the negotiation of this Agreement, the Related Agreements and the Transactions.

14. Privilege. Notwithstanding that the Company has been represented by Fenwick & West LLP (the "Firm") in the preparation, negotiation and execution of this Agreement, the Company agrees that after the Closing the Firm may represent the Stockholder Representative, the Indemnifying Parties and/or their affiliates in matters related to this Agreement and the transactions contemplated hereby, including without limitation in respect of any indemnification claims pursuant hereto. The Company hereby acknowledges, on behalf of itself and its affiliates, that it has had an opportunity to ask for and has obtained information relevant to such representation, including disclosure of the reasonably foreseeable adverse consequences of such representation, and it hereby waives any conflict arising out of such future representation.

ANNEX D-1 – ELECTING STOCKHOLDERS

All Stockholders not listed on Annex D-2.

ANNEX D-2 – EQUITY-ELECTED STOCKHOLDERS

William Wrigley, Jr., as Trustee of Trust #101
Flare Capital Partners I, LP
Flare Capital Partners I-A, LP
7wire Ventures Fund, L.P.
7wire Ventures Wanxiang Strategic Fund I, LLC

EXHIBIT A – [FORM] NOTICE TO PROVIDE FINAL REPRESENTATION QUALIFICATIONS

Reference is hereby made to the Second Amended and Restated Agreement and Plan of Merger (as heretofore amended, the “ **Merger Agreement**”) dated as of October [], 2021, by and among High SH Holdings, Inc., a Delaware corporation (the “ **Company**”), Parent Holdings Limited, a company incorporated under the Companies (Jersey) Law 1991 with a registered number 114474 (“**Parent**”), Babylon Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Parent (“**Merger Sub**”) and Shareholder Representative Services LLC, as the stockholder representative. All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Merger Agreement.

Parent hereby notifies the Company that it is considering in good faith whether or not to deliver an Exercise Notice, and hereby requests, pursuant to the terms of the Merger Agreement, that the Company provide a Representation Qualification Notice (if any is required) within 10 calendar days after the date hereof. For clarity, Parent has not, and shall not be deemed to have, delivered an Exercise Notice by delivering this Notice to Provide Final Representation Qualifications.

Date: _____

BABYLON HOLDINGS LIMITED

By _____

EXHIBIT B – [FORM] NOTICE OF EXERCISE OF OPTION

Reference is hereby made to the Second Amended and Restated Agreement and Plan of Merger (as heretofore amended, the “ **Merger Agreement**”) dated as of October [], 2021, by and among High SH Holdings, Inc., a Delaware corporation (the “ **Company**”), Parent Holdings Limited, a company incorporated under the Companies (Jersey) Law 1991 with a registered number 114474 (“**Parent**”), Babylon Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Parent (“**Merger Sub**”) and Shareholder Representative Services LLC, as the stockholder representative. All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Merger Agreement.

Parent hereby notifies the Company that it irrevocably elects to exercise its option to consummate the Merger pursuant to the terms thereof, including all of the conditions to closing set forth therein. The Closing for the aforementioned Merger shall take place in accordance with the terms of the Merger Agreement, which Parent expects to occur on [date].

Date: _____

BABYLON HOLDINGS LIMITED

By _____

EXHIBIT C – [FORM] JOINDER AGREEMENT

EXHIBIT C – [FORM] STOCKHOLDER WRITTEN CONSENT

**BABYLON HOLDINGS LIMITED 2021 EQUITY INCENTIVE PLAN WITH
NON-EMPLOYEE SUB-PLAN**

ADOPTED BY THE BOARD OF DIRECTORS 6 AUGUST 2021 APPROVED BY THE COMPANY'S SHAREHOLDERS: 29 SEPTEMBER 2021

APPROVED BY THE SPAC COUNTERPARTY'S SHAREHOLDERS: 20 OCTOBER 2021 EFFECTIVE DATE: 21 OCTOBER 2021

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1. PURPOSE

The Plan's purpose is to enhance the Company's ability to attract, retain and motivate persons who make (or are expected to make) important contributions to the Company by providing these individuals with equity ownership opportunities. Capitalized terms used in the Plan are defined in Section 12.

2. ELIGIBILITY

Service Providers are eligible to be granted Awards under the Plan, subject to the limitations described herein.

3. ADMINISTRATION AND DELEGATION.

(a) **Administration.** The Plan is administered by the Administrator. The Administrator has authority to (i) determine which Service Providers receive Awards, (ii) grant Awards, and (iii) set Award terms and conditions, in each case subject to the conditions and limitations in the Plan and all Applicable Laws. The Administrator also has the authority to take all actions and make all determinations under the Plan, to approve the forms of Award Agreements for use under the Plan, to interpret the Plan and the terms of Awards and to adopt, amend and repeal Plan administrative rules, guidelines and practices as it deems advisable. The Administrator may correct defects and ambiguities, supply omissions and reconcile inconsistencies in the Plan or any Award as it deems necessary or appropriate to administer the Plan and any Awards. The Administrator's determinations under the Plan are in its sole discretion and will be final and binding on all persons having or claiming any interest in the Plan or any Award.

(b) **Appointment of Committees.** To the extent Applicable Laws permit, the Board may delegate any or all of its powers under the Plan to one or more Committees or officers of the Company or any of its Subsidiaries. The Board may abolish any Committee or re-vest in itself any previously delegated authority at any time.

4. SHARES AVAILABLE FOR AWARDS.

(a) **Number of Shares.** Subject to adjustment under Section 8 and the terms of this Section 4, Awards may be made under the Plan (taking account of Awards granted under the Non-Employee Sub-Plan) in an aggregate amount up to 45,335,210 Shares *plus* any Shares that become available under the Plan pursuant to Section 4(c)(ii) below (the "**Share Reserve**"). In addition, the Share Reserve will automatically 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 the lesser of: (i) 45,335,210 Shares; and (ii) 5% of the total number of all classes of shares of the Company that have been issued as at December 31st of the preceding calendar year, in each case, subject to Applicable Laws and the Company having sufficient authorised but unissued shares. Notwithstanding the foregoing, the Board may act prior to January 1st of a given year to provide that there will be no January 1st increase in the Share Reserve for such year or that the increase in the Share Reserve for such year will be a lesser (but not a greater) number of Shares than would otherwise occur pursuant to the preceding sentence.

(b) **Limit Applies to Shares Issued Pursuant to Awards.** For clarity, the Share Reserve is a limit on the number of Shares that may be issued pursuant to Awards that were granted under this Plan and does not limit the granting of Awards, except that the Company will keep available at all times the number of Shares reasonably required to satisfy its obligations to issue shares pursuant to such Awards. Shares may be issued in connection with a merger or acquisition as permitted by, as applicable, Nasdaq Listing Rule 5635(c), NYSE Listed Company Manual Section 303A.08, NYSE American Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of Shares available for issuance under the Plan, as further described under Section 4(e).

(c) Share Recycling.

(i) If all or any part of an Award or Awards granted under the Plan (including the Non-Employee Sub-Plan) expires, lapses or is terminated, exchanged for cash, surrendered, repurchased or cancelled without having been fully exercised, 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, the unused Shares covered by the Award or Awards granted under the Plan (including the Non-Employee Sub-Plan) will, as applicable, become or again be available for Awards granted under the Plan (including the Non-Employee Sub-Plan).

(ii) If all or any part of an option or options to acquire unissued Shares that was granted under the Prior Plans and which is subsisting as of the Effective Date expires, lapses or is terminated, exchanged for cash, surrendered, repurchased or cancelled without having been fully exercised, or is withheld to satisfy a tax withholding obligation in connection with an option or to satisfy a purchase or exercise price of an option, in each case on or after the Effective Date, the unused Shares covered by such option or options under the Prior Plans shall increase the Share Reserve and shall become available for Awards granted under the Plan (including the Non-Employee Sub-Plan) subject to a maximum of 23,902,282 Shares.

(d) ISO Limitations. Subject to adjustment under Section 8 and to the overall Share Reserve, no more than 69,237,492 Shares may be issued pursuant to the exercise of ISOs.

(e) Substitute Awards. In connection with an entity's merger or consolidation with the Company or the Company's acquisition of an entity's property or stock, the Administrator may grant Awards in substitution for any options or other equity or equity-based awards granted before such merger or consolidation by such entity or its affiliate. Substitute Awards may be granted on such terms as the Administrator deems appropriate, notwithstanding limitations on Awards in the Plan. Subject to Applicable Laws, Substitute Awards will not count against the Share Reserve (nor shall Shares subject to a Substitute Award be added to the Shares available for Awards under the Plan as provided above), except that Shares acquired by exercise of substitute ISOs will count against the maximum number of Shares that may be issued pursuant to the exercise of ISOs under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan not adopted in contemplation of such acquisition or combination, then, subject to Applicable Laws, shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of ordinary shares or common stock (as applicable) of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

(f) Date of Grant. Unless otherwise determined by the Administrator, the date of grant of an Award shall be the date of the Administrator's approval of that Award.

(g) Deed Poll. The Administrator may grant Awards by entering into a deed poll and, as soon as practicable after the Company has executed the deed poll, the Administrator shall enter into an Award Agreement.

- (h) **Type of Shares.** The Shares issuable under the Plan will be new shares, treasury shares or market purchase shares.
- (i) **Prior Plans.** Upon the Effective Date, no further new awards may be granted over Shares under the Prior Plans.

5. OPTIONS AND SHARE APPRECIATION RIGHTS.

(a) **General.** The Administrator may grant Options or Share Appreciation Rights to Service Providers subject to the limitations in the Plan, including any limitations in the Plan that apply to ISOs. The Administrator will determine the number of Shares covered by each Option and Share Appreciation Right, the exercise price of each Option and Share Appreciation Right and the conditions and limitations applicable to the exercise of each Option and Share Appreciation Right. Each Option will be designated in writing as an ISO or Non-Qualified Option at the time of grant; provided, however, that if an Option is not so designated, then such Option will be a Non-Qualified Option, and the Shares purchased upon exercise of each type of Option will be separately accounted for. A Share Appreciation Right will entitle the Participant (or other person entitled to exercise the Share Appreciation Right) to receive from the Company upon exercise of the exercisable portion of the Share Appreciation Right an amount determined by multiplying the excess, if any, of the Fair Market Value of one Share on the date of exercise over the exercise price per Share of the Share Appreciation Right by the number of Shares with respect to which the Share Appreciation Right is exercised, subject to any limitations of the Plan or that the Administrator may impose and payable in cash, Shares valued at Fair Market Value or a combination of the two as the Administrator may determine or provide in the Award Agreement. A Participant will have no rights of a shareholder with respect to Shares subject to any Option or Share Appreciation Right unless and until any Shares are issued in settlement of the Option or Share Appreciation Right.

(b) **Exercise Price.** The Administrator will establish each Option's and Share Appreciation Right's exercise price and specify the exercise price in the Award Agreement. Subject to Section 10(g), the exercise price will be no less than the nominal value of a Share and, in respect of Participants who are subject to tax in the United States, shall also not be less than less than 100% of the Fair Market Value on the grant date of the Option or Share Appreciation Right. Notwithstanding the foregoing, an Option or Share Appreciation Right may be granted with an exercise price lower than 100% of the Fair Market Value on the date of grant of such Award if such Award is granted pursuant to an assumption of or substitution for another option or share appreciation right pursuant to Section 4(e) and, in respect of Participants who are subject to tax in the United States, in a manner consistent with the provisions of Sections 409A and, if applicable, 424(a) of the Code.

(c) **Duration.** Each Option or Share Appreciation Right will vest and be exercisable at such times and as specified in the Award Agreement, provided that the term of an Option or Share Appreciation Right will not exceed ten years, subject to Section 10(g). Notwithstanding the foregoing and unless determined otherwise by the Company, in the event that on the last business day of the term of an Option or Share Appreciation Right (other than an ISO) (i) the exercise of the Option or Share Appreciation Right is prohibited by Applicable Laws, as determined by the Company, or (ii) Shares may not be purchased or sold by the applicable Participant due to any Company insider trading, window period and/or dealing policy (including blackout periods), the term of the Option or Share Appreciation Right shall be extended until the date that is thirty (30) days after the end of the legal prohibition, black-out period, as determined by the Company; provided, however, in no event shall the extension last beyond the original term of the applicable Option or Share Appreciation Right. Notwithstanding the foregoing, if the Participant, prior to the end of the term of an Option or Share Appreciation Right, violates the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any of its Subsidiaries, the right of the Participant and the Participant's

transferees to exercise any Option or Share Appreciation Right issued to the Participant shall terminate immediately upon such violation, unless the Company otherwise determines. In addition, if, prior to the end of the term of an Option or Share Appreciation Right, the Participant is given notice by the Company or any of its Subsidiaries of the Participant's Termination of Service by the Company or any of its Subsidiaries for Cause, and the effective date of such Termination of Service is subsequent to the date of the delivery of such notice, the right of the Participant and the Participant's transferees to exercise any Option or Share Appreciation Right issued to the Participant shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's service as a Service Provider will not be terminated for Cause as provided in such notice or (ii) the effective date of the Participant's Termination of Service by the Company or any of its Subsidiaries for Cause (in which case the right of the Participant and the Participant's transferees to exercise any Option or Share Appreciation Right issued to the Participant will terminate immediately upon the effective date of such Termination of Service); provided, however, in no event shall the suspension cause the original term of the applicable Option or Share Appreciation Right to be extended.

(d) Exercise. Options and Share Appreciation Rights may be exercised by delivering to the Company a written notice of exercise, in a form the Administrator approves (which may be electronic), signed by the person authorized to exercise the Option or Share Appreciation Right, together with, as applicable, payment in full (i) as specified in Section 5(e) for the number of Shares for which the Award is exercised and (ii) as specified in Section 9(e) for any applicable taxes. Unless the Administrator otherwise determines, an Option or Share Appreciation Right may not be exercised for a fraction of a Share.

(e) Payment Upon Exercise. Subject to any Company insider trading, window period and/or dealing policy (including blackout periods) and Applicable Laws, the exercise price of an Option must be paid by:

(i) cash, wire transfer of immediately available funds or by check payable to the order of the Company, provided that the Company may limit the use of one of the foregoing payment forms if one or more of the payment forms below is permitted;

(ii) if there is a public market for Shares at the time of exercise, unless the Administrator otherwise determines, (A) delivery (including telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to pay the exercise price, or (B) the Participant's delivery to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to pay the exercise price; provided that such amount is paid to the Company at such time as may be required by the Administrator;

(iii) to the extent permitted by the Administrator at the time of exercise, transfer of Shares owned by the Participant free and clear of any liens, claims, encumbrances or security interests, which, when valued at their Fair Market Value on the exercise date, have a value sufficient to pay the exercise price, provided that (1) at the time of exercise the Shares are publicly traded, (2) any remaining balance of the exercise price not satisfied by such transfer is paid by the Participant in cash or other permitted form of payment, (3) such transfer would not violate any Applicable Laws or agreement restricting the redemption of the Shares, (4) if required by the Administrator, any certificated Shares are endorsed or accompanied by an executed assignment separate from certificate, and (5) such Shares have been held by the Participant for any minimum period necessary to avoid adverse accounting treatment as a result of such delivery;

(iv) to the extent permitted by the Administrator at the time of exercise, except with respect to ISOs, surrendering the largest whole number of Shares then issuable upon the Option's exercise which, when valued at their Fair Market Value on the exercise date, have a value sufficient to pay the exercise price, provided that (1) such Shares used to pay the exercise price will not be exercisable thereafter and (2) any remaining balance of the exercise price not satisfied by such net exercise is paid by the Participant in cash or other permitted form of payment;

(v) to the extent permitted by the Administrator at the time of exercise and permitted by Applicable Law, delivery of any other property that the Administrator determines is good and valuable consideration; or

(vi) to the extent permitted by the Company, any combination of the above payment forms approved by the Administrator.

(f) **Non-Exempt U.S. Employees.** No Option or Share Appreciation Right, whether or not vested, granted to an Employee who is a non-exempt employee for purposes of the U.S. Fair Labor Standards Act of 1938, as amended, will be first exercisable for any Shares until at least six months following the date of grant of such Award. Notwithstanding the foregoing, in accordance with the provisions of the U.S. Worker Economic Opportunity Act, any vested portion of such Award may be exercised earlier than six months following the date of grant of such Award in the event of (i) such Participant's death or Disability, (ii) a Corporate Event in which such Award is not assumed, continued or substituted, (iii) a Change in Control, or (iv) such Participant's retirement (as such term may be defined in the Award Agreement or another applicable agreement or, in the absence of any such definition, in accordance with the Company's then current employment policies and guidelines). This Section 5(f) is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or Share Appreciation Right will be exempt from his or her regular rate of pay.

6. RESTRICTED SHARES; RESTRICTED SHARE UNITS

(a) **General.** The Administrator may issue Restricted Shares, or grant rights to purchase Restricted Shares, to any Service Provider, subject to the Company's right to convert such Restricted Shares to deferred shares and redeem them under the terms of the Company's articles of association, or to require such shares to be transferred to an employee benefit trust, or to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant (or to require forfeiture or compulsory transfer of such shares in such manner as the Administrator may determine) if conditions the Administrator specifies in the Award Agreement are not satisfied before the end of the applicable restriction period or periods that the Administrator establishes for such Award. In addition, the Administrator may grant to Service Providers Restricted Share Units, which may be subject to vesting, issuance and forfeiture conditions during the applicable restriction period or periods, as set forth in an Award Agreement. The Administrator will determine and set forth in the Award Agreement the terms and conditions for each Restricted Share and Restricted Share Unit Award, subject to the conditions and limitations contained in the Plan.

(b) **Duration.** Each Restricted Share or Restricted Share Unit will vest at such times and as specified in the Award Agreement, provided that the vesting schedule of a Restricted Share or Restricted Share Unit will not exceed ten years. Notwithstanding the foregoing, if the Participant, prior to the vesting date of a Restricted Share or Restricted Share Unit, violates the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company or any of its Subsidiaries, the right of the Participant and the Participant's transferees to receive Shares on the vesting of the Restricted Share or Restricted Share Unit issued to the Participant shall terminate

immediately upon such violation, unless the Company otherwise determines. In addition, if, prior to the vesting date of a Restricted Share or Restricted Share Unit, the Participant is given notice by the Company or any of its Subsidiaries of the Participant's Termination of Service by the Company or any of its Subsidiaries for Cause, and the effective date of such Termination of Service is subsequent to the date of the delivery of such notice, the right of the Participant and the Participant's transferees to receive Shares as a result of the vesting of the Restricted Share or Restricted Share Unit issued to the Participant shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's service as a Service Provider will not be terminated for Cause as provided in such notice or (ii) the effective date of the Participant's Termination of Service by the Company or any of its Subsidiaries for Cause (in which case the right of the Participant and the Participant's transferees to receive Shares on the vesting of the Restricted Share or Restricted Share Unit issued to the Participant will terminate immediately upon the effective date of such Termination of Service).

(c) Dividends and Dividend Equivalents. Dividends or dividend equivalents may be paid or credited, as applicable, with respect to any Restricted Shares or Shares subject to Restricted Share Units, as determined (and on such terms as may be determined) by the Administrator and specified in the Award Agreement, subject to Applicable Laws.

(d) Restricted Shares.

(i) Form of Award. The Company may require that the Participant deposit in escrow with the Company (or its designee) any certificates issued in respect of Restricted Shares, together with a stock transfer form endorsed in blank. Unless otherwise determined by the Administrator, a Participant will have voting and other rights as a shareholder of the Company with respect to any Restricted Shares, save that any redesignation and subsequent redemption and forfeiture provisions of the Company's articles of association shall apply.

(ii) Consideration. Restricted Shares may be granted in consideration for (A) cash or check, bank draft or money order payable to the Company, (B) past services to the Company or a Subsidiary, or (C) any other form of consideration (including future services) as the Administrator may determine to be acceptable and which is permissible under Applicable Laws.

(e) Restricted Share Units.

(i) Settlement. The Administrator may provide that settlement of Restricted Share Units will occur upon or as soon as reasonably practicable after the Restricted Share Units vest or will instead be deferred, on a mandatory basis or at the Participant's election.

(ii) Shareholder Rights. A Participant will have no rights of a shareholder with respect to Shares subject to any Restricted Share Unit unless and until the Shares are delivered in settlement of the Restricted Share Unit.

(iii) Consideration. Unless otherwise determined by the Administrator at the time of grant, Restricted Share Units will be granted in consideration for the Participant's services to the Company or a Subsidiary, such that the Participant will not be required to make any payment to the Company (other than such services) with respect to the grant or vesting of the Award, or the issuance of any Shares pursuant to the Award. If, at the time of grant, the Administrator determines that any consideration must be paid by the Participant (in a form other than the Participant's services to the Company or a Subsidiary) upon the issuance of any Shares in settlement of the Award, such consideration may be paid in any form of consideration as the Administrator may determine to be acceptable and which is permissible under Applicable Laws.

7. OTHER SHARE BASED AWARDS

Other Share Based Awards may be granted to Participants, including Awards entitling Participants to receive Shares to be delivered in the future (whether based on specified performance criteria, performance goals or otherwise), in each case subject to any conditions and limitations in the Plan. Such Other Share Based Awards will 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. Other Share Based Awards may be paid in Shares or other property, as the Administrator determines. Subject to the provisions of the Plan, the Administrator will determine the terms and conditions of each Other Share Based Award, including any purchase price, performance condition, performance goal, transfer restrictions, and vesting conditions, which will be set forth in the applicable Award Agreement.

8. ADJUSTMENTS FOR CHANGES IN SHARES AND CERTAIN OTHER EVENTS

(a) **Equity Restructuring.** In connection with any Equity Restructuring, notwithstanding anything to the contrary in this Section 8, the Administrator will equitably adjust (i) class(es) and maximum number of Shares subject to the Plan, (ii) the class(es) and maximum number of Shares that may be issued pursuant to the exercise of ISOs under Section 4(d) above and (iii) each outstanding Award as it deems appropriate to reflect the Equity Restructuring, which may include adjusting the number and type of securities subject to each outstanding Award and/or the Award's exercise price or grant price (if applicable), granting new Awards to Participants, and making a cash payment to Participants. The adjustments provided under this Section 8(a) will be nondiscretionary and final and binding on the affected Participant and the Company; provided that the Administrator will determine whether an adjustment is equitable.

(b) **Corporate Events.** In the event of any reorganization, merger, consolidation, combination, amalgamation, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Shares or other securities of the Company or a Change in Control (any "**Corporate Event**"), the Administrator, on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate:

(i) To provide for the cancellation of any such Award in exchange for either an amount of cash or other property with a value equal to the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights under the vested portion of such Award, as applicable; provided that, if the amount that could have been obtained upon the exercise or settlement of the vested portion of such Award or realization of the Participant's rights, in any case, is equal to or less than zero (as determined by the Administrator in its discretion), then the Award may be terminated without payment. In addition, such payments under this provision may, in the Administrator's discretion, be delayed to the same extent that payment of consideration to the holders of Shares in connection with the Corporate Event is delayed as a result of escrows, earn outs, holdbacks or any other contingencies;

(ii) To provide that such Award shall vest and, to the extent applicable, be exercisable as to all Shares covered thereby, notwithstanding anything to the contrary in the Plan or the provisions of such Award as of a date prior to the effective time of such Corporate Event as the Administrator determines (or, if the Administrator does not determine such a date, as of the date that is five (5) days prior to the effective date of the Corporate Event), with such Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Event; provided, however, that the Administrator may require Participants to complete and deliver to the Company a notice of exercise

before the effective date of a Corporate Event, which exercise is contingent upon the effectiveness of such Corporate Event;

(iii) To provide that such Award be assumed by the successor or surviving entity, or a parent or Subsidiary thereof, or shall be substituted for by awards covering the equity securities of the successor or surviving entity, or a parent or Subsidiary thereof, with appropriate adjustments as to the number and kind of shares and/or applicable exercise or purchase price, in all cases, as determined by the Administrator;

(iv) To arrange for the assignment of any forfeiture, reacquisition or repurchase rights held by the Company in respect of Shares issued pursuant to the Award to the surviving entity or acquiring entity (or the surviving or acquiring corporation's parent entity);

(v) To arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Award;

(vi) To replace such Award with other rights or property selected by the Administrator;

(vii) To provide that the Award will terminate, with or without consideration, and cannot vest, be exercised or become payable after the applicable transaction or event; and/or

(viii) To provide that any Shares subject to an Award shall be converted to deferred shares and redeemed under the terms of the Company's articles of association, or to require such Shares to be transferred to an employee benefit trust.

The Administrator need not take the same action or actions with respect to all Awards or portions thereof or with respect to all Participants. The Administrator may take different actions with respect to the vested and unvested portions of an Award.

(c) **Administrative Stand Still.** In the event of any pending Corporate Event or other similar transaction, for administrative convenience, the Administrator may refuse to permit the exercise of any Award for up to thirty days before or after such Corporate Event or other similar transaction.

(d) **General.** Except as expressly provided in the Plan or the Administrator's action under the Plan, no Participant will have any rights due to any subdivision or consolidation of Shares of any class, distribution, dividend payment, increase or decrease in the number of Shares of any class, issue, rights issue, offer or dissolution, liquidation, merger, or consolidation of the Company or other corporation. Except as expressly provided with respect to an Equity Restructuring under Section 8(a) above or the Administrator's action under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, will affect, and no adjustment will be made regarding, the number of Shares subject to an Award or the Award's grant or exercise price. The existence of the Plan, any Award Agreements and the Awards granted hereunder will not affect or restrict in any way the Company's right or power to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any Corporate Event or (iii) sale or issuance of securities, including securities with rights superior to those of the Shares or securities convertible into or exchangeable for Shares. The Administrator may treat Participants and Awards (or portions thereof) differently under this Section 8.

9. GENERAL PROVISIONS APPLICABLE TO AWARDS

(a) **Transferability.** Except as the Administrator may determine or provide in an Award Agreement or otherwise for Awards, Awards may not be sold, assigned, transferred, pledged or otherwise

encumbered, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, will be exercisable only by the Participant. Notwithstanding the foregoing, the Administrator may, in its sole discretion, permit transfer of an Award pursuant to a domestic relations order or in such other manner that is not prohibited by applicable tax and securities laws upon the Participant's request and provided that the Participant and the transferee enter into a transfer agreement and other agreements as required by the Company. If an Option is an ISO, such Option may be deemed to be a Non-Qualified Option as a result of a transfer pursuant to this Section. References to a Participant, to the extent relevant in this context, will include references to a Participant's authorized transferee that the Administrator specifically approves.

(b) Documentation. Each Award will be evidenced in an Award Agreement, which may be written or electronic, as the Administrator determines. By accepting any Award the Participant consents to receive documents by electronic delivery and to participate in the Plan through any on-line electronic system established and maintained by the Company or another third party selected by the Company. Each Award may contain terms and conditions in addition to (or a variation of or effecting a disapplication of) those set forth in the Plan. Any reference herein or in an Award Agreement to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access). As a condition to accepting an Award under the Plan, the Participant agrees to execute any additional documents or instruments necessary or desirable, as determined in the Administrator's sole discretion, to carry out the purposes or intent of the Award, or facilitate compliance with securities and/or other regulatory requirements, in each case at the Administrator's request.

(c) Discretion. Except as the Plan otherwise provides, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award to a Participant need not be identical, and the Administrator need not treat Participants or Awards (or portions thereof) uniformly.

(d) Termination of Status. The Administrator will determine how the disability, death, retirement, authorized leave of absence or any other change or purported change in a Participant's Service Provider status (including a change which would result in a Termination of Service under the Plan but not under the Non-Employee Sub-Plan or vice versa) affects an Award and the extent to which, and the period during which, the Participant, the Participant's legal representative, conservator, guardian or Designated Beneficiary may exercise rights under the Award, if applicable.

(e) Withholding. Each Participant must pay the Company, or make provision satisfactory to the Administrator for payment of, any taxes (which includes any social security contributions or the like including but not limited to, if applicable, all liability to primary (employee) and secondary (employer) national insurance contributions) required by law to be withheld or paid by the Company or by any Subsidiary that is the employing entity of the Participant or which Participant has agreed to pay in connection with such Participant's Awards by the date of the event creating the tax liability. A Participant may not be able to exercise an Award even though the Award is vested, and the Company shall have no obligation to issue Shares subject to an Award, unless and until such obligations are satisfied. The Company may deduct an amount sufficient to satisfy such tax obligations based on the maximum statutory withholding rates (or such other rate as may be determined by the Company after considering any accounting consequences or costs and Applicable Law) from any payment of any kind otherwise due to a Participant. To the extent permitted by the terms of an Award Agreement and subject to any Company insider trading, window period and/or dealing policy (including blackout periods), Participants may satisfy such tax obligations (i) in cash, by wire transfer of immediately available funds, by check made payable to the order of the Company, provided that the Company may limit the use of the foregoing payment forms if one or more of the payment forms below is permitted, (ii) to the extent permitted by the

Administrator, in whole or in part by delivery of Shares, including Shares retained from the Award creating the tax obligation, valued at their Fair Market Value, (iii) if there is a public market for Shares at the time the tax obligations are satisfied, unless the Administrator otherwise determines, (A) delivery (including telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to satisfy the tax obligations, or (B) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company to deliver promptly to the Company cash or a check sufficient to satisfy the tax and/or social security withholding, provided that such amount is paid to the Company at such time as may be required by the Administrator, (iv) withholding cash from an Award settled in cash, (v) withholding payment from any amounts otherwise payable to the Participant or (vi) to the extent permitted by the Company, any combination of the foregoing payment forms approved by the Administrator.

(f) Withholding Indemnification. As a condition to accepting an Award under the Plan, in the event that the amount of the Company's and/or any Subsidiary's withholding obligation in connection with such Award was greater than the amount actually withheld by the Company and/or its Subsidiaries, each Participant agrees to indemnify and hold the Company and/or its Subsidiaries harmless from any failure by the Company and/or its Subsidiaries to withhold the proper amount.

(g) Amendment of Award; Repricing. The Administrator may amend, modify or terminate any outstanding Award, including by cancelling and substituting another Award of the same or a different type, reducing the exercise price, changing the exercise or settlement date, converting an ISO to a Non-Qualified Option, taking any other action that is treated as a repricing under generally accepted accounting principles or by amending, waiving or relaxing any applicable performance criteria or goal(s). The Participant's consent to such action will be required unless (i) the action, taking into account any related action, does not Materially Impair the Participant's rights under the Award, or (ii) the change is permitted under Section 8 or pursuant to Section 10(f).

(h) Conditions on Issuance of Shares. The Company will not be obligated to issue any Shares under the Plan or remove restrictions from Shares previously issued under the Plan until (i) all Award conditions have been met or removed to the Company's satisfaction, (ii) as determined by the Company, all other legal matters regarding the issuance of such Shares (including payment of nominal value) have been satisfied, including any applicable securities laws and stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Administrator deems necessary or appropriate to satisfy any Applicable Laws. The Company's inability to obtain authority from any regulatory body having jurisdiction, which the Administrator determines is necessary to the lawful issuance and sale of any securities, will relieve the Company of any liability for failing to issue or sell such Shares as to which such requisite authority has not been obtained.

(i) Acceleration. The Administrator may at any time provide that any Award will become immediately vested and fully or partially exercisable, free of some or all restrictions or conditions, or otherwise fully or partially realizable.

10. MISCELLANEOUS

(a) No Right to Employment or Other Status. No person will have any claim or right to be granted an Award, and the grant of an Award will not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan or any Award, except as expressly provided in an Award Agreement.

Further, nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award will constitute any promise or commitment by the Company or a Subsidiary regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or service or confer any right or benefit under the Award or the Plan unless such right or benefit has specifically accrued under the terms of the Award Agreement and/or Plan.

(b) No Rights as Shareholder; Certificates. Subject to the Award Agreement, no Participant or Designated Beneficiary will have any rights as a shareholder with respect to any Shares to be distributed under an Award until becoming the record holder of such Shares on the register of members of the Company. Notwithstanding any other provision of the Plan, unless the Administrator otherwise determines or Applicable Laws require, the Company will not be required to deliver to any Participant certificates evidencing Shares issued in connection with any Award and instead such Shares may be recorded in the register of members of the Company (or, as applicable, its transfer agent or stock plan administrator). The Company may place legends on certificates issued under the Plan that the Administrator deems necessary or appropriate to comply with Applicable Laws.

(c) Effective Date and Term of Plan. The Plan will come into existence on the day it is adopted by the Board but no Awards may be granted under the Plan prior to the Effective Date. Unless earlier terminated by the Board, the Plan will remain in effect until the tenth anniversary of the Effective Date, but Awards previously granted may extend beyond that date in accordance with the Plan. No ISOs may be granted after the tenth anniversary of the earlier of (i) the date the Plan is adopted by the Board, or (ii) the date the Plan is approved by the Company's shareholders. If the Plan is not approved by the Company's shareholders within 12 months of the date of Board approval of the Plan, all ISOs will be treated as Non-Qualified Options.

(d) Amendment and Termination of Plan. The Administrator may amend, suspend or terminate the Plan at any time; provided that no amendment, suspension or termination may Materially Impair any Award outstanding at the time of such amendment without the affected Participant's written consent. No Awards may be granted under the Plan during any suspension period or after Plan termination. Awards outstanding at the time of any Plan suspension or termination will continue to be governed by the Plan and the Award Agreement, as in effect before such suspension or termination. The Board will obtain shareholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

(e) Provisions for Foreign Participants. The Administrator may modify Awards granted to Participants who are nationals of, or employed in, a jurisdiction outside the United Kingdom and the United States or establish subplans or procedures under the Plan to address differences in laws, rules, regulations or customs of such international jurisdictions with respect to tax, securities, currency, employee benefit or other matters, including as may be necessary or appropriate in the Administrator's discretion to grant Awards under any tax-favourable regime that may be available in any jurisdiction (provided that Administrator approval will not be necessary for immaterial modifications to the Plan or any Award Agreement to ensure or facilitate compliance with the laws of the relevant foreign jurisdiction).

(f) Section 409A. The following provisions only apply to Participants subject to tax in the United States:

(i) General. The Company intends that all Awards be structured to comply with, or be exempt from, Section 409A, such that no adverse tax consequences, interest, or penalties under Section 409A apply. Notwithstanding anything in the Plan or any Award Agreement to the contrary, the

Administrator may, without a Participant's consent, amend this Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt this Plan or any Award from Section 409A, or (B) comply with Section 409A, including regulations, guidance, compliance programs and other interpretative authority that may be issued after an Award's grant date. The Company makes no representations or warranties as to an Award's tax treatment under Section 409A or otherwise. The Company will have no obligation under this Section 10(f) or otherwise to avoid the taxes, penalties or interest under Section 409A with respect to any Award and will have no liability to any Participant or any other person if any Award, compensation or other benefits under the Plan are determined to constitute noncompliant "nonqualified deferred compensation" subject to taxes, penalties or interest under Section 409A.

(ii) Separation from Service. If an Award constitutes "nonqualified deferred compensation" under Section 409A, any payment or settlement of such Award upon a termination of a Participant's Service Provider relationship will, to the extent necessary to avoid taxes under Section 409A, be made only upon the Participant's "separation from service" (within the meaning of Section 409A), whether such "separation from service" occurs upon or after the termination of the Participant's Service Provider relationship. For purposes of this Plan or any Award Agreement relating to any such payments or benefits, references to a "termination," "termination of service," "termination of employment" or like terms means a "separation from service."

(iii) Payments to Specified Employees. Notwithstanding any contrary provision in the Plan or any Award Agreement, any payment(s) of "nonqualified deferred compensation" required to be made under an Award to a "specified employee" (as defined under Section 409A and as the Administrator determines) due to his or her "separation from service" will, to the extent necessary to avoid taxes under Section 409A(a)(2)(B)(i) of the Code, be delayed for the six-month period immediately following such "separation from service" (or, if earlier, until the specified employee's death) and will instead be paid (as set forth in the Award Agreement) on the day immediately following such six-month period or as soon as administratively practicable thereafter (without interest). Any payments of "nonqualified deferred compensation" under such Award payable more than six months following the Participant's "separation from service" will be paid at the time or times the payments are otherwise scheduled to be made.

(g) 10% Shareholders. The Administrator may grant ISOs only to employees of the Company, any of its present or future parent or subsidiary corporations, as defined in Sections 424(e) or (f) of the Code, respectively, and any other entities the employees of which are eligible to receive ISOs under the Code. If an ISO is granted to a Greater Than 10% Shareholder, the exercise price will not be less than 110% of the Fair Market Value on the Option's grant date, and the term of the Option will not exceed five years. All ISOs will be subject to and construed consistently with Section 422 of the Code. By accepting an ISO, the Participant agrees to give prompt notice to the Company of dispositions or other transfers (other than in connection with a Change in Control) of Shares acquired under the Option made within (i) two years from the grant date of the Option or (ii) one year after the transfer of such Shares to the Participant, specifying the date of the disposition or other transfer and the amount the Participant realized, in cash, other property, assumption of indebtedness or other consideration, in such disposition or other transfer. Neither the Company nor the Administrator will be liable to a Participant, or any other party, if an ISO fails or ceases to qualify as an "incentive stock option" under Section 422 of the Code. Any ISO or portion thereof that fails to qualify as an "incentive stock option" under Section 422 of the Code for any reason, including becoming exercisable with respect to Shares having a fair market value exceeding the \$100,000 limitation under Treasury Regulation Section 1.422-4, will be a Non-Qualified Option.

(h) Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, other employee or agent of the Company or any Subsidiary will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan or any Award, and such individual will not be personally liable with respect to the Plan because of any contract or other instrument executed in his or her capacity as an Administrator, director, officer, other employee or agent of the Company or any Subsidiary. As a condition to accepting an Award under the Plan, each Participant (i) agrees to not make any claim against the Company, the Group or any of its officers, Directors, Employees or Subsidiaries related to tax or social security liabilities arising from such Award or other Company or Group compensation and (ii) acknowledges that such Participant was advised to consult with his or her own personal tax, financial and other legal advisors regarding the tax and social security consequences of the Award and has either done so or knowingly and voluntarily declined to do so. The Company will indemnify and hold harmless each director, officer, other employee and agent of the Company or any Subsidiary that has been or will be granted or delegated any duty or power relating to the Plan's administration or interpretation, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Administrator's approval) arising from any act or omission concerning this Plan unless arising from such person's own fraud or bad faith.

(i) No Obligation to Notify or Minimize Taxes. Except as required by Applicable Laws the Company has no duty or obligation to any Participant to advise such Participant as to the time or manner of exercising such Award. Furthermore, the Company has no duty or obligation to warn or otherwise advise such Participant of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax or social security consequences of an Award to the holder of such Award and will not be liable to any holder of an Award for any adverse tax or social security consequences to such holder in connection with an Award.

(j) Data Privacy.

(i) As a condition for receiving any Award, each Participant acknowledges that the Company and any Subsidiary may collect, use and transfer, in electronic or other form, personal data as described in this section by and among the Company and its Subsidiaries and affiliates exclusively for implementing, administering and managing the Participant's participation in the Plan. The Company (as above) may hold certain personal information about a Participant, including the Participant's name, address and telephone number; birthdate; social security, insurance number or other identification number; salary; nationality; job title(s); any Shares held in the Company (as above); and Award details, to implement, manage and administer the Plan and Awards (the "**Data**"). The Company (as above) may transfer the Data amongst themselves as necessary to implement, administer and manage a Participant's participation in the Plan, and the Company (as above) may transfer the Data to third parties assisting the Company with Plan implementation, administration and management. These recipients may be located in the Participant's country, or elsewhere, and the Participant's country may have different data privacy laws and protections than the recipients' country. By accepting an Award, each Participant acknowledges that such recipients may receive, possess, use, retain and transfer the Data, in electronic or other form, to implement, administer and manage the Participant's participation in the Plan, including any required Data transfer to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. The Data related to a Participant will be held only as long as necessary to implement, administer, and manage the Participant's participation in the Plan. A Participant may, at any time, view the Data that the Company holds regarding such Participant, request additional information about the storage and processing of the Data regarding such Participant and recommend any necessary corrections to the Data regarding the Participant in writing, without cost, by contacting the local human resources representative.

(ii) For the purpose of operating the Plan in the European Union, Switzerland and the United Kingdom, the Company will collect and process information relating to Participants in accordance with the privacy notice which is provided to each Participant.

(k) Severability. If any portion of the Plan or any Award Agreement or any action taken thereunder is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan or such Award Agreement, and the Plan and such Award Agreement will be construed and enforced as if the illegal or invalid provisions had been excluded, and the illegal or invalid action will be null and void.

(l) Governing Documents. If any contradiction occurs between the Plan and any Award Agreement or other written agreement between a Participant and the Company (or any Subsidiary) that the Administrator has approved, the Plan will govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan will not apply.

All Awards will be subject to Applicable Laws on insider trading and dealing and any specific insider trading, window period and/or dealing policy adopted by the Company.

(m) Governing Law and Jurisdiction. The Plan and all Awards, including any non- contractual obligations arising in connection therewith, will be governed by and interpreted in accordance with the laws of England and Wales, disregarding any jurisdiction's choice-of-law principles requiring the application of a jurisdiction's laws other than that of England and Wales and the courts of England and Wales shall have exclusive jurisdiction to hear any dispute.

(n) Claw-back Provisions. All Awards (including any proceeds, gains or other economic benefit the Participant actually or constructively receives upon receipt or exercise of any Award or the receipt or resale of any Shares underlying the Award) will be subject to any Company claw-back policy that may be adopted from time to time to the extent such policy applies to the relevant Participant, including any claw-back policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as set forth in such claw-back policy or the Award Agreement, to the extent applicable and permissible under Applicable Laws. No recovery of compensation under such a claw-back policy will be an event giving rise to a Participant's right to voluntarily terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

(o) Other Group Company policies. All Awards (including any proceeds, gains or other economic benefit the Participant actually or constructively receives upon receipt or exercise of any Award or the receipt or resale of any Shares underlying the Award) will be subject to any relevant Company or Group Company policy to the extent such policy applies to the relevant Participant, including but not limited to any remuneration policy and/or share retention, ownership, or holding policy that may be adopted from time to time.

(p) Titles and Headings. The titles and headings in the Plan are for convenience of reference only and, if any conflict, the Plan's text, rather than such titles or headings, will control.

(q) Conformity to Applicable Laws. Participant acknowledges that the Plan is intended to conform to the extent necessary with Applicable Laws. Notwithstanding anything herein to the contrary, the Plan and all Awards will be administered only in conformance with Applicable Laws. To the extent Applicable Laws permit, the Plan and all Award Agreements will be deemed amended as necessary to conform to Applicable Laws and may be unilaterally cancelled by the Company (with the effect that all

Participant's rights thereunder lapse with immediate effect) if the Administrator determines in its reasonable discretion that such conformity is not possible or practicable.

(r) Relationship to Other Benefits. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except as expressly provided in writing in such other plan or an agreement thereunder.

(s) Broker-Assisted Sales. In the event of a broker-assisted sale of Shares in connection with the payment of amounts owed by a Participant under or with respect to the Plan or Awards: (a) any Shares to be sold through the broker-assisted sale will be sold (subject in all cases to the Administrator having regard to the orderly marketing and disposal of such Shares, and having the discretion to delay broker-assisted sales for such reasons) on the day the payment first becomes due, or as soon thereafter as practicable; (b) such Shares may be sold as part of a block trade with other Participants in the Plan in which all Participants receive an average price; (c) the applicable Participant will be responsible for all broker's fees and other costs of sale, and by accepting an Award, each Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (d) to the extent the Company or its designee receives proceeds of such sale that exceed the amount owed, the Company will pay such excess in cash to the applicable Participant as soon as reasonably practicable; (e) the Company and its designees are under no obligation to arrange for such sale at any particular price; and (f) in the event the proceeds of such sale are insufficient to satisfy the Participant's applicable obligation, the Participant may be required to pay immediately upon demand to the Company or its designee, or the Company or any Subsidiary may withhold from any payment to be made to the Participant (including but not limited to that Participant's salary), an amount in cash sufficient to satisfy any remaining portion of the Participant's obligation.

(t) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Subsidiary is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Administrator may determine, to the extent permitted by Applicable Laws, to (i) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (ii) in lieu of or in combination with such a reduction, subject to compliance with Applicable Laws, including, without limitation, Section 409A, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

(u) Deferrals. To the extent permitted by Applicable Laws, the Administrator, in its sole discretion, may determine that the issuance of Shares or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may also establish programs and procedures for deferral elections to be made by Participants.

11. VALID ISSUANCE.

If the Company is unable to obtain the authority that counsel for the Company deems necessary or advisable for the lawful issuance and sale of Shares under the Plan, the Company will be relieved from any liability for failure to issue and sell Shares upon exercise or vesting of such Awards unless and until such authority is obtained. A Participant is not eligible for the grant of an Award or the subsequent issuance of Shares pursuant to the Award if such grant or issuance would be in violation of any Applicable Laws.

12. DEFINITIONS.

As used in the Plan, the following words and phrases will have the following meanings:

(a) “**Administrator**” means the Board or a Committee to the extent that the Board’s powers or authority under the Plan have been delegated to such Committee.

(b) “**Applicable Laws**” means any applicable laws, statutes, constitutions, principles of common law, resolutions, ordinances, codes, edicts, decrees, rules, listing rules, regulations, judicial decisions, rulings or requirements issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (including under the authority of any applicable self-regulating organization such as the Nasdaq Stock Market, New York Stock Exchange, or the Financial Industry Regulatory Authority), including without limitation: (a) the requirements relating to the administration of equity incentive plans under English, Jersey, U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Shares are listed or quoted and the applicable laws and rules of any other country or jurisdiction where Awards are granted; and (b) corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether U.S. federal, state, local or foreign, applicable in the United Kingdom, Jersey, United States or any other relevant jurisdiction.

(c) “**Award**” means, individually or collectively, a grant under the Plan of Options, Share Appreciation Rights, Restricted Shares, Restricted Share Units, or Other Share Based Awards.

(d) “**Award Agreement**” means a written agreement between the Company and a Participant evidencing an Award, which may be electronic. The Award Agreement generally consists of the grant notice and the agreement that contains such terms and conditions as the Administrator determines, consistent with and subject to the terms and conditions of the Plan.

(e) “**Board**” means the Board of Directors of the Company (or its designee).

(f) “**Cause**” means (i) if a Participant is a party to a written employment or consulting agreement with the Company or any of its Subsidiaries or an Award Agreement in which the term “cause” is defined (a “**Relevant Agreement**”), “Cause” as defined in the Relevant Agreement, and (ii) if no Relevant Agreement exists, (A) the Administrator’s determination that the Participant failed to substantially perform the Participant’s duties (other than a failure resulting from the Participant’s Disability); (B) the Administrator’s determination that the Participant failed to carry out, or comply with any lawful directive of the Board or the Participant’s immediate supervisor; (C) the occurrence of any act or omission by the Participant that could reasonably be expected to result in (or has resulted in) the Participant’s conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony or indictable offence or crime involving fraud, dishonesty or moral turpitude (or equivalent in any jurisdiction); (D) the Participant’s unlawful use (including being under the influence) or possession of illegal drugs on the premises of the Company or any of its Subsidiaries or while performing the Participant’s duties and responsibilities for the Company or any of its Subsidiaries; (E) the Participant’s commission of (or attempted commission of) an act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company or any of its Subsidiaries; (F) the Participant’s unauthorized use or disclosure of the confidential information or trade secrets of the Company or any Subsidiary; or (G) the Participant’s material violation of any contract or agreement between the Participant and the Company (or Subsidiary) or of any statutory duty owed to the Company (or Subsidiary) or such Participant’s material failure to comply with the written policies or rules of the Company (or Subsidiary).

(g) “**Change in Control**” means and includes each of the following:

- (i) a Sale; or
- (ii) a Takeover.

The Administrator shall have full and final authority, which shall be exercised in its sole discretion, to determine conclusively whether a Change in Control has occurred pursuant to the above definition, the date of the occurrence of such Change in Control and any incidental matters relating thereto; provided that any exercise of authority in conjunction with a determination of whether a Change in Control is a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5) shall be consistent with such regulation.

Notwithstanding the foregoing or any other provision of this Plan, the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company.

(h) “**Code**” means the US Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

(i) “**Committee**” means one or more committees or subcommittees of the Board, which may include one or more Company directors or executive officers, to the extent Applicable Laws permit. To the extent required to comply with the provisions of Rule 16b-3, it is intended that each member of the Committee will be, at the time the Committee takes any action with respect to an Award that is subject to Rule 16b-3, a “non-employee director” within the meaning of Rule 16b-3; however, a Committee member’s failure to qualify as a “non-employee director” within the meaning of Rule 16b-3 will not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

(j) “**Company**” means Babylon Holdings Limited, incorporated in Jersey with company number 115471, or any successor.

(k) “**Control**” has the meaning given in Section 995(2) of the UK Income Tax Act 2007, unless otherwise specified.

(l) “**Corporate Event**” has the meaning given to it in Section 8(b).

(m) “**Designated Beneficiary**” means: (i) a Participant’s personal representative appointed on Participant’s death; or (ii) if the Administrator permits from time to time in its discretion, the beneficiary or beneficiaries a Participant designates, in a manner the Administrator determines, to receive amounts due or exercise the Participant’s rights if the Participant dies or becomes incapacitated.

(n) “**Director**” means a Board member.

(o) “**Disability**” means a permanent and total disability under Section 22(e)(3) of the Code, as amended, and will be determined by the Administrator on the basis of such medical evidence as the Administrator deems warranted under the circumstances.

(p) “**Effective Date**” means the means the date of the consummation of the merger by and between the SPAC Counterparty, the Company, and certain other parties, pursuant to that certain Agreement dated June 3, 2021.

(q) “**Employee**” means any employee of the Company or its Subsidiaries.

(r) “**Equity Restructuring**” means any return of capital (including a share dividend (whether payable in the form of cash, shares, or any other form of consideration)), bonus issue of shares or other Company securities by way of capitalization of profits, distribution, share split, reverse share split, spin-

off, rights offering, re-designation, redenomination, consolidation recapitalization through a large, nonrecurring cash dividend, or any similar equity restructuring transaction, that affects the number or class of Shares (or other Company securities) or the nominal value of Shares (or other Company securities) and causes a change in the per share value of the Shares underlying outstanding Awards. Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as an Equity Restructuring.

(s) “**Exchange Act**” means the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(t) “**Fair Market Value**” means, as of any date, unless otherwise determined by the Administrator, the value of the Shares (as determined on a per share or aggregate basis, as applicable) determined as follows:

(i) If the Shares are listed on any established stock exchange or traded on any established market, the Fair Market Value will be the closing sales price for such Shares as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Shares) on the date of determination, as reported in a source the Administrator deems reliable.

(ii) If there is no closing sales price for the Shares on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Shares, or if otherwise determined by the Administrator, the Fair Market Value will be determined by the Administrator in good faith.

(u) “**Governmental Body**” means any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) United Kingdom, Jersey U.S. federal, state, local, municipal, foreign or other government; (c) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or entity and any court or other tribunal, and for the avoidance of doubt, any tax authority) or other body exercising similar powers or authority; or (d) self-regulatory organization (including the Nasdaq Stock Market, New York Stock Exchange, and the Financial Industry Regulatory Authority).

(v) “**Greater Than 10% Shareholder**” means an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of equity securities of the Company or its parent or subsidiary corporation, as defined in Section 424(e) and (f) of the Code, respectively.

(w) “**Group**” means the Company and its Subsidiaries (references to “**Group Company**” shall be construed accordingly).

(x) “**ISO**” means an Option intended to be, and that qualifies as, an “incentive stock option” as defined in Section 422 of the Code.

(y) “**Materially Impair**” means any amendment to the terms of the Award that materially adversely affects the Participant’s rights under the Award. A Participant’s rights under an Award will not be deemed to have been Materially Impaired by any such amendment if the Administrator, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant’s rights. For example, the following types of amendments to the terms of an Award do not Materially

Impair the Participant's rights under the Award: (i) imposition of reasonable restrictions on the minimum number of shares subject to an Option that may be exercised; (ii) to maintain the qualified status of the Award as an ISO under Section 422 of the Code; (iii) to change the terms of an ISO in a manner that disqualifies, impairs or otherwise affects the qualified status of the Award as an ISO under Section 422 of the Code; (iv) to clarify the manner of exemption from, or to bring the Award into compliance with or qualify it for an exemption from, Section 409A; or (v) to comply with other Applicable Laws.

(z) "**Non-Employee Sub-Plan**" means the Non-Employee Sub-Plan to the Plan adopted by the Board.

(aa) "**Non-Qualified Option**" means an Option not intended or not qualifying as an ISO.

(bb) "**Option**" means an option to purchase Shares.

(cc) "**Other Share Based Awards**" means awards of Shares, and other awards valued wholly or partially by referring to, or are otherwise based on, Shares or other property, including the appreciation in value thereof (e.g., options or share rights with an exercise price or strike price less than 100% of the Fair Market Value at the time of grant), that may be granted either alone or in addition to Awards provided for under Section 5 and Section 6.

(dd) "**Participant**" means a Service Provider who has been granted an Award.

(ee) "**Plan**" means this 2021 Equity Incentive Plan, as amended from time to time.

(ff) "**Prior Plans**" means (i) the Long Term Incentive Plan with Non-Employee Sub-Plan adopted by the Company on 27 July 2015 and (ii) Company Share Option plan adopted by the Company on 24 February 2021 (each as subsequently amended from time to time and as assumed or adopted by the Company prior to the Effective Date).

(gg) "**Restricted Shares**" means Shares awarded to a Participant under Section 6 subject to certain vesting conditions and other restrictions.

(hh) "**Restricted Share Unit**" means an unfunded, unsecured right to receive, on the applicable settlement date, one Share (or, if specified in the Award Agreement, other consideration determined by the Administrator to be of equal value as of such settlement date), subject to certain vesting conditions and other restrictions provided that nothing contained in the Plan or any Award Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between a Participant and the Company or a Subsidiary or any other person.

(ii) "**Rule 16b-3**" means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(jj) "**Sale**" means the sale of all or substantially all of the assets of the Company (in one transaction or a series of related transactions).

(kk) "**Section 409A**" means Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder.

(ll) "**Securities Act**" means the US Securities Act of 1933, as amended.

(mm) "**Service Provider**" means an Employee, Director or Consultant, *provided that* Consultants and Directors who are not Employees are *only* considered "Service Providers" eligible to be granted Awards under the Non-Employee Sub-Plan.

(nn) "**Share**" means a Class A Ordinary Share in the capital of the Company.

(oo) “*Share Appreciation Right*” means a share appreciation right granted under Section 5.

(pp) “*Share Reserve*” has the meaning given to it in Section 4(a).

(qq) “*SPAC Counterparty*” means Alkuri Global Acquisition Corp., a Delaware corporation, or any successor.

(rr) “*Subsidiary*” has the meaning as set out in section 1159 of the UK Companies Act 2006.

(ss) “*Substitute Awards*” means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

(tt) “*Takeover*” means if any person (or a group of persons acting in concert) (the “*Acquiring Person*”):

(i) obtains Control of the Company as the result of making a general offer to:

(1) acquire all of the issued ordinary share capital of the Company, which is made on a condition that, if it is satisfied, the Acquiring Person will have Control of the Company; or

(2) acquire all of the shares in the Company which are of the same class as the Shares; or

(ii) obtains Control of the Company as a result of a compromise or arrangement sanctioned by a court under Section 899 of the UK Companies Act 2006, or sanctioned under any other similar law of another jurisdiction; or

(iii) becomes bound or entitled under Sections 979 to 985 of the UK Companies Act 2006 (or similar law of another jurisdiction) to acquire shares of the same class as the Shares; or

(iv) obtains Control of the Company in any other way.

(uu) “*Termination of Service*” means the date the Participant ceases to be a Service Provider as defined in the Plan.

NON-EMPLOYEE SUB-PLAN

TO THE BABYLON HOLDINGS LIMITED 2021 EQUITY INCENTIVE PLAN

This sub-plan (the “*Non-Employee Sub-Plan*”) to the Babylon Holdings Limited 2021 Equity Incentive Plan (the “*Plan*”) governs the grant of Awards to Consultants (defined below) and Directors who are not Employees. The Non-Employee Sub-Plan incorporates all the provisions of the Plan except as modified in accordance with the provisions of this Non-Employee Sub-Plan.

Awards granted pursuant to the Non-Employee Sub-Plan are not granted pursuant to an “employees’ share scheme” for the purpose of English law.

For the purposes of the Non-Employee Sub-Plan, the provisions of the Plan shall operate subject to the following modifications:

1. Interpretation

In the Non-Employee Sub-Plan, unless the context otherwise requires, the following words and expressions have the following meanings:

“*Consultant*” means any person, including any adviser, engaged by the Company or any Group Company to render services to such entity if the consultant or adviser: (i) renders bona fide services to the Company or any Group Company; (ii) renders services not in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the Company’s securities; and (iii) is a natural person. Notwithstanding the foregoing, a person is treated as a Consultant only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

“*Service Provider*” means a Consultant or Director who is not an Employee.

“*Termination of Service*” means, subject to Section 3 below, the date the Participant ceases to be a Service Provider as defined in this Non-Employee Sub-Plan.

2. Eligibility

Service Providers are eligible to be granted Awards under the Non-Employee Sub-Plan.

3. Service Provider status and Termination of Service

If the Administrator so determines, a Participant who ceases to be a Service Provider for the purposes of this Non-Employee Sub-Plan and who becomes a Service Provider as defined in the Plan immediately thereafter (provided that there is no interruption or termination of the Participant’s service with the Company or a Subsidiary) may be considered to remain continuously a Service Provider for the purposes of the Non-Employee Sub-Plan.

APPENDIX 1
OPTION GRANT NOTICE (US / UK)

BABYLON HOLDINGS LIMITED
2021 EQUITY INCENTIVE PLAN [:NON-EMPLOYEE SUB-PLAN]

Capitalized terms not specifically defined in this Option Grant Notice (the “**Grant Notice**”) have the meanings given to them in the 2021 Equity Incentive Plan [:Non-Employee Sub-Plan] (as amended from time to time, the “**Plan**”) of Babylon Holdings Limited (the “**Company**”).

The Company has granted to the participant listed below (“**Participant**”) the option described in this Grant Notice (the “**Option**”), subject to the terms and conditions of the Plan and the Option Agreement attached as Exhibit A (the “**Agreement**”), both of which are incorporated into this Grant Notice by reference.

Participant:

Grant Date:

Exercise Price per Share:

Shares Subject to the Option:

Final Expiration Date: The day before the [10th] anniversary of the Grant Date

Vesting Commencement Date:

Vesting Schedule: [TBD].

Type of Option [ISO][Non-Qualified Option]

By Participant’s signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan, the Agreement and any Group Company policy that may be applicable to the Participant and the Option from time to time (the “**Policies**”) [including but not limited to the [Company’s claw-back policy / share retention policy / remuneration policy]]. Participant has reviewed the Plan, this Grant Notice, the Agreement and the Policies in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice, the Agreement and the Policies. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

By accepting this Option, Participant consents to receive this Grant Notice, the Agreement, the Plan, the Policies and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company. Counterparts may be delivered via facsimile, electronic mail

(including pdf or any electronic signature complying with the US federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other Applicable Law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

BABYLON HOLDINGS LIMITED PARTICIPANT

By: _____

Name [Participant Name]

Title:

Exhibit A

OPTION AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

1. GENERAL

1.1. Grant of Option

The Company has granted to Participant the Option effective as of the grant date set forth in the Grant Notice (the "***Grant Date***").

1.2. Incorporation of Terms of Plan

The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

2. PERIOD OF EXERCISABILITY

2.1. Commencement of Exercisability

The Option will vest and become exercisable according to the vesting schedule in the Grant Notice (the "***Vesting Schedule***") except that (1) the Option shall not be exercisable in any part prior to the effective date of a registration statement on Form S-8 relating to the Shares issuable with respect to the Option and (2) any fraction of a Share as to which the Option would be vested or exercisable will be accumulated and will vest and become exercisable only when a whole Share has accumulated. Notwithstanding anything in the Grant Notice, the Plan or this Agreement to the contrary, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company, the Option will immediately expire and be forfeited as to any portion that is not vested and exercisable as of Participant's Termination of Service for any reason.

2.2. Duration of Exercisability

The Vesting Schedule is cumulative. Any portion of the Option which vests and becomes exercisable will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

2.3. Expiration of Option

The Option may not be exercised to any extent by anyone after, and will expire on, the first of the following to occur:

- (a) The final expiration date in the Grant Notice;
 - (b) Except as the Administrator may otherwise approve, the expiration of three (3) months from the date of Participant's Termination of Service, unless Participant's Termination of Service is for Cause or by reason of Participant's death or Disability;
 - (c) Except as the Administrator may otherwise approve, the expiration of one (1) year from the date of Participant's Termination of Service by reason of Participant's Disability;
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- (d) Except as the Administrator may otherwise approve, the expiration of eighteen (18) months from the date of Participant's Termination of Service by reason of Participant's death;
- (e) Except as the Administrator may otherwise approve, Participant's Termination of Service for Cause;
- (f) Immediately upon a Corporate Event if the Administrator has determined that the Option will terminate in connection with a Corporate Event;
- (g) The day before the tenth anniversary of the Grant Date.

Notwithstanding the foregoing, if Participant dies during the period provided in Section 2.3(b) or 2.3(c) above, the term of the Option shall not expire until the earlier of (i) eighteen (18) months after Participant's death, (ii) upon any termination of the Option in connection with a Corporate Event, (iii) the Final Expiration Date indicated in the Grant Notice, or (iv) the day before the tenth anniversary of the Grant Date. Additionally, the post-termination exercise period of the Option may be extended as provided in the Plan.

3. EXERCISE OF OPTION

3.1. Person Eligible to Exercise

During Participant's lifetime, only Participant may exercise the Option. After Participant's death, any exercisable portion of the Option may, prior to the time the Option expires, be exercised by Participant's Designated Beneficiary as provided in the Plan.

3.2. Partial Exercise

Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option or portion thereof expires, except that the Option may only be exercised for whole Shares.

3.3. Tax Withholding.

- (a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any tax and/or social security withholding obligations arising in connection with the Option as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Option.
- (b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax and/or social security withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax and/or social security withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax and/or social security liability.

3.4. Lock-up

By accepting the Option, Participant agrees that Participant will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any Shares or other securities of the Company held by Participant, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation (the “**Lock-Up Period**”); provided, however, that nothing contained in this section will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. Participant further agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to Participant’s Shares (or other securities of the Company) until the end of such period. Participant also agrees that any transferee of any Shares (or other securities of the Company) held by Participant will be bound by this Section. The underwriters of the Company’s Shares are intended third party beneficiaries of this Section and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

4. **OTHER PROVISIONS**

4.1. Option Not a Service Contract.

By accepting the Option, Participant acknowledges, understands and agrees that:

- (a) the Option is not an employment or service contract, and nothing in the Option will be deemed to create in any way whatsoever any obligation on Participant’s part to continue in the employ of the Company or any Group Company, or of the Company or any Group Company to continue Participant’s employment. In addition, nothing in Participant’s Option will obligate the Company or any Group Company, their respective shareholders, boards of directors, officers or employees to continue any relationship that Participant might have as a Director or Consultant for the Company or any Group Company;
 - (b) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted under the Plan;
 - (c) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options (whether on the same or different terms), or benefits in lieu of options, even if options have been granted in the past;
 - (d) Participant’s options and any Shares acquired under the Plan on exercise of Participant’s options, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments;
 - (e) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;
 - (f) neither the Company nor any Group Company shall be liable for any foreign exchange rate fluctuation between Participant’s local currency and the United States Dollar (or such other currency in which the Exercise Price may be denominated) that may affect
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the value of Participant's options or of any amounts due to Participant pursuant to the exercise of the Option or the subsequent sale of any Shares received;

- (g) for the purposes of the Option, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or one of its Group Companies (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, (i) Participant's right to vest in the Option under the Plan, if any, and (ii) the period (if any) during which Participant may exercise the Option after such termination as a Service Provider will terminate as of such date and in each instance will not be extended by any notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any; and the Board shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Option (including whether Participant may still be considered to be providing services while on a leave of absence); and
- (h) no claim or entitlement to compensation or damages shall arise from forfeiture of this Option resulting from the termination of Participant's status as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of his or her employment or service agreement, if any), and in consideration of the grant of this Option to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any Group Company, waives his or her ability, if any, to bring any such claim, and release the Company and any Group Company from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim.

4.2. No Advice Regarding Grant; No Liability for Taxes

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or his or her acquisition or sale of the underlying Shares. Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

As a condition to accepting the Option, Participant hereby (a) agrees to not make any claim against the Company, Group, or any of its officers, Directors, Employees related to tax or social security liabilities arising from the Option or other Company or Group compensation and

(b) acknowledges that Participant was advised to consult with Participant's own personal tax, legal and financial advisors regarding the tax and social security consequences of the Option and has either done so or knowingly and voluntarily declined to do so. Additionally, if Participant is subject to tax in the United States, Participant acknowledges that the Option is exempt from Section 409A only if the exercise price per share is at least equal to the "fair market value" of a Share on the date of grant as determined by the US Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Option. Additionally, as a condition to accepting the Option, Participant agrees not make any claim against the Company, Group, or any of its Officers, Directors, Employees in the event that the US Internal Revenue Service asserts that such exercise price per share is less than the "fair

market value” of a Share on the date of grant as subsequently determined by the US Internal Revenue Service.

4.3. Adjustments

Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.4. Notices

Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company’s Secretary at the Company’s principal office or the Secretary’s then-current email address. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the person entitled to exercise the Option) at Participant’s last known mailing address or email address in the Company’s personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given: (i) if sent by email, when actually received; and (ii) if sent by certified mail (return receipt requested) and deposited with postage prepaid in the applicable national mail, when delivered by a nationally recognized express shipping company.

4.5. Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.6. Conformity to Applicable Laws

Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws, and this Option may be unilaterally cancelled by the Company (with the effect that all Participant’s rights hereunder lapse with immediate effect) if the Administrator determines in its reasonable discretion that such conformity is not possible or practicable.

4.7. Successors and Assigns

The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.8. Limitations Applicable to Section 16 Persons

Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.9. Entire Agreement

The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, with the exception of other equity awards previously granted to Participant and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and Participant in each case that specifies the terms that should govern this Option.

4.10. Agreement Severable

In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.11. Limitation on Participant's Rights

Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

4.12. Counterparts

The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Laws, each of which will be deemed an original and all of which together will constitute one instrument.

4.13. ISO

If the Option is designated as an ISO:

- (a) Participant acknowledges that to the extent the aggregate fair market value of shares (determined as of the time the option with respect to the shares is granted) with respect to which options intended to qualify as "incentive stock options" under Section 422 of the Code, including the Option, are exercisable for the first time by Participant during any calendar year exceeds \$100,000 or if for any other reason such options do not qualify or cease to qualify for treatment as "incentive stock options" under Section 422 of the Code, such options (including the Option) will be treated as non-qualified options. Participant further acknowledges that the rule set forth in the preceding sentence will be applied by taking the Option and other options into account in the order in which they were granted, as determined under Section 422(d) of the Code.
 - (b) Participant also acknowledges that if the Option is exercised more than three (3) months after Participant's Termination of Service, other than by reason of death or Disability, the Option will be taxed as a Non-Qualified Option. If the Company provides for the extended exercisability of the Option under certain circumstances for Participant's benefit, the Option will not necessarily be treated as an ISO if Participant exercise the Option more than three (3) months after the date of Participant's Termination of Service.
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- (c) Participant will notify the Company in writing within fifteen (15) days after the date of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or other transfer is made (a) within two (2) years from the Grant Date or (b) within one (1) year after the transfer of such Shares to Participant. Such notice will specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

4.14. Choice of Law

The Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales disregarding any jurisdiction's choice-of-law principles requiring the application of a jurisdiction's laws other than that of England and Wales and the courts of England and Wales shall have exclusive jurisdiction to hear any dispute.

4.15. Other Documents

Participant hereby acknowledges receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the prospectus document containing the Plan information specified in Section 10(a) of the Securities Act. In addition, Participant acknowledges receipt of the Company's Insider Trading and Window Period Policy.

4.16. Corporate Events.

The Option is subject to the terms of any agreement governing a Corporate Event involving the Company, including, without limitation, a provision for the appointment of a shareholder representative that is authorized to act on Participant's behalf with respect to any escrow, indemnities and any contingent consideration.

4.17. Non-Exempt U.S. Employees.

The Option, whether or not vested, if granted to an Employee who is a non-exempt employee for purposes of the U.S. Fair Labor Standards Act of 1938, as amended, will not be first exercisable for any Shares until at least six months following the Grant Date. Notwithstanding the foregoing, in accordance with the provisions of the U.S. Worker Economic Opportunity Act, any vested portion of the Option may be exercised earlier than six months following the Grant Date in the event of (i) the Participant's death or Disability, (ii) a Corporate Event in which the Option is not assumed, continued or substituted, (iii) a Change in Control, or (iv) the Participant's retirement (as such term may be defined in the Agreement or another applicable agreement or, in the absence of any such definition, in accordance with the Company's then current employment policies and guidelines). This Section 4.17 is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of the Option will be exempt from Participant's regular rate of pay.

APPENDIX 2
OPTION GRANT NOTICE (INTERNATIONAL)

BABYLON HOLDINGS LIMITED
2021 EQUITY INCENTIVE PLAN [:NON-EMPLOYEE SUB-PLAN]

Capitalized terms not specifically defined in this Option Grant Notice (the “**Grant Notice**”) have the meanings given to them in the 2021 Equity Incentive Plan [:Non-Employee Sub-Plan] (as amended from time to time, the “**Plan**”) of Babylon Holdings Limited (the “**Company**”).

The Company has granted to the participant listed below (“**Participant**”) the option described in this Grant Notice (the “**Option**”), subject to the terms and conditions of the Plan and the Option Agreement attached as Exhibit A (including any special terms and conditions for the Participant’s country set forth in the attached appendix (the “**Appendix**” and together, the “**Agreement**”)), both of which are incorporated into this Grant Notice by reference.

Participant:

Grant Date:

Exercise Price per Share:

Shares Subject to the Option:

Final Expiration Date: The day before the [10th] anniversary of the Grant Date

Vesting Commencement Date:

Vesting Schedule: [TBD].

Type of Option Non-Qualified Option

By Participant’s signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan, the Agreement and any Group Company policy that may be applicable to the Participant and the Option from time to time (the “**Policies**”) [including but not limited to the [Company’s claw-back policy / share retention policy / remuneration policy]]. Participant has reviewed the Plan, this Grant Notice, the Agreement and the Policies in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice, the Agreement and the Policies. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

By accepting this Option, Participant consents to receive this Grant Notice, the Agreement, the Plan, the Policies and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the US federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other Applicable Law) or other transmission method and any counterpart

so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

BABYLON HOLDINGS LIMITED PARTICIPANT

By: _____

Name [Participant Name]

Title:

Exhibit A

OPTION AGREEMENT

Capitalized terms not specifically defined in this Agreement (the definition of which includes any special terms and conditions for the Participant's country set forth in the Appendix) have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

1. GENERAL

1.1. Grant of Option

The Company has granted to Participant the Option effective as of the grant date set forth in the Grant Notice (the "**Grant Date**").

1.2. Incorporation of Terms of Plan

The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

2. PERIOD OF EXERCISABILITY

2.1. Commencement of Exercisability

The Option will vest and become exercisable according to the vesting schedule in the Grant Notice (the "**Vesting Schedule**") except that (1) the Option shall not be exercisable in any part prior to the effective date of a registration statement on Form S-8 relating to the Shares issuable with respect to the Option and (2) any fraction of a Share as to which the Option would be vested or exercisable will be accumulated and will vest and become exercisable only when a whole Share has accumulated. Notwithstanding anything in the Grant Notice, the Plan or this Agreement to the contrary, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company, the Option will immediately expire and be forfeited as to any portion that is not vested and exercisable as of Participant's Termination of Service for any reason.

2.2. Duration of Exercisability

The Vesting Schedule is cumulative. Any portion of the Option which vests and becomes exercisable will remain vested and exercisable until the Option expires. The Option will be forfeited immediately upon its expiration.

2.3. Expiration of Option

The Option may not be exercised to any extent by anyone after, and will expire on, the first of the following to occur:

- (a) The final expiration date in the Grant Notice;
 - (b) Except as the Administrator may otherwise approve, the expiration of three (3) months from the date of Participant's Termination of Service, unless Participant's Termination of Service is for Cause or by reason of Participant's death or Disability;
 - (c) Except as the Administrator may otherwise approve, the expiration of one (1) year from the date of Participant's Termination of Service by reason of Participant's Disability;
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- (d) Except as the Administrator may otherwise approve, the expiration of eighteen (18) months from the date of Participant's Termination of Service by reason of Participant's death;
- (e) Except as the Administrator may otherwise approve, Participant's Termination of Service for Cause;
- (f) Immediately upon a Corporate Event if the Administrator has determined that the Option will terminate in connection with a Corporate Event;
- (g) The day before the tenth anniversary of the Grant Date.

Notwithstanding the foregoing, if Participant dies during the period provided in Section 2.3(b) or 2.3(c) above, the term of the Option shall not expire until the earlier of (i) eighteen (18) months after Participant's death, (ii) upon any termination of the Option in connection with a Corporate Event, (iii) the Final Expiration Date indicated in the Grant Notice, or (iv) the day before the tenth anniversary of the Grant Date. Additionally, the post-termination exercise period of the Option may be extended as provided in the Plan.

3. EXERCISE OF OPTION

3.1. Person Eligible to Exercise

During Participant's lifetime, only Participant may exercise the Option. After Participant's death, any exercisable portion of the Option may, prior to the time the Option expires, be exercised by Participant's Designated Beneficiary as provided in the Plan.

3.2. Partial Exercise

Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised, in whole or in part, according to the procedures in the Plan at any time prior to the time the Option or portion thereof expires, except that the Option may only be exercised for whole Shares.

3.3. Tax Withholding.

- (a) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment in accordance with the Plan of any tax and/or social security withholding obligations arising in connection with the Option as Participant's election to satisfy all or any portion of the withholding tax by requesting the Company retain Shares otherwise issuable under the Option.
- (b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax and/or social security withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax and/or social security withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax and/or social security liability.

3.4. Lock-up

By accepting the Option, Participant agrees that Participant will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any Shares or other securities of the Company held by Participant, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation (the “**Lock-Up Period**”); provided, however, that nothing contained in this section will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. Participant further agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to Participant’s Shares (or other securities of the Company) until the end of such period. Participant also agrees that any transferee of any Shares (or other securities of the Company) held by Participant will be bound by this Section. The underwriters of the Company’s Shares are intended third party beneficiaries of this Section and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

4. **OTHER PROVISIONS**

4.1. Option Not a Service Contract.

By accepting the Option, Participant acknowledges, understands and agrees that:

- (a) the Option is not an employment or service contract, and nothing in the Option will be deemed to create in any way whatsoever any obligation on Participant’s part to continue in the employ of the Company or any Group Company, or of the Company or any Group Company to continue Participant’s employment. In addition, nothing in Participant’s Option will obligate the Company or any Group Company, their respective shareholders, boards of directors, officers or employees to continue any relationship that Participant might have as a Director or Consultant for the Company or any Group Company;
 - (b) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted under the Plan;
 - (c) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options (whether on the same or different terms), or benefits in lieu of options, even if options have been granted in the past;
 - (d) Participant’s options and any Shares acquired under the Plan on exercise of Participant’s options, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments;
 - (e) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;
 - (f) neither the Company nor any Group Company shall be liable for any foreign exchange rate fluctuation between Participant’s local currency and the United States Dollar (or such other currency in which the Exercise Price may be denominated) that may affect
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the value of Participant's options or of any amounts due to Participant pursuant to the exercise of the Option or the subsequent sale of any Shares received;

- (g) for the purposes of the Option, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or one of its Group Companies (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, (i) Participant's right to vest in the Option under the Plan, if any, and (ii) the period (if any) during which Participant may exercise the Option after such termination as a Service Provider will terminate as of such date and in each instance will not be extended by any notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any; and the Board shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Option (including whether Participant may still be considered to be providing services while on a leave of absence); and
- (h) no claim or entitlement to compensation or damages shall arise from forfeiture of this Option resulting from the termination of Participant's status as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of his or her employment or service agreement, if any), and in consideration of the grant of this Option to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any Group Company, waives his or her ability, if any, to bring any such claim, and release the Company and any Group Company from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim.

4.2. No Advice Regarding Grant; No Liability for Taxes

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or his or her acquisition or sale of the underlying Shares. Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

As a condition to accepting the Option, Participant hereby (a) agrees to not make any claim against the Company, Group, or any of its officers, Directors, Employees related to tax or social security liabilities arising from the Option or other Company or Group compensation and

(b) acknowledges that Participant was advised to consult with Participant's own personal tax, legal and financial advisors regarding the tax and social security consequences of the Option and has either done so or knowingly and voluntarily declined to do so. Additionally, if Participant is subject to tax in the United States, Participant acknowledges that the Option is exempt from Section 409A only if the exercise price per share is at least equal to the "fair market value" of a Share on the date of grant as determined by the US Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Option. Additionally, as a condition to accepting the Option, Participant agrees not make any claim against the Company, Group, or any of its Officers, Directors, Employees in the event that the US Internal Revenue Service asserts that such exercise price per share is less than the "fair

market value” of a Share on the date of grant as subsequently determined by the US Internal Revenue Service.

4.3. Adjustments

Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.4. Language

Participant acknowledges that he or she is sufficiently proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow him or her to understand the terms and conditions of this Agreement. If Participant has received this Agreement, or any other document related to the Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

4.5. Foreign Assets/Account, Exchange Control and Tax Reporting

Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash (including dividends and the proceeds arising from the sale of Shares) derived from Participant’s participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside Participant’s country. The applicable laws in Participant’s country may require that he or she report such accounts, assets and balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. Participant may also be required to repatriate sale proceeds or other funds received as a result of his or her participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is his or her responsibility to be compliant with such regulations and he or she is encouraged to consult with his or her personal legal advisor for any details.

4.6. Appendix

Notwithstanding any provisions in this Agreement, the Option shall be subject to the special terms and conditions for Participant’s country set forth in the Appendix attached to this Agreement. Moreover, if Participant relocates to one of the countries included therein, the terms and conditions for such country will apply to Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

4.7. Notices

Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company’s Secretary at the Company’s principal office or the Secretary’s then-current email address. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the person entitled to exercise the Option) at Participant’s last known mailing address or email address in the Company’s personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given: (i) if sent by email, when actually received; and (ii) if sent by certified mail (return receipt requested) and deposited with postage prepaid in the applicable national mail, when delivered by a nationally recognized express shipping company.

4.8. Titles

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.9. Conformity to Applicable Laws

Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws, and this Option may be unilaterally cancelled by the Company (with the effect that all Participant's rights hereunder lapse with immediate effect) if the Administrator determines in its reasonable discretion that such conformity is not possible or practicable.

4.10. Successors and Assigns

The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.11. Limitations Applicable to Section 16 Persons

Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the Option will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.12. Entire Agreement

The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, with the exception of other equity awards previously granted to Participant and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and Participant in each case that specifies the terms that should govern this Option.

4.13. Agreement Severable

In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.14. Limitation on Participant's Rights

Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general

unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to the Option, as and when exercised pursuant to the terms hereof.

4.15. Counterparts

The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Laws, each of which will be deemed an original and all of which together will constitute one instrument.

4.16. Choice of Law

The Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales disregarding any jurisdiction's choice-of-law principles requiring the application of a jurisdiction's laws other than that of England and Wales and the courts of England and Wales shall have exclusive jurisdiction to hear any dispute.

4.17. Other Documents

Participant hereby acknowledges receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the prospectus document containing the Plan information specified in Section 10(a) of the Securities Act. In addition, Participant acknowledges receipt of the Company's Insider Trading and Window Period Policy.

4.18. Corporate Events.

The Option is subject to the terms of any agreement governing a Corporate Event involving the Company, including, without limitation, a provision for the appointment of a shareholder representative that is authorized to act on Participant's behalf with respect to any escrow, indemnities and any contingent consideration.

APPENDIX TO OPTION AGREEMENT

This Appendix includes special terms and conditions that govern the Option granted to Participant under the Plan if Participant resides and/or works in one of the countries listed below.

The information contained herein is general in nature and may not apply to Participant's particular situation, and Participant is advised to seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation. If Participant is a citizen or resident of a country other than the one in which he or she is currently working and/or residing, transfers employment and/or residency to another country after the Grant Date, is a Consultant, changes employment status to a consultant position, or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the special terms and conditions contained herein shall be applicable to Participant. References to an employer (if any) shall include any entity that engages Participant's services.

[Country specific appendices to be added as required]

APPENDIX 3
RESTRICTED SHARE UNIT GRANT NOTICE (US / UK)

BABYLON HOLDINGS LIMITED
2021 EQUITY INCENTIVE PLAN [:NON-EMPLOYEE SUB-PLAN]

Capitalized terms not specifically defined in this Restricted Share Unit Grant Notice (the “**Grant Notice**”) have the meanings given to them in the 2021 Equity Incentive Plan [: Non-Employee Sub- Plan] (as amended from time to time, the “**Plan**”) of Babylon Holdings Limited (the “**Company**”).

The Company has granted to the participant listed below (“**Participant**”) the Restricted Share Units (the “**RSUs**”) described in this Grant Notice (the “**Award**”), subject to the terms and conditions of the Plan and the Restricted Share Unit Agreement attached as Exhibit A (the “**Agreement**”), both of which are incorporated into this Grant Notice by reference.

Participant:

Grant Date:

Number of RSUs:

Vesting Commencement Date:

Vesting Schedule: [Time-based vesting schedule TBD]

By Participant’s signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan, the Agreement and any Group Company policy that may be applicable to the Participant and the Option from time to time (the “**Policies**”) [including but not limited to the [Company’s claw-back policy / share retention policy / remuneration policy]]. Participant has reviewed the Plan, this Grant Notice, the Agreement and the Policies in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice, the Agreement and the Policies. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

By accepting this Award, Participant consents to receive this Grant Notice, the Agreement, the Plan, the Policies and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the US federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other Applicable Law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

BABYLON HOLDINGS LIMITED PARTICIPANT

By: _____

Name [Participant Name]

Title:

Exhibit A

RESTRICTED SHARE UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

1. GENERAL

1.1 Award of RSUs.

The Company has granted the RSUs to Participant effective as of the grant date set forth in the Grant Notice (the "**Grant Date**"). Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash, in either case, as set forth in this Agreement. Participant will have no right to the distribution of any Shares or payment of any cash until the time (if ever) the RSUs have vested.

1.2 Incorporation of Terms of Plan.

The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise.

The RSUs will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

2. VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture.

The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. In the event of Participant's Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company.

2.2 Settlement.

- (a) RSUs will be paid in Shares or cash at the Company's option as soon as administratively practicable after the vesting of the applicable RSU, but in no event more than sixty (60) days after the RSU's vesting date (except as otherwise provided in Section 2.2(d) below). Notwithstanding the foregoing, to the extent permitted under Applicable Laws, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Laws until the earliest date the Company reasonably determines the making of the payment will not cause such a violation.
 - (b) If an RSU is paid in cash, the amount of cash paid with respect to the RSU will equal the Fair Market Value of a Share on the day immediately preceding the payment date.
 - (c) If an RSU is paid in Shares, Participant may be required to pay the nominal value thereof in the same manner as provided for Withholding Taxes below.
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- (d) If the date Shares would otherwise be distributed pursuant to Section 2.2(a) (the “**Original Issuance Date**”) falls on a date that is not a business day, delivery of Shares will instead occur on the next following business day. In addition, if:
- (i) the Original Issuance Date does not occur (1) during an “open window period” applicable to Participant, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or
(2) on a date when Participant is otherwise permitted to sell Shares on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “**10b5-1 Arrangement**”)), and
 - (ii) either (1) Withholding Taxes do not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy Withholding Taxes by withholding Shares from the Shares otherwise due, on the Original Issuance Date, to Participant under the Award, and (B) not to permit Participant to enter into a “same day sale” commitment with a broker-dealer (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit Participant to pay the Withholding Taxes in cash,

then the Shares that would otherwise be issued to Participant on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when Participant is not prohibited from selling Shares of the in the open public market, but, if the Company determines that Participant may be subject to taxation in the United States, in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of Participant’s taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with United States Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the Shares under the Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulations Section 1.409A-1(d).

3. **TAXATION AND TAX WITHHOLDING**

3.1 Representation.

Participant represents to the Company that Participant has reviewed with Participant’s own tax advisors the tax and/or social security consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

- (a) On each vesting date, and on or before the time Participant receives a distribution of the shares underlying the RSUs, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, Participant hereby authorizes any required withholding from the shares issuable to Participant and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax and/or social security withholding obligations of the Company or any parent or Subsidiary that arise in connection with Participant’s RSUs (the “**Withholding Taxes**”). Participant hereby authorizes the Company and/or the relevant parent or Subsidiary, or their respective agents, at their discretion, to satisfy the obligations with regard to all Withholding Taxes by one or a combination of the

following: (i) withholding from any compensation otherwise payable to Participant by the Company or any parent or Subsidiary; (ii) causing Participant to tender a cash payment (which may be in the form of a check, electronic wire transfer or other method permitted by the Company); (iii) withholding shares from the shares issued or otherwise issuable to Participant in connection with Participant's RSUs with a fair market value (measured as of the date shares are issued to Participant) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares so withheld will not exceed the amount necessary to satisfy the required tax and/or social security withholding obligations using the minimum statutory withholding rates for federal, state, local and, if applicable, foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and, provided, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the prior approval of the Company's Remuneration Committee; or (iv) by requiring Participant to enter into a "same day sale" commitment with a broker-dealer in a manner satisfactory to the Company (including but not limited to a commitment under a 10b5-1 Arrangement).

- (b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax and/or social security withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax and/or social security withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax and/or social security liability.

4. **OTHER PROVISIONS**

4.1 No Advice Regarding Grant; No Liability for Taxes

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or his or her acquisition or sale of the underlying Shares. Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

As a condition to accepting the Award, Participant hereby (a) agrees to not make any claim against the Company, Group, or any of its officers, Directors, Employees related to tax or social security liabilities arising from the Award or other Company or Group compensation and

(b) acknowledges that Participant was advised to consult with Participant's own personal tax, legal and financial advisors regarding the tax and social security consequences of the Award and has either done so or knowingly and voluntarily declined to do so.

4.2 Adjustments.

Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.3 Notices.

Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal

office or the Secretary's then-current email address. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address or email address. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given: (i) if sent by email, when actually received; and (ii) if sent by certified mail (return receipt requested) and deposited with postage prepaid in the applicable national mail, when delivered by a nationally recognized express shipping company.

4.4 Titles.

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.5 Conformity to Securities Laws.

Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws, and the RSUs may be unilaterally cancelled by the Company (with the effect that all Participant's rights hereunder lapse with immediate effect) if the Administrator determines in its reasonable discretion that such conformity is not possible or practicable.

4.6 Successors and Assigns.

The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.7 Limitations Applicable to Section 16 Persons.

Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, and the RSUs will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.8 Entire Agreement.

The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, with the exception of other equity awards previously granted to the Participant and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and the Participant in each case that specifies the terms that should govern this Award.

4.9 Agreement Severable.

In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be

construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.10 Limitation on Participant's Rights.

Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the RSUs, as and when settled pursuant to the terms of this Agreement.

4.11 Not a Contract of Employment.

By accepting the Award, Participant acknowledges, understands and agrees that:

- (a) the Award is not an employment or service contract, and nothing in the Award will be deemed to create in any way whatsoever any obligation on Participant's part to continue in the employ of the Company or any Group Company, or of the Company or any Group Company to continue Participant's employment. In addition, nothing in Participant's Award will obligate the Company or any Group Company, their respective shareholders, boards of directors, officers or employees to continue any relationship that Participant might have as a Director or Consultant for the Company or any Group Company;
 - (b) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted under the Plan;
 - (c) the grant of the Award is voluntary and occasional and does not create any contractual or other right to receive future grants of options (whether on the same or different terms), or benefits in lieu of options, even if options have been granted in the past;
 - (d) Participant's Award and any Shares acquired under the Plan in respect of Participant's Award, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments;
 - (e) the future value of the Shares underlying the Award is unknown, indeterminable, and cannot be predicted with certainty;
 - (f) neither the Company nor any Group Company shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar (or such other currency in which the Exercise Price may be denominated) that may affect the value of Participant's Award or of any amounts due to Participant pursuant to the Award or the subsequent sale of any Shares received;
 - (g) for the purposes of the Award, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or one of its Group Companies (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment
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laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, Participant's right to vest in the Award under the Plan, if any, will terminate as of such date and in each instance will not be extended by any notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any; and the Board shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Award (including whether Participant may still be considered to be providing services while on a leave of absence); and

- (h) no claim or entitlement to compensation or damages shall arise from forfeiture of this Award resulting from the termination of Participant's status as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of his or her employment or service agreement, if any), and in consideration of the grant of this Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any Group Company, waives his or her ability, if any, to bring any such claim, and release the Company and any Group Company from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim.

4.12 Lock-up.

By accepting the Award, Participant agrees that Participant will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any Shares or other securities of the Company held by Participant, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation (the "**Lock-Up Period**"); *provided, however*, that nothing contained in this section will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. Participant further agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to Participant's Shares (or other securities of the Company) until the end of such period. Participant also agrees that any transferee of any Shares (or other securities of the Company) held by Participant will be bound by this Section. The underwriters of the Company's Shares are intended third party beneficiaries of this Section and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

4.13 Counterparts.

The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Laws, each of which will be deemed an original and all of which together will constitute one instrument.

4.14 Choice of Law

The Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales disregarding any jurisdiction's choice-of-law principles requiring the application of a jurisdiction's laws other than that of England and Wales and the courts of England and Wales shall have exclusive jurisdiction to hear any dispute.

4.15 Other Documents

Participant hereby acknowledges receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the prospectus document containing the Plan information specified in Section 10(a) of the Securities Act. In addition, Participant acknowledges receipt of the Company's Insider Trading and Window Period Policy.

4.16 Corporate Events.

The Award is subject to the terms of any agreement governing a Corporate Event involving the Company, including, without limitation, a provision for the appointment of a shareholder representative that is authorized to act on Participant's behalf with respect to any escrow, indemnities and any contingent consideration.

APPENDIX 4
RESTRICTED SHARE UNIT GRANT NOTICE (INTERNATIONAL)

BABYLON HOLDINGS LIMITED
2021 EQUITY INCENTIVE PLAN [:NON-EMPLOYEE SUB-PLAN]

Capitalized terms not specifically defined in this Restricted Share Unit Grant Notice (the “**Grant Notice**”) have the meanings given to them in the 2021 Equity Incentive Plan [: Non-Employee Sub- Plan] (as amended from time to time, the “**Plan**”) of Babylon Holdings Limited (the “**Company**”).

The Company has granted to the participant listed below (“**Participant**”) the Restricted Share Units (the “**RSUs**”) described in this Grant Notice (the “**Award**”), subject to the terms and conditions of the Plan and the Restricted Share Unit Agreement attached as Exhibit A (including any special terms and conditions for the Participant’s country set forth in the attached appendix (the “**Appendix**” and together, the “**Agreement**”), both of which are incorporated into this Grant Notice by reference.

Participant:

Grant Date:

Number of RSUs:

Vesting Commencement Date:

Vesting Schedule: [Time-based vesting schedule TBD].

By Participant’s signature below, Participant agrees to be bound by the terms of this Grant Notice, the Plan, the Agreement and any Group Company policy that may be applicable to the Participant and the Option from time to time (the “**Policies**”) [including but not limited to the [Company’s claw-back policy / share retention policy / remuneration policy]]. Participant has reviewed the Plan, this Grant Notice, the Agreement and the Policies in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice, the Agreement and the Policies. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

By accepting this Award, Participant consents to receive this Grant Notice, the Agreement, the Plan, the Policies and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the US federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other Applicable Law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

BABYLON HOLDINGS LIMITED PARTICIPANT

By: _____

Name [Participant Name]

Title:

Exhibit A

RESTRICTED SHARE UNIT AGREEMENT

Capitalized terms not specifically defined in this Agreement have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

Capitalized terms not specifically defined in this Agreement (the definition of which includes any special terms and conditions for the Participant's country set forth in the Appendix) have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan.

1. GENERAL

1.1 Award of RSUs.

The Company has granted the RSUs to the Participant effective as of the grant date set forth in the Grant Notice (the "*Grant Date*"). Each RSU represents the right to receive one Share or, at the option of the Company (subject to the provisions of the Appendix), an amount of cash, in either case, as set forth in this Agreement. The Participant will have no right to the distribution of any Shares or payment of any cash until the time (if ever) the RSUs have vested.

1.2 Incorporation of Terms of Plan.

The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise.

The RSUs will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

2. VESTING; FORFEITURE AND SETTLEMENT

2.1 Vesting; Forfeiture.

The RSUs will vest according to the vesting schedule in the Grant Notice except that any fraction of an RSU that would otherwise be vested will be accumulated and will vest only when a whole RSU has accumulated. In the event of the Participant's Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between the Participant and the Company.

2.2 Settlement.

- (c) RSUs will be paid in Shares or cash at the Company's option as soon as administratively practicable after the vesting of the applicable RSU, but in no event more than sixty (60) days after the RSU's vesting date (except as otherwise provided in Section 2.2(d) below). Notwithstanding the foregoing, to the extent permitted under Applicable Laws, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Laws until the earliest date the Company reasonably determines the making of the payment will not cause such a violation.
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- (d) If an RSU is paid in cash, the amount of cash paid with respect to the RSU will equal the Fair Market Value of a Share on the day on which the applicable RSU vests.
- (e) If an RSU is paid in Shares, Participant may be required to pay the nominal value thereof in the same manner as provided for Withholding Taxes below.
- (f) If the date Shares would otherwise be distributed pursuant to Section 2.2(a) (the “**Original Issuance Date**”) falls on a date that is not a business day, delivery of Shares will instead occur on the next following business day. In addition, if:
 - (i) the Original Issuance Date does not occur (1) during an “open window period” applicable to the Participant, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when the Participant is otherwise permitted to sell Shares on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “**10b5-1 Arrangement**”)), and
 - (ii) either (1) Withholding Taxes do not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy Withholding Taxes by withholding Shares from the Shares otherwise due, on the Original Issuance Date, to the Participant under the Award, and (B) not to permit the Participant to enter into a “same day sale” commitment with a broker-dealer (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit the Participant to pay the Withholding Taxes in cash,

then the Shares that would otherwise be issued to the Participant on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when the Participant is not prohibited from selling Shares of the in the open public market, but, if the Company determines that the Participant may be subject to taxation in the United States, in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of the Participant’s taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with United States Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the Shares under the Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulations Section 1.409A-1(d).

3. TAXATION AND TAX WITHHOLDING

3.1 Representation.

The Participant represents to the Company that the Participant has reviewed with the Participant’s own tax advisors the tax and/or social security consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

- (g) On each vesting date, and on or before the time the Participant receives a distribution of the shares underlying the RSUs, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, the Participant hereby authorizes

any required withholding from the shares issuable to the Participant and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax and/or social security withholding obligations of the Company or any parent or Subsidiary that arise in connection with the Participant's RSUs (the "**Withholding Taxes**"). The Participant hereby authorizes the Company and/or the relevant parent or Subsidiary, or their respective agents, at their discretion, to satisfy the obligations with regard to all Withholding Taxes by one or a combination of the following: (i) withholding from any compensation otherwise payable to the Participant by the Company or any parent or Subsidiary; (ii) causing the Participant to tender a cash payment (which may be in the form of a check, electronic wire transfer or other method permitted by the Company); (iii) withholding shares from the shares issued or otherwise issuable to the Participant in connection with the Participant's RSUs with a fair market value (measured as of the date shares are issued to the Participant) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares so withheld will not exceed the amount necessary to satisfy the required tax and/or social security withholding obligations using the maximum statutory withholding rates for federal, state, local and, if applicable, foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and, provided, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the prior approval of the Company's Remuneration Committee; or (iv) by requiring the Participant to enter into a "same day sale" commitment with a broker-dealer in a manner satisfactory to the Company (including but not limited to a commitment under a 10b5-1 Arrangement).

- (h) The Participant acknowledges that the Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax and/or social security withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax and/or social security withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate the Participant's tax and/or social security liability.

4. **OTHER PROVISIONS**

4.1 No Advice Regarding Grant; No Liability for Taxes

The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying Shares. The Participant should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

As a condition to accepting the Award, the Participant hereby (a) agrees to not make any claim against the Company, Group, or any of its officers, Directors, Employees related to tax or social security liabilities arising from the Award or other Company or Group compensation and (b) acknowledges that the Participant was advised to consult with the Participant's own personal tax, legal and financial advisors regarding the tax and social security consequences of the Award and has either done so or knowingly and voluntarily declined to do so.

4.2 Adjustments.

The Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

4.3 Language

The Participant acknowledges that he or she is sufficiently proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow him or her to understand the terms and conditions of this Agreement. If the Participant has received this Agreement, or any other document related to the Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

4.4 Foreign Assets/Account, Exchange Control and Tax Reporting

The Participant may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of Shares or cash (including dividends and the proceeds arising from the sale of Shares) derived from the Participant's participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside the Participant's country. The applicable laws in the Participant's country may require that he or she report such accounts, assets and balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. The Participant may also be required to repatriate sale proceeds or other funds received as a result of his or her participation in the Plan to his or her country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is his or her responsibility to be compliant with such regulations and he or she is encouraged to consult with his or her personal legal advisor for any details.

4.5 Appendix

Notwithstanding any provisions in this Agreement, the Award shall be subject to the special terms and conditions for the Participant's country set forth in the Appendix attached to this Agreement. Moreover, if the Participant relocates to one of the countries included therein, the terms and conditions for such country will apply to the Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

4.6 Notices.

Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address. Any notice to be given under the terms of this Agreement to the Participant must be in writing and addressed to the Participant at the Participant's last known mailing address or email address. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given: (i) if sent by email, when actually received; and (ii) if sent by certified mail (return receipt requested) and deposited with postage prepaid in the applicable national mail, when delivered by a nationally recognized express shipping company.

4.7 Titles.

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.8 Conformity to Securities Laws.

The Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws, and the RSUs may be unilaterally cancelled by the Company (with the effect that all the Participant's rights hereunder lapse with immediate effect) if the Administrator determines in its reasonable discretion that such conformity is not possible or practicable.

4.9 Successors and Assigns.

The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.10 Limitations Applicable to Section 16 Persons.

Notwithstanding any other provision of the Plan or this Agreement, if the Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement, and the RSUs will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.11 Entire Agreement.

The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, with the exception of other equity awards previously granted to the Participant and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and the Participant in each case that specifies the terms that should govern this Award.

4.12 Agreement Severable.

In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.13 Limitation on the Participant's Rights.

Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the RSUs, as and when settled pursuant to the terms of this Agreement.

4.14 Not a Contract of Employment.

By accepting the Award, the Participant acknowledges, understands and agrees that:

- (i) the Award is not an employment or service contract, and nothing in the Award will be deemed to create in any way whatsoever any obligation on the Participant's part to continue in the employ of the Company or any Group Company, or of the Company or any Group Company to continue the Participant's employment. In addition, nothing in the Participant's Award will obligate the Company or any Group Company, their respective shareholders, boards of directors, officers or employees to continue any relationship that the Participant might have as a Director or Consultant for the Company or any Group Company;
 - (j) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, to the extent permitted under the Plan;
 - (k) the grant of the Award is voluntary and occasional and does not create any contractual or other right to receive future grants of options (whether on the same or different terms), or benefits in lieu of options, even if options have been granted in the past;
 - (l) the Participant's Award and any Shares acquired under the Plan in respect of the Participant's Award, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments;
 - (m) the future value of the Shares underlying the Award is unknown, indeterminable, and cannot be predicted with certainty;
 - (n) neither the Company nor any Group Company shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Participant's Award or of any amounts due to the Participant pursuant to the Award or the subsequent sale of any Shares received;
 - (o) for the purposes of the Award, the Participant's status as a Service Provider will be considered terminated as of the date the Participant is no longer actively providing services to the Company or one of its Group Companies (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, the Participant's right to vest in the Award under the Plan, if any, will terminate as of such date and in each instance will not be extended by any notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any; and the Board shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Award (including whether the Participant may still be considered to be providing services while on a leave of absence); and
 - (p) no claim or entitlement to compensation or damages shall arise from forfeiture of this Award resulting from the termination of the Participant's status as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of his or her employment or service agreement, if any), and in consideration of the grant
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of this Award to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company or any Group Company, waives his or her ability, if any, to bring any such claim, and release the Company and any Group Company from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim.

4.15 Lock-up.

By accepting the Award, the Participant agrees that the Participant will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale with respect to any Shares or other securities of the Company held by the Participant, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2241 or any successor or similar rules or regulation (the “**Lock-Up Period**”); *provided, however*, that nothing contained in this section will prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. The Participant further agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Participant’s Shares (or other securities of the Company) until the end of such period. The Participant also agrees that any transferee of any Shares (or other securities of the Company) held by the Participant will be bound by this Section. The underwriters of the Company’s Shares are intended third party beneficiaries of this Section and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

4.16 Counterparts.

The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Laws, each of which will be deemed an original and all of which together will constitute one instrument.

4.17 Choice of Law.

The Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales disregarding any jurisdiction’s choice-of-law principles requiring the application of a jurisdiction’s laws other than that of England and Wales and the courts of England and Wales shall have exclusive jurisdiction to hear any dispute.

4.18 Other Documents

Participant hereby acknowledges receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the prospectus document containing the Plan information specified in Section 10(a) of the Securities Act. In addition, Participant acknowledges receipt of the Company’s Insider Trading and Window Period Policy.

4.19 Corporate Events.

The Award is subject to the terms of any agreement governing a Corporate Event involving the Company, including, without limitation, a provision for the appointment of a shareholder representative that is authorized to act on the Participant's behalf with respect to any escrow, indemnities and any contingent consideration.

APPENDIX TO RESTRICTED SHARE UNIT AGREEMENT

This Appendix includes special terms and conditions that govern the Award granted to the Participant under the Plan if the Participant resides and/or works in one of the countries listed below.

The information contained herein is general in nature and may not apply to the Participant's particular situation, and the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to his or her situation. If the Participant is a citizen or resident of a country other than the one in which he or she is currently working and/or residing, transfers employment and/or residency to another country after the Grant Date, is a Consultant, changes employment status to a consultant position, or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the special terms and conditions contained herein shall be applicable to the Participant. References to an employer (if any) shall include any entity that engages the Participant's services. References to "you" are to the Participant.

[Country specific appendices to be added as required]

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (“**Sublease**”) is made as of this 1st day of November, 2021 (the “**Effective Date**”), by and between **TEXAS EZPAWN L.P.**, a Texas limited partnership (herein called “**Sublandlord**”), and **BABYLON INC.**, a Delaware corporation d/b/a Babylon Technologies Inc. (herein called “**Subtenant**”).

WHEREAS, pursuant to the Prime Lease (hereinafter defined), Sublandlord leased from Prime Landlord (hereinafter defined) certain office space (the “**Premises**”), currently consisting of approximately 112,248 rentable square feet on the top three floors of a building commonly known as Building One at Rollingwood Center, located at 2500 Bee Cave Road, Rollingwood, Texas 78746 (the “**Building**”); and

WHEREAS, Sublandlord desires to sublease a portion of the Premises to Subtenant, and Subtenant desires to sublease such portion of the Premises from Sublandlord, on the terms and conditions set forth in this Sublease.

NOW, THEREFORE, in consideration of the rents, covenants and agreements hereafter reserved and contained on the part of Subtenant to be observed and performed, Sublandlord demises and subleases to Subtenant, and Subtenant rents from Sublandlord that portion of the Premises consisting of approximately 37,883 rentable square feet (the “**Subleased Premises**”), comprising all of the fourth (4th) floor of the Building and more particularly depicted on Exhibit A attached hereto. This Sublease consists of the foregoing paragraphs, the Sublease Summary, the Sublease Provisions and all Exhibits hereto.

SUBLEASE SUMMARY

- (a) **Address for Notices/Rent:**
- (i) Sublandlord’s Address: Texas EZPAWN L.P.
2500 Bee Cave Road
Building 1, Suite No. 200
Rollingwood, Texas 78746
Attn: Lease Administration Department
Phone: (512) 314-3448
- (ii) Subtenant’s Address: Babylon Inc.
1 Knightsbridge Green
London
SW1X 7QA
UK
Attn: Facilities and Real Estate
- With a copy to:
- Babylon Inc.
2500 Bee Cave Road
Building 1, Suite No. 400
Rollingwood, Texas 78746
Attn: Facilities and Real Estate
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- (b) **Rentable Square Footage of the Subleased Premises:** Approximately 37,883 rentable square feet, measured in accordance with a modified 2010 BOMA standard and calculation.
- (c) **Commencement Date:** Commencement Date of this Sublease shall be the later of thirty (30) days following (i) receipt of Landlord's consent to this Sublease, and (ii) Sublandlord's delivery of possession of the Subleased Premises to Tenant in the condition required by this Sublease.
- (d) **Sublease Term:** The term of this Sublease shall commence on the Commencement Date and shall automatically terminate on March 31, 2029 (the "**Termination Date**").
- (e) **Base Rent:** Subtenant shall pay Base Rent for the Subleased Premises in accordance with the following schedule:

| <u>Period</u> | <u>Annual Base Rental Rate PSF/NRA</u> | <u>Monthly Base Rent</u> |
|-------------------------------|--------------------------------------------|------------------------------|
| Months 1 – 12 | \$37.50 | \$118,384.38* |
| Months 13 – 24 | \$38.63 | \$121,935.91 |
| Months 25 – 36 | \$39.78 | \$125,593.98 |
| Months 37 – 48 | \$40.98 | \$129,361.80 |
| Months 49 - 60 | \$42.21 | \$133,242.66 |
| Months 61 - 72 | \$43.47 | \$137,239.94 |
| Months 73 - 84 | \$44.78 | \$141,357.13 |
| Months 85 – term date 3/31/29 | \$46.12 | \$145,597.85 |

*subject to abatement as provided below

- (f) **Operating Expenses and Taxes:** The Operating Expenses and Taxes for 2021 are currently estimated to be \$62,570.00 per month (based on \$19.82 per square foot per year); provided, however, that Sublandlord shall not be bound by any estimate of the Operating Expenses and Taxes and Subtenant must pay the actual amounts of such Operating Expenses and Taxes with respect to the Subleased Premises pursuant to this Sublease. For purposes of determining Operating Expenses and Taxes with respect to the Subleased Premises, Subtenant shall receive the benefit of the cap on Controllable Operating Expenses set forth in the Primary Lease.
- (g) **Permitted Use of Subleased Premises:** General office use subject to the restrictions set forth in the Prime Lease.
- (h) **Prime Lease:** That certain Rollingwood Center Office Lease dated October 27, 2014 (the "**Prime Lease**"), between LORE ATX ROLLINGWOOD, LLC, successor-in-interest to PPF OFF ROLLINGWOOD LANDOWNER, LP, as landlord (the "**Prime Landlord**"), and Sublandlord, a redacted copy of which is attached hereto as **Exhibit B** and incorporated herein by reference. Sublandlord represents and warrants to Subtenant that (i) the Prime Lease attached hereto as Exhibit B is a true, correct and complete copy of the Prime Lease, that the Prime

Lease has not been amended or otherwise modified and there are no other agreements between Sublandlord and Prime Landlord with respect to the Prime Lease and/or the Premises, (ii) there exists no breach, default or event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default under the Prime Lease, and (iii) there are no existing claims, defenses or offsets against rent due or to become due under the Prime Lease. All capitalized terms not defined in this Sublease will have the meanings given such terms in the Prime Lease.

SUBLEASE PROVISIONS

1. RENT; LETTER OF CREDIT.

(a) Commencing on the Commencement Date, all Base Rent payments and any other payments or charges that may be due or payable under this Sublease, including, but not limited to Operating Expenses and Taxes solely related to the Subleased Premises, and sums payable on account of an Event of Default (defined below) by Subtenant (collectively, "**Additional Rent**"), shall become due and payable, without notice and without offset, abatement or deduction (except as otherwise provided in this Sublease), at the address listed for Rent payments in the Sublease Summary or at such other place or account located in the continental United States as may be designated in writing by Sublandlord, in advance without demand, at least thirty (30) days prior to the first (1st) day of each calendar month during the term of this Sublease (the term "**Rent**" as used in this Sublease shall include both Base Rent and Additional Rent). Notwithstanding anything in the above Section 1(a) to the contrary, provided there is no existing Event of Default by Subtenant under the terms of this Sublease beyond any applicable notice and cure periods, monthly Base Rent only in the amount of \$118,384.38 shall be abated from the Commencement Date until fully credited to Subtenant. All other Rent payments due hereunder during such abatement shall continue to be payable as provided herein. Subtenant shall have the right to request that Sublandlord audit Operating Expenses and Taxes in accordance with the Prime Lease, and Sublandlord shall work with Subtenant in good faith to conduct such an audit if reasonable under the circumstances, but such audit shall be conducted at Subtenant's expense (unless Prime Landlord is required to pay for such audit under the Prime Lease).

(b) All taxes, charges, costs, assessments and expenses that are due and payable by Subtenant hereunder, together with all interest and late charges that may accrue thereon in the event of the failure of Subtenant to pay those items in accordance with this Sublease, and all other damages, costs, expenses and sums that Sublandlord may suffer or incur, or that may become due by reason of any Event of Default or failure by Subtenant to comply with the terms and conditions of this Sublease, shall be deemed to be Additional Rent, and in the event of non-payment Sublandlord shall have all the rights and remedies as herein provided for failure to pay Rent after applicable notice and cure periods.

(c) Subtenant shall pay before delinquency all personal taxes and assessments on the furniture, fixtures, equipment, and other property of Subtenant located in the Subleased Premises and on additions and improvements in the Subleased Premises belonging to Subtenant.

(d) Letter of Credit.

(1) Within thirty (30) days after the Commencement Date, Subtenant shall deposit with Sublandlord an unconditional and irrevocable letter of credit (the "**Letter of Credit**") in the amount of One Million and 00/100 Dollars (\$1,000,000.00) in form and issued by a bank reasonably satisfactory to Sublandlord, such letter of credit to be held for the performance by Subtenant of Subtenant's covenants and obligations under the Sublease, it being

expressly understood that the Letter of Credit shall not be considered an advance payment of Rent or a measure of Sublandlord's damages in case of an Event of Default by Subtenant. Sublandlord hereby approves Silicon Valley Bank as reasonably satisfactory to issue the Letter of Credit and approves the form of Letter of Credit attached hereto as **Exhibit D**. Notwithstanding the foregoing to the contrary, so long as no Event of Default then exists, the amount of the Letter of Credit required to be maintained by Tenant shall be reduced to \$500,000.00 on the first day of the 73rd month after the Commencement Date. Subtenant acknowledges that the Letter of Credit shall be held by Sublandlord. Upon the occurrence and during the continuance of any Event of Default by Subtenant under this Sublease which shall remain uncured beyond the applicable cure period, Sublandlord may from time to time, without prejudice to any other remedy draw on the Letter of Credit, in whole or in part to the extent necessary to make good any arrears of Rent or other payments hereunder and/or any damage, injury, expense or liability caused to Sublandlord by such Event of Default (provided that Sublandlord may draw upon the Letter of Credit in whole in the event Subtenant defaults in its obligation to timely deliver a replacement letter of credit as required hereunder). If any portion of the proceeds from a draw on any Letter of Credit is so used or applied, Subtenant shall within thirty (30) days cause the issuing bank to restore any Letter of Credit to the amount existing prior to such application. Any remaining balance of Letter of Credit shall be returned by Sublandlord to Subtenant within thirty (30) days after the termination of this Sublease; provided, however, Sublandlord shall have the right to retain and expend such remaining balance (i) to reimburse Sublandlord for any and all Rent or other sums due hereunder that have not been paid in full by Subtenant and/or (ii) for cleaning and repairing the Subleased Premises if Subtenant shall fail to deliver same at the termination of this Sublease in the condition required by this Sublease, ordinary wear and tear, and damage due to casualty and condemnation only excepted. Sublandlord shall not be required to keep the proceeds from any Letter of Credit separate from its general funds and Subtenant shall not be entitled to any interest on same.

(2) Any letter of credit delivered by Subtenant hereunder as the Letter of Credit shall expire no earlier than twelve (12) months after issuance and shall provide for automatic renewals of one-year periods unless the issuer has provided Sublandlord written notice of non-renewal at least sixty (60) days prior to the then expiration date (whereupon Subtenant shall be obligated to provide a replacement letter of credit or a "Letter of Credit Extension", as described below, meeting the requirements of this Section 1(d) no later than prior to the expiration of the then outstanding and expiring letter of credit, as provided below). Any subsequent replacement letter of credit shall expire no earlier than twelve (12) months from the expiration date of the then outstanding and expiring letter of credit and shall provide for automatic 1-year renewals as described above, it being understood that in lieu of replacing any letter of credit, Subtenant may procure an amendment extending its expiration date and so providing for automatic 1-year renewals (each a "***Letter of Credit Extension***"). Subtenant shall ensure that at all times during the Sublease Term and for fifteen (15) business days after expiration of the Sublease Term, one or more unexpired letters of credit in the aggregate amount of the amount required hereunder shall have been delivered to Sublandlord in accordance with this Section 1(d). To the extent that Subtenant is obligated to furnish a replacement Letter of Credit hereunder, Subtenant shall deliver a Letter of Credit Extension or a replacement letter of credit to Sublandlord no later than the expiration date of the then outstanding and expiring letter of credit; provided, however, that a replacement letter of credit shall not be required to have an effective date earlier than the expiration date of the then existing letter of credit being so replaced (it being the intent that Subtenant not be required to have two outstanding letters of credit covering the same required amount at any one time). Failure by Subtenant to deliver any Letter of Credit Extension or any replacement letter of credit as required above shall entitle Sublandlord to draw under the outstanding letter(s) of credit and to retain the entire proceeds thereof as security for Subtenant's obligations hereunder. Each letter of credit shall be for the benefit of Sublandlord and its successors and assigns, and shall entitle Sublandlord or its successors or assigns to draw from time to time under the letter of credit in accordance with this Section 1(d)

in portions or in whole upon presentation of a sight draft. Subtenant acknowledges and agrees that the Letter of Credit is a separate and independent obligation of the issuing bank to Sublandlord and that Subtenant is not a third party beneficiary of such obligation, and that Sublandlord's right to draw upon the Letter of Credit for the full amount due and owing thereunder in accordance with this Section 1(d) shall not be, in any way, restricted, impaired, altered or limited by virtue of any provision of the United States Bankruptcy Code, including without limitation, Section 502(b)(6) thereof.

2. **TERM.** The Sublease Term shall commence on the Commencement Date and shall expire on the Termination Date, unless sooner terminated as provided herein. Prior to the Commencement Date, Sublandlord shall deliver to Subtenant possession of the Subleased Premises free and clear of occupants, tenants or other third party claims, in good, operating and broom clean condition and with all furniture, fixtures and equipment located in the Subleased Premises as agreed upon Sublandlord and Subtenant as of the Effective Date (such date, the "**Delivery Date**"). Sublandlord and Subtenant presently anticipate that the Delivery Date will occur not later than December 1, 2021 (the "**Estimated Delivery Date**"). If the Delivery Date does not occur by February 1, 2022 (the "**Delivery Termination Date**"), then Subtenant may terminate this Sublease by delivering to Landlord written notice thereof at any time before the Delivery Date. If Subtenant terminates this Sublease pursuant to the preceding sentence, then (i) Sublandlord shall return to Tenant all sums previously paid by Subtenant to Sublandlord, and (ii) the parties shall have no further obligations to one another except to the extent the same expressly survive such termination. During the period between the Delivery Date and the Commencement Date (the "**Early Access Period**"), Subtenant shall have the right to construct the Subtenant Improvements (as defined below), coordinate installation of Subtenant's furniture, trade fixtures and telecommunications and otherwise use and occupy the Subleased Premises. All insurance, waiver and indemnity provisions of the Sublease shall be in full force and effect during Early Access Period, but Subtenant shall not be obligated to pay Rent during the Early Access Period.

3. **SUBLEASED PREMISES; COMMON AREAS; PARKING.**

(a) In addition to the Subleased Premises described in this Sublease, and subject to the terms and conditions of this Sublease, Subtenant is given the right (for the Sublease Term) to the nonexclusive use, in common with other occupants of the Building, of all common areas of the Building to the same extent granted to Sublandlord in the Prime Lease, subject to the terms and conditions of the Prime Lease. All such common areas, as constituted from time to time, which Subtenant may be permitted to use and occupy, are to be used and occupied under the license granted under the Prime Lease, and if all or any portion of such areas be temporarily closed or permanently diminished in accordance with the Prime Lease, Subtenant shall not be entitled to any compensation, damages, or diminution or abatement of rent, nor shall such revocation or diminution of such area be deemed constructive or actual eviction unless such revocation or diminution denies Subtenant access to or use of the Subleased Premises (except in the case of an enforcement of Sublandlord's rights after an Event of Default by Subtenant under this Sublease). Sublandlord shall, at its cost or expense, deliver to Subtenant 200 access cards for the Subleased Premises and main exterior doors of the Building.

(b) Throughout the Sublease Term, Sublandlord will make available to Subtenant, permits to park automobiles on an unreserved basis at a ratio of 4.0 permits per 1,000 rentable square feet of the Subleased Premises in the areas(s) designated for parking by Prime Landlord available to Subtenant, which shall include eight (8) reserved parking spaces in the parking area beneath the Building (as depicted on the attached **Exhibit C**), all at no additional cost. Subtenant's use of the parking space must in compliance with the terms and conditions of the Prime Lease and Subtenant acknowledges that Prime Landlord has the right to alter, restrict, reduce or relocate parking privileges, the methods used to control parking, and the rules and

regulations regarding parking pursuant to the terms and conditions set forth in the Prime Lease. Subtenant further acknowledges that Prime Landlord and Sublandlord have the right to tow or otherwise remove vehicles improperly parked or violating parking rules, at the expense of the offending owner of the vehicle, without such actions being deemed an eviction of Subtenant or a disturbance of Subtenant's use or occupancy of the Subleased Premises and without Sublandlord being deemed in default under this Sublease. Subtenant agrees that (i) Prime Landlord and Sublandlord have no obligation to provide a parking garage attendant, (ii) Sublandlord shall have no liability on account of any loss or damage to any vehicle or the contents thereof and that Subtenant agrees to bear the risk of loss for the same, and (iii) Subtenant, its agent, employees and invitees, shall park their automobiles and other vehicles only where and as designated from time to time by Prime Landlord within the parking area in accordance with the Prime Lease.

4. **INITIAL SUBTENANT IMPROVEMENTS; AS IS.**

(a) Subtenant shall take the Subleased Premises in its "as is" condition, except as expressly provided herein. Subtenant will be responsible for construction of any physical improvements to the Subleased Premises desired by Subtenant, including, without limitation, partitions, wiring, floor coverings, wall coverings, kitchens, HVAC, lighting, ceilings, outlets, data and telecommunications cable and millwork (collectively, "**Subtenant Improvements**"), in accordance with, and subject to, the terms and conditions of making alterations pursuant to Section 8 below.

(b) **SUBTENANT AGREES THAT IT IS NOT RELYING ON ANY WARRANTY OR REPRESENTATION MADE BY SUBLANDLORD, SUBLANDLORD'S AGENTS, OR ANY BROKER CONCERNING THE USE OR CONDITION OF THE SUBLEASED PREMISES, COMMON AREAS OR THE PROPERTY, EXCEPT AS EXPRESSLY PROVIDED IN THIS SUBLEASE. SUBTENANT ACKNOWLEDGES AND AGREES THAT IT HAS INSPECTED THE SUBLEASED PREMISES AND THAT IT ACCEPTS THE SUBLEASED PREMISES IN ITS PRESENT "AS-IS, WHERE IS" PHYSICAL CONDITION, WITHOUT ANY OBLIGATION BY SUBLANDLORD TO PAINT, REDECORATE, OR PERFORM ANY OTHER WORK IN, ON OR ABOUT THE SUBLEASED PREMISES AT ANY TIME, EXCEPT AS OTHERWISE SPECIFICALLY SET FORTH IN THIS SUBLEASE. SUBLANDLORD, ANY AGENT OF SUBLANDLORD AND ANY BROKER HAVE NOT MADE, AND WILL NOT MAKE, ANY WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, WITH RESPECT TO THE SUBLEASED PREMISES, THE BUILDING, COMMON AREAS OR ANY OTHER PORTION OF THE PROPERTY, EXCEPT AS OTHERWISE SPECIFICALLY SET FORTH IN THIS SUBLEASE. SUBLANDLORD EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF SUITABILITY, HABITABILITY OR MERCHANTABILITY.**

5. **SERVICES.**

Notwithstanding anything herein to the contrary, Subtenant acknowledges and agrees that the only services or other rights that Subtenant is entitled to under this Sublease are those to which Sublandlord is entitled under the Prime Lease, including, without limitation, utility service, and the Subtenant agrees that Subtenant will look solely to Prime Landlord under the Prime Lease for all such services and other rights and, that Sublandlord is not responsible therefor.

6. **SECURITY.**

It is understood and agreed that Sublandlord is not responsible for security for the Building and the parking garage(s). Subtenant may install its own security system within the Subleased Premises.

7. **REPAIRS; MAINTENANCE OF SUBLEASED PREMISES.**

Subtenant shall be responsible for all repair work and maintenance, at Subtenant's sole expense, required of the Tenant under the Prime Lease, but only with respect to the Subleased Premises (and no other portion of the Premises). If Subtenant fails to make any of such repairs within a reasonable time after Subtenant receives written notice of such failure from Sublandlord, Sublandlord may make such repairs and invoice Subtenant for the cost thereof to the extent set forth in the Prime Lease. Sublandlord shall have no obligation to repair, maintain, alter, replace, or modify the Subleased Premises or any part thereof, or any electrical, plumbing, or other mechanical system exclusively serving the Subleased Premises, except as expressly provided in this Sublease and to the extent Sublandlord is required to do the same under the Prime Lease with respect to portions of the Primary Premises outside of the Subleased Premise (e.g., for systems serving the Subleased Premises and other portions of the Primary Premises).

8. **ALTERATIONS.**

Subtenant shall not make alterations of any kind to the Subleased Premises in any manner without the prior written consent of Prime Landlord and Sublandlord (such Sublandlord consent not to be unreasonably withheld, conditioned or delayed). To the extent Prime Landlord and Sublandlord provide such consent, then any such alterations must be made in strict accordance with the terms and conditions of the Prime Lease. If desired by Subtenant, Sublandlord shall work with Subtenant in good faith and use commercially reasonable efforts to obtain from Prime Landlord consent to allow Subtenant to (a) exercise Sublandlord's right to install a generator pursuant to the terms of the Prime Lease, and (b) have the right to install extra seating and a shade sail in the outdoor areas of the Building.

9. **AFFIRMATIVE COVENANTS OF SUBTENANT.**

Subtenant covenants that it shall:

- (a) Pay all Rent at the times, and in the manner, set forth in this Sublease.
- (b) Comply with the terms of all statutes ordinances, regulations and other laws applicable to Subtenant or its use of the Subleased Premises and save Sublandlord harmless from penalties, fines, costs, expenses, or damages resulting from Subtenant's failure to do so.
- (c) Give to Sublandlord prompt written notice of any accident, fire, or damage occurring on or to the Subleased Premises or, on or to the common areas of the Building if caused by Subtenant or its agents, employees, contractors or invitees.
- (d) Comply with all rules and regulations of Prime Landlord with respect to the Subleased Premises, common areas, and/or the Building, whether in effect at the time of execution of this Sublease or amended or promulgated from time to time thereafter by Prime Landlord, provided Prime Landlord and/or Sublandlord has provided such rules and regulations to Subtenant, including and amendments thereto.
- (e) Subtenant must not create any lien or permit any lien to attach to the Subleased Premises, or any interest of Prime Landlord or Sublandlord in the Subleased Premises or the

Building, in each case arising by, through or under Subtenant. If any such lien shall at any time be filed against the Subleased Premises, Subtenant shall cause the same to be discharged of record within thirty (30) days after Subtenant receives notice of the filing of same (or sooner than such thirty (30) day deadline if any mortgagee holding a secured interest in the Building or the real property upon which the Building is located so requires and Sublandlord provides Subtenant with written notice of such earlier deadline). If Subtenant shall fail to discharge the lien within said period, then, in addition to any other right or remedy of Sublandlord resulting from an Event of Default, Sublandlord may, but shall not be obligated to, discharge the same by paying the amount claimed to be due, procuring the discharge of the lien by giving security, or taking such other action as may be permitted by law.

10. **NEGATIVE COVENANTS OF SUBTENANT.**

Subtenant covenants that it shall not do, or fail to do, anything in violation of the terms of the Prime Lease or applicable laws.

11. **RIGHTS OF SUBLANDLORD.**

In addition to any other rights of Sublandlord reserved herein, Sublandlord reserves the following rights with respect to the Subleased Premises:

(a) At all reasonable times after at least two (2) business days' prior written notice, provided that no written notice shall be required during the continuance of an Event of Default or in connection with an emergency, Sublandlord and/or its duly authorized agents, may go upon and inspect the Subleased Premises, and at its option make repairs thereto. If Subtenant shall not be personally present to open and permit an entry by Sublandlord into the Subleased Premises, and if an entry therein shall be necessary in the case of an emergency, Sublandlord or its agents may make forcible entry without rendering Sublandlord or its agents liable therefor (except to the extent arising out of the negligence of willful misconduct of Sublandlord or its agents) and without in any manner affecting the obligations and covenants of this Sublease. Subtenant hereby irrevocably grants Sublandlord the necessary licenses to carry out the terms of this subsection, provided that Prime Landlord and Sublandlord shall not unreasonably interfere with the operation of Subtenant's business at the Subleased Premises.

(b) The exercise of any right reserved to Prime Landlord under the Prime Lease or to Sublandlord in this Sublease shall not be deemed an eviction or disturbance of Subtenant's use and possession of the Subleased Premises, nor render Prime Landlord or Sublandlord liable in any manner to Subtenant, any of Subtenant's representatives or any other person; provided, however, that (i) to the extent Prime Landlord would have liability under the Prime Lease to Tenant, Sublandlord shall have liability under this Sublease to Subtenant, and (ii) to the extent Tenant would be entitled to an abatement of rent under the Prime Lease, Subtenant shall be entitled to an abatement of Rent under this Sublease.

12. **FIRE OR CASUALTY OR EMINENT DOMAIN; INTERRUPTION OF SERVICE.**

(a) In the event of a fire or other casualty affecting the Building or the Subleased Premises, or of a taking of all or part of the Building or Subleased Premises under the power of eminent domain, Sublandlord's election of whether to terminate or continue its tenancy, if such election right exists, shall be at Sublandlord's sole option and shall be binding on Subtenant; provided, however, Sublandlord shall not exercise a right to terminate the Prime Lease with respect to the Subleased Premises without Subtenant's prior written consent. In the event Sublandlord is entitled under the Prime Lease to a rent abatement as a result of fire or other casualty or as a result of a taking under the power of eminent domain, then Subtenant shall be

entitled to an equitable rent abatement under this Sublease, provided that it is understood that any rent abatement under the Prime Lease that exceeds the Rent amount due by Subtenant in a given time period shall be retained and inure to the benefit of Sublandlord. If the Prime Lease imposes on Sublandlord the obligation to repair or restore leasehold improvements or alterations located in the Subleased Premises, Subtenant shall be responsible for repair or restoration of its leasehold improvements or alterations located in the Subleased Premises (and no other portion of the Premises). If Subtenant fails to make such repairs with reasonable time after Subtenant receives written notice from Sublandlord of such failure and Sublandlord decides in its sole discretion to make the same, Subtenant shall make any insurance proceeds under insurance required to be maintained by Subtenant pursuant to this Sublease resulting from the loss which Sublandlord is obligated to repair or restore available to Sublandlord and shall permit Sublandlord to enter the Subleased Premises to perform the same, subject to such conditions as Subtenant may reasonably impose. If Prime Landlord terminates the Prime Lease or if the Prime Lease automatically terminates due to a fire, casualty or eminent domain pursuant to the terms of the Prime Lease, then this Sublease shall automatically terminate on the same date as the Prime Lease, subject to the terms and conditions of the Non-Disturbance Agreement (defined below) between Prime Landlord and Subtenant.

(b) It is expressly understood and agreed that neither Prime Landlord nor Sublandlord warrants that any utility services that Prime Landlord or Sublandlord may supply will be free from interruption. Subtenant acknowledges that any utility service may be suspended by reason of accident or repairs, alterations or improvements necessary to be made, or by strikes or lockouts, or by reason of operation of law, or other causes beyond the control of Prime Landlord and Sublandlord, including any force majeure. No such interruption or discontinuance of utility service will be deemed an eviction or a disturbance of Subtenant's use and possession of the Subleased Premises or any part thereof, or render Prime Landlord or Sublandlord liable to Subtenant for any damages or abatement of Rent or relieve Subtenant from performing any of Subtenant's obligations under the Prime Lease and this Sublease; provided that if the Building experiences an interruption of critical utility services for sustained time, subject to force majeure, that materially affects the use of the Subleased Premises for the purposes of Subtenant conducting its business (the "Interruption"), Subtenant may so notify Sublandlord (upon Sublandlord's receipt of such notice, Sublandlord shall notify Prime Landlord), and Sublandlord shall use good faith efforts to cause Prime Landlord to commence to cure the Interruption as and to the extent provided in the Prime Lease; provided, further, however, (i) to the extent Prime Landlord would have liability under the Prime Lease to Tenant, Sublandlord shall have liability under this Sublease to Subtenant, and (ii) to the extent Tenant would be entitled to an abatement of rent under the Prime Lease, Subtenant shall be entitled to an abatement of Rent under this Sublease.

13. **INDEMNIFICATION AND INSURANCE REQUIREMENTS; HAZARDOUS MATERIALS.**

(a) Subtenant hereby agrees to release, indemnify, defend and hold harmless Sublandlord, its agents, employees, officers, directors, shareholders, beneficiaries, representatives, affiliates and related parties, from and against any and all losses, damages, judgments, liabilities, penalties, fines, debts, actions, suits, proceedings, causes of action, costs, fees and expenses, including, without limitation, costs of court, defense costs and reasonable attorneys' fees ("**Losses**") suffered or incurred by Sublandlord or any such indemnified party, or asserted or claimed against Sublandlord or any such indemnified party arising out of or in connection with Subtenant's use, occupancy, operation or improvement of the Subleased Premises, from whatever source or for whatever reason, including claims of personal injury, bodily injury (including death) and property damage. Sublandlord hereby agrees to release, indemnify, defend and hold harmless Subtenant, its agents, employees, officers, directors, shareholders, beneficiaries, representatives, affiliates and related parties, from and against any

and all Losses suffered or incurred by Subtenant or any such indemnified party, or asserted or claimed against Subtenant or any such indemnified party arising out of or in connection with Sublandlord's use, occupancy, operation or improvement of the Premises, from whatever source or for whatever reason, including claims of personal injury, bodily injury (including death) and property damage. **THE FOREGOING INDEMNITIES SHALL NOT APPLY TO LOSSES BASED OR ALLEGED TO BE BASED ON A NEGLIGENT ACT OR OMISSION BY PRIME LANDLORD OR ANY OF THE PARTIES INDEMNIFIED HEREUNDER.** Subtenant's and Sublandlord's indemnification obligation hereunder shall survive the expiration or earlier termination of this Sublease.

(b) Subtenant shall procure and maintain, at its own cost and expense, such liability insurance (but only with respect to the Subleased Premises) as is required to be carried by Sublandlord under the Prime Lease, naming Sublandlord, as well as Prime Landlord, in the manner required therein, such property insurance as is required to be carried by Sublandlord under the Prime Lease (but only with respect to the Subleased Premises), and such workers compensation insurance as is required by the Prime Lease. If the Prime Lease requires Sublandlord to insure leasehold improvements or alterations, then Subtenant shall insure such leasehold improvements installed by or on behalf Subtenant which are located in the Subleased Premises, as well as alterations in the Subleased Premises made by Subtenant; Sublandlord shall insure all leasehold improvements or alterations in the Subleased Premises in existence as of the Delivery Date. Subtenant shall furnish to Sublandlord a certificate of Subtenant's insurance required hereunder prior to Subtenant's taking possession of the Subleased Premises. Each party hereby waives claims against the other for property damage to the extent covered, or required to be covered, by the property insurance required under the Prime Lease provided such waiver shall not invalidate the waiving party's property insurance; each party shall attempt to obtain from its insurance carrier a waiver of its rights of subrogation.

(c) Subtenant shall not use the Subleased Premises for the generation, storage or disposal of any Hazardous Material (as hereinbelow defined) and shall remain in compliance with all requirements of Environmental Law (as defined herein) with respect to Subtenant's use of the Subleased Premises, including, without limitation, requirements, orders and regulations of the Texas Commission on Environmental Quality and the Environmental Protection Agency. **Subtenant shall be strictly liable to Sublandlord for any contamination or legal violation arising from Subtenant's violation of the foregoing sentence,** and shall release, indemnify, defend and hold harmless Sublandlord, its partners, and its and their respective agents, employees, shareholders, directors, officers and affiliates, from and against any and all Losses, which arise during or after the term of this Sublease as a result of such Hazardous Material being present upon, released upon or within or released from the Subleased Premises during the Sublease Term from such sources and causes for which Subtenant is liable hereunder; provided that in no event shall Subtenant be responsible for, or indemnify Sublandlord or Prime Landlord from, Losses arising from or related to the presence or release of Hazardous Materials prior to the Commencement Date or that was attributable to the acts or omissions of Sublandlord, Prime Landlord or their respective Subtenant or their respective agents, employees, shareholders, directors, officers, affiliates, contractors, invitees or licensees. Sublandlord shall not use the Premises for the generation, storage or disposal of any Hazardous Material (as hereinbelow defined) and shall remain in compliance with all requirements of Environmental Law (as defined herein) with respect to Sublandlord's use of the Premises, including, without limitation, requirements, orders and regulations of the Texas Commission on Environmental Quality and the Environmental Protection Agency. **Sublandlord shall be strictly liable to Subtenant for any contamination or legal violation arising from Sublandlord's violation of the foregoing sentence,** and shall release, indemnify, defend and hold harmless Subtenant, its partners, and its and their respective agents, employees, shareholders, directors, officers and affiliates, from and against any and all Losses, which arise during or after the term of this Sublease as a result of such Hazardous Material being present upon, released upon or within or released from the

Premises during the Sublease Term from such sources and causes for which Sublandlord is liable hereunder; provided that in no event shall Sublandlord be responsible for, or indemnify Subtenant from, Losses arising from or related to the presence or release of Hazardous Materials that was attributable to the acts or omissions of Subtenant or its agents, employees, shareholders, directors, officers, affiliates, contractors, invitees or licensees. The indemnifications set forth in this paragraph shall survive expiration or termination of this Sublease. Without limiting the foregoing, if the presence of any Hazardous Material caused or permitted by Subtenant results in any contamination of the Subleased Premises, Subtenant shall promptly take all actions, at its sole expense, as are necessary to return the Subleased Premises to the condition existing prior to the introduction of any such Hazardous Material; provided that Sublandlord's and Prime Landlord's approval of such actions shall first be obtained; Sublandlord shall be promptly take all actions, at its sole expense, as necessary under the Primary Lease regarding Hazardous Materials in the Premises to the extent not Subtenant's obligations under this sentence.

(d) As used herein, "**Hazardous Material(s)**" mean all substances regulated by any Environmental Law, and shall include, but is not limited to (i) asbestos, (ii) petroleum, (iii) any explosive, toxic and radioactive materials, wastes or substances, or (iv) any substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, *et seq.*, the Hazardous Materials Transportation Act (49 U.S.C. §1802), as amended, the Resource Conservation and Recovery Act (42 U.S.C. §6901), as amended, or any other Environmental Law.

(e) As used herein, "**Environmental Laws**" means the foregoing named statutes and every other Applicable Law regulating the generation, disposal or release into the environment of materials or substances deemed hazardous or potentially hazardous to human health, wildlife and/or the environment.

14. **WAIVER OF CLAIMS.** Except for claims resulting from the misconduct or negligent acts or omissions of Sublandlord, its agents, employees, shareholders, directors, officers, affiliates, contractors, invitees or licensees, Sublandlord and Sublandlord's agents, contractors, employees, and contractors shall not be liable for, and Subtenant hereby releases all claims for damages to person or property sustained by Subtenant or any person claiming through Subtenant resulting from, any fire, accident, occurrence, or condition in or upon the Subleased Premises.

15. **SURRENDER.** At the end of the Sublease Term or the earlier termination of this Sublease, Subtenant must remove its furniture and Subtenant's other personal property from the Subleased Premises and otherwise surrender possession of the Subleased Premises in the condition required by the Prime Lease.

16. **ASSIGNING, MORTGAGING, SUBLETTING.**

(a) Subtenant covenants that it shall not, by operation of law or otherwise, assign this Sublease, sublease all or any part of the Subleased Premises, permit the Subleased Premises to be used by others or encumber or mortgage this Sublease (each a "**Transfer**") without the prior written consent of both the Prime Landlord (in accordance with terms of the Prime Lease) and Sublandlord (such Sublandlord consent not to be unreasonably withheld, conditioned or delayed). Any attempt by Subtenant to consummate a Transfer without Sublandlord's consent shall be voidable at Sublandlord's election. The consent by Prime Landlord and Sublandlord to any Transfer shall not constitute a waiver of Prime Landlord's or Sublandlord's right to withhold its consent to any other Transfer. The absolute and unconditional prohibitions set forth in this Section 16(a), and Subtenant's agreement thereto are material inducements to Sublandlord to enter into this Sublease with Subtenant, and any breach or attempted breach thereof shall constitute an Event of Default under this Sublease, for which no notice or opportunity to cure need be given.

(b) No consent by Sublandlord to a Transfer shall be effective unless and until Subtenant shall deliver to Sublandlord an agreement, in a commercially reasonable form and substance, pursuant to which such assignee assumes and agrees to be bound by all of the provisions of this Sublease to the extent applicable to such Transfer. In no event shall Subtenant be released from its obligations hereunder as a result of a Transfer, and the Subtenant named herein and any assignee of such Subtenant who assumes the obligations of the named Subtenant under this Sublease, from and after such assignment, shall be jointly and severally liable for performance of all obligations of Subtenant under this Sublease arising from and after such Transfer.

(c) The acceptance by Sublandlord of the payment of Rent following any Transfer shall neither be deemed to be consent by Sublandlord to any such Transfer, nor deemed to be a waiver of any right or remedy of Sublandlord hereunder.

17. **SUBLEASE CONTINGENT UPON PRIME LANDLORD'S CONSENT.** The parties hereto acknowledge and agree that this Sublease is contingent upon the parties hereto obtaining the Prime Landlord's consent to this Sublease. Sublandlord shall, at Sublandlord's sole cost and expense (including paying any amounts due to Prime Landlord under the Prime Lease), use commercially reasonable efforts to obtain the Prime Landlord Consent. If the Prime Landlord Consent has not been obtained by February 1, 2022, then Subtenant shall have the right to terminate this Sublease by written notice to Sublandlord delivered at any time prior to receipt of the Prime Landlord Consent, in which event Sublandlord shall return to Subtenant any sums previously paid to Sublandlord and the parties shall have no obligations one to the other under this Sublease.

18. **PRIME LEASE.** Notwithstanding anything to the contrary herein, this Sublease and all of Subtenant's rights hereunder are and shall be subject and subordinate to the Prime Lease and to all mortgages, leases and other documents to which the Prime Lease is or may hereafter become subject and subordinate. This clause shall be self-operative. Subtenant shall, upon request of Sublandlord, execute all certificates, reasonably requested, in confirmation of such subordination. Notwithstanding anything in this Sublease to the contrary, Subtenant shall have all rights and benefits afforded to "Tenant" in the Lease and all rights and benefits afforded to Subtenant in the Prime Landlord Consent. Sublandlord shall use all efforts to ensure that Prime Landlord performs any obligation of Prime Landlord under the Prime Lease. Sublandlord agrees that it will not, by its act or omission to act, cause a default under the Prime Lease. In order to afford to Subtenant the benefits of this Sublease and of those provisions of the Prime Lease which by their nature are intended to benefit the party in possession of the Subleased Premises:

(a) Sublandlord shall pay, when and as due, all base rent, additional rent and other charges payable by Sublandlord to Prime Landlord under the Prime Lease;

(b) Sublandlord shall perform its covenants and obligations under the Prime Lease which do not require for their performance possession of the Subleased Premises. For example, Sublandlord shall at all times keep in full force and effect all insurance required of Sublandlord as Tenant under the Prime Lease.

(c) Sublandlord shall not agree to an amendment, termination or other modification to the Prime Lease, unless Sublandlord shall first obtain Subtenant's prior written approval thereof (which Subtenant may withhold in its sole and absolute discretion).

(d) Sublandlord hereby grants to Subtenant the right to receive all of the services and benefits with respect to the Subleased Premises which are to be provided by Prime Landlord under the Prime Lease. Subtenant may deal directly with Prime Landlord with respect to such services and benefits. Sublandlord agrees that it will, upon notice from Subtenant, make demand

upon Prime Landlord to perform its obligations under the Prime Lease and Sublandlord will take appropriate actions to enforce the Prime Lease. Further, Subtenant shall be entitled to the benefit of the provisions of the Primary Lease with respect to Default by Landlord.

(e) Subtenant and Sublandlord acknowledge and agree that, notwithstanding any provision of this Sublease or the Prime Lease to the contrary, Subtenant shall not be liable for the performance of any obligations hereunder or under the Prime Lease, except for those obligations which relate specifically to the Subleased Premises and arise from and after the Effective Date. IN NO EVENT SHALL SUBLESSEE BE OBLIGATED TO PAY UNDER THIS SUBLEASE ANY RENT OR ADDITIONAL RENT OR COSTS, CHARGES OR EXPENSES FOR UTILITIES AND SERVICES FOR THE SUBLEASED PREMISES PRIOR TO THE EFFECTIVE DATE, FOR OTHER PORTIONS OF THE PREMISES OR IN EXCESS OF THE AMOUNT OF RENT PAYABLE PURSUANT TO THIS SUBLEASE.

19. INCORPORATION OF TERMS.

(a) Subject to the modifications set forth in this Sublease, the terms, covenants, conditions and provisions contained in the Prime Lease relating to the rights, duties and obligations of the Landlord and the rights, duties and obligations of the Tenant are incorporated herein by reference, and shall, as between Sublandlord and Subtenant (as if they were the Landlord and Tenant, respectively, under the Prime Lease) constitute additional terms of this Sublease except to the extent that they are inconsistent with the terms of this Sublease, in which event the terms of this Sublease shall prevail.

(b) All acts to be done by Sublandlord as the tenant under the Prime Lease (other than payment of Rent) with respect to the Subleased Premises, shall be done or performed by Subtenant, except as otherwise provided by this Sublease, and Subtenant's obligations shall run to Sublandlord and Prime Landlord as Sublandlord may determine to be appropriate or required by the respective interests of Sublandlord and Prime Landlord.

(c) For the purposes of incorporation by reference of the Prime Lease herein, the following provisions and any specifically related terms or provisions of the Prime Lease are deemed to be deleted in their entirety: provisions with respect to the Commencement Date, Must Take Premises, Must Take Commencement Date, Guarantor, Renewal Terms, Construction of Tenant's Improvements, Basic Rent, Basic Rent Credit, Security Deposit, Brokers, Monument Sign, Tenant's Financial Reporting Requirements, Storage Space, Tenant's Exterior Building Signage, First Refusal Space, Allowance, Renewal, Landlord's Work, Tenant Improvements, Right of First Refusal.

20. SUBLANDLORD'S OBLIGATIONS

(a) Subtenant shall be entitled to receive all services to be provided by Prime Landlord under the Prime Lease. Sublandlord will cooperate with Subtenant and use reasonable efforts, both at Sublandlord's expense, to attempt to cause Prime Landlord to perform Landlord's obligations under the Prime Lease.

(b) It is expressly agreed by the parties that Sublandlord does not assume, and shall be under no obligation to perform, any of the terms, covenants and conditions contained in the Prime Lease on the part of Prime Landlord to be performed, whether or not incorporated by reference herein. Sublandlord shall not be liable to Subtenant for any default of Prime Landlord or failure of Prime Landlord to comply with any of its obligations under the Prime Lease. This is a sublease and Subtenant shall look solely to Prime Landlord for the furnishing of the services and the performance of repairs and the obligations of Prime Landlord under the Prime Lease, except as expressly set forth in this Sublease. Subtenant agrees that to the extent Sublandlord

may have or be deemed to have any obligations under this Sublease, performance by Sublandlord of such obligations hereunder is conditional upon due performance by Prime Landlord of its corresponding obligations under the Prime Lease. Neither party shall take any action which would cause a default by Sublandlord under the Prime Lease, nor any action that may cause Prime Landlord to have the right to terminate Sublandlord's tenancy under the Prime Lease.

(c) Sublandlord shall comply with its obligations under the Prime Lease to the extent necessary to ensure that Subtenant's rights under this Sublease are not impaired during the Sublease Term.

(d) If Sublandlord receives an abatement of rent under the Prime Lease, Subtenant shall be entitled to a similar abatement based upon the affected area/period covered by the abatement.

21. **TERMINATION OF UNDERLYING LEASE.** If for any reason the term of the Prime Lease is terminated prior to the expiration date of this Sublease, this Sublease shall thereupon be automatically terminated, and Sublandlord shall not be liable to Subtenant by reason thereof, unless said termination was effected as a result of the breach or default of Sublandlord (not caused by the parallel default of Subtenant hereunder) under the Prime Lease.

22. **CONSENTS.** In all provisions of the Prime Lease, as incorporated herein, requiring the approval or consent of Prime Landlord, Subtenant shall be required to obtain the approval or consent of both Sublandlord (such Sublandlord consent not to be unreasonably withheld, conditioned or delayed) and Prime Landlord. Sublandlord will cooperate with Subtenant and use reasonable efforts, both at Subtenant's sole expense, in attempting to obtain the consent of Prime Landlord when such consent is required hereunder or under the Prime Lease.

23. **ESTOPPEL STATEMENT.** Within ten (10) business days after request therefor by Sublandlord, Subtenant shall deliver a statement signed by a duly authorized representative of Subtenant to Sublandlord or any mortgagee of Sublandlord, or any proposed mortgagee or transferee of the Sublandlord's interest in this Sublease (as the case may be), certifying (if such be the case) as any information reasonably requested. If Subtenant fails or refuses to give a certificate hereunder within the time period herein specified and such failure continues for five (5) business days after Subtenant receives written notice of such failure from Sublandlord, then the information contained on such certificate as submitted by Sublandlord shall be deemed correct for all purposes.

24. **PERFORMANCE OF SUBTENANT'S COVENANTS.** Subtenant shall perform all of the covenants and conditions on its part to be performed under this Sublease with respect to the Subleased Premises (and no other portion of the Premises), and upon receipt of written notice from Sublandlord (where notice of non-performance is required by this Sublease) will promptly comply with the requirements of such notice. If Subtenant shall violate any covenant or condition of this Sublease and such violation continues beyond a reasonable time after Subtenant receives written notice from Sublandlord of such violation, Sublandlord may, at its option, do or cause to be done any or all of the things required by this Sublease that Subtenant did not perform. In so doing Sublandlord shall have the right to cause its agents, employees, and contractors to enter upon the Subleased Premises, and in such event shall have no liability to Subtenant, its agents and employees, for any loss or damages resulting in any way from such action, except to the extent arising due to the negligent acts or omissions of Sublandlord or its agents, employees, and contractors. Subtenant hereby grants Sublandlord all necessary licenses required to carry out the terms of this Section. Subtenant shall pay to Sublandlord, within thirty (30) days of written demand (along with reasonable supporting evidence), any monies paid or expenses incurred by

Sublandlord in taking such actions, including reasonable attorney's fees and costs in all proceedings, and such sums shall be collectible from Subtenant as Additional Rent hereunder.

25. **CUSTOM AND USAGE.** Any law, usage, or custom to the contrary notwithstanding, Sublandlord and Subtenant shall each have the right at all times to enforce the covenants and conditions of this Sublease in strict accordance with the terms hereof, notwithstanding any conduct or custom on the part of Sublandlord or Subtenant in refraining from so doing at any time or times. The waiver by Sublandlord or Subtenant of any term, covenant or condition in this Sublease shall not be deemed to be a waiver of any subsequent breach of the same or of any other term, covenant or condition herein. The subsequent acceptance or payment (as the case may be) of Rent or any other monetary obligation of Subtenant hereunder by Sublandlord or Subtenant (as the case may be) shall not be deemed to be a waiver of any preceding breach or default by Subtenant or Sublandlord (as the case may be) of any term, covenant or condition of this Sublease, other than the failure of Subtenant to make the particular payment so accepted, regardless of Sublandlord's or Subtenant's (as the case may be) knowledge of such preceding breach or default at the time of acceptance of such payment. No covenant, term or condition of this Sublease shall be deemed to have been waived by Sublandlord or Subtenant unless such waiver is in writing and executed by Sublandlord or Subtenant (as the case may be).

26. **SURRENDER AND HOLDING OVER.**

(a) Subtenant, upon expiration or termination of this Sublease, either by lapse of time or otherwise, shall peaceably surrender the Subleased Premises to Sublandlord in the condition required by the Prime Lease, with Subtenant also removing any improvements or fixtures installed by Subtenant in the Sublease required to be removed pursuant to the Prime Lease. In the event that Subtenant shall fail to surrender the Subleased Premises upon demand, Sublandlord, in addition to all other remedies available to it hereunder or at law or in equity, shall have the right to receive, as liquidated damages for all the time Subtenant shall so retain possession of the Subleased Premises or any part thereof, an amount equal to the amount Sublandlord is required to pay to Prime Landlord under the Prime Lease, provided that Subtenant shall nonetheless be a Subtenant at sufferance. Notwithstanding anything in this Sublease to the contrary, in no event shall Subtenant be required to remove any alterations, improvements, wires or other items installed in the Subleased Premises prior to the Effective Date or otherwise by or on behalf of Sublandlord or to otherwise restore the Subleased Premises; Sublandlord shall be responsible for all such removal and restoration obligations upon expiration of the Prime Lease.

(b) If Subtenant remains in possession of the Subleased Premises with Sublandlord's and Prime Landlord's consent but without a new Sublease or a direct lease with Prime Landlord in writing and duly executed by Sublandlord, Subtenant shall be deemed to be occupying the Subleased Premises as a Subtenant from month to month, but otherwise subject to all the covenants and conditions of this Sublease.

27. **EVENTS OF DEFAULT.**

The occurrence of any of the following shall constitute an event of default (an "**Event of Default**") hereunder:

(a) Failure of Subtenant to pay any Rent or other sum required under this Sublease or before the due date, if Subtenant does not cure such failure within ten (10) business days after Subtenant receives written notice of such failure.

(b) The filing of a petition by or against Subtenant for relief under the United States Bankruptcy Code (the "**Bankruptcy Code**") where any such petition for involuntary bankruptcy is not dismissed within sixty (60) days, reorganization, or appointment of a receiver or trustee of

Subtenant or Subtenant's property; or an assignment by Subtenant for the benefit of creditors; or the taking of possession of the property of Subtenant by any governmental officer or agency pursuant to statutory authority for the dissolution or liquidation of Subtenant; or if a temporary or permanent receiver or trustee shall be appointed for Subtenant or for Subtenant's property and such temporary or permanent receiver or trustee shall not be discharged within twenty (20) days from the date of appointment; or any other execution, levy, attachment or other process of law upon Subtenant's leasehold interest hereunder (or any part thereof).

(c) The transfer or attempted transfer of any legal or equitable interest, whether by operation of law or otherwise, of this Sublease or Subtenant's interest in this Sublease, except strictly in accordance with the express terms of this Sublease, and Subtenant's failure to cure the same within ten (10) business days after Subtenant's written notice of such violation from Sublandlord.

(d) Subtenant's failure to perform or observe any other provision of this Sublease, within thirty (30) days after written notice and demand, provided that, if such failure is of a character as not to permit compliance by Subtenant within such 30-day period, then Subtenant's failure to proceed diligently and promptly upon receipt of notice to commence the cure of such failure within such 30-day period, and thereafter to complete such cure with all reasonable diligence within a reasonable period thereafter.

The occurrence of any one or more of the following shall constitute a default by Sublandlord under this Sublease: (i) failure to pay any amount as and when due hereunder if Sublandlord does not cure such failure within ten (10) business days after Sublandlord receives notice of such failure; (ii) failure to comply with any term or provision of this Sublease or, to the extent imposed upon Sublandlord, the Prime Lease, and Sublandlord fails to cure such failure within thirty (30) days (or such longer period as reasonably required) after Sublandlord receives written notice of such failure; (iii) the filing of a petition by or against Sublessor for relief under the Bankruptcy Code where any such petition for involuntary bankruptcy is not dismissed within sixty (60) days, reorganization, or appointment of a receiver or trustee of Sublandlord or Sublandlord's property; or an assignment by Sublandlord for the benefit of creditors; or the taking of possession of the property of Sublandlord by any governmental officer or agency pursuant to statutory authority for the dissolution or liquidation of Sublandlord; or if a temporary or permanent receiver or trustee shall be appointed for Sublandlord or for Sublandlord's property and such temporary or permanent receiver or trustee shall not be discharged within twenty (20) days from the date of appointment; or any other execution, levy, attachment or other process of law upon Sublandlord's leasehold interest hereunder or under the Prime Lease (or any part thereof); and (iv) the occurrence of any other act or omission by Sublandlord that results in an event of default by Sublandlord on the Prime Lease. Upon the occurrence of an default by Sublandlord, Subtenant shall have all the rights with respect to this Sublease that Sublandlord as "Tenant" has as against the Prime Landlord under the Prime Lease and all other rights and remedies available to Subtenant under this Sublease, at law and in equity. All rights of Subtenant shall be cumulative and not exclusive, and may be pursued independently or concurrently. No failure or delay by Subtenant in declaring an default by Prime Landlord or insisting on strict performance of this Sublease shall constitute a waiver of Subtenant's rights hereunder. Subtenant may make payments without waiving Subtenant's right to timely performance of Sublandlord's obligations under this Sublease.

28. SUBLANDLORD'S REMEDIES UPON DEFAULT BY SUBTENANT.

(a) Upon the occurrence and during the continuance of any Event of Default as set forth in this Sublease, in addition to any right or remedy provided by law or allowed in equity, Sublandlord, at its option, may at such times as it may determine, concurrently or successively,

without being deemed to have waived any rights or to have made an election of remedies in any circumstance, do any or all of the following:

(i) Sublandlord may serve upon Subtenant notice that this Sublease and the then unexpired Sublease Term shall terminate and become absolutely void on a date specified in such notice and this Sublease, as well as the right, title, and interest of Subtenant hereunder shall, except as to the rights and remedies of Sublandlord upon termination as provided herein, terminate and become void in the same manner and with the same force and effect as if the date provided in such notice were the date originally specified for the expiration of the Sublease Term. Subtenant shall then immediately quit and surrender to Sublandlord the Subleased Premises and all rights of Subtenant with respect to the common areas of the Building, and Sublandlord may then or at any time thereafter enter into and repossess the Subleased Premises, opening locked doors, if necessary, to effect such entrance, and may remove all occupants and any property thereon without being liable for any action or prosecution of any kind for such entry or the manner thereof or loss of or damage to any property upon the Subleased Premises.

In the event of (i) above, Sublandlord may, but shall not be obligated to (unless required by law) obtain possession of the Subleased Premises by any judicial proceeding, which it may, in its sole discretion, institute for such purpose.

(b) Except as specifically provided herein and the fullest extent permitted under applicable law, without limitation of or by the foregoing, Subtenant waives any and all demands and notices of any kind which may be required by law to be given prior to any entry or reentry by Sublandlord, by means of judicial proceedings for that purpose or otherwise. In the event Sublandlord shall terminate this Sublease prior to the date of expiration of the Sublease Term as set forth herein, or in the event Sublandlord shall repossess the Subleased Premises, by judicial process or otherwise, with or without termination of this Sublease, Subtenant waives all right to recover or regain possession of the Subleased Premises to save forfeiture of possession or of this Sublease, as the case may be, by payment of rent due or by other performance of the covenants and conditions hereof, and without limitation of or by the foregoing, Subtenant waives all right to reinstate or redeem this Sublease notwithstanding any provisions of any statute, law, or decision hereafter in force and effect.

(c) Subtenant shall not interpose or assert any claim or non-compulsory counterclaim in any action or proceeding brought by Sublandlord under this Sublease for possession of the Subleased Premises. Subtenant acknowledges that any such claim or counterclaim would be inconvenient to Sublandlord and would prejudice the rights of Sublandlord under this Sublease. If Subtenant violates this subsection, Sublandlord and Subtenant stipulate that any such claim or counterclaim shall be severed and tried separately from the action or proceeding brought by Sublandlord for possession of the Subleased Premises if permitted pursuant to applicable rules of civil procedure or other applicable law. This subsection (c) shall in no way impair the right of Subtenant to commence a separate action against Sublandlord for any violation by Sublandlord of the provisions of this Sublease or to which Subtenant has not waived any claim pursuant to the provisions of this Sublease. Notwithstanding anything in this Sublease to the contrary, in no event shall Sublandlord or Subtenant be responsible for any consequential damages incurred by the other party, including lost profits or interruption of business, as a result of any default by Sublandlord or Subtenant (as the case may be).

(d) The various rights, remedies, powers, options and elections of Sublandlord and Subtenant reserved, expressed, or contained in this Sublease are distinct, separate and cumulative, and no one of them shall be deemed to be exclusive of the other rights, remedies, powers or options provided herein, or as are now or may hereafter be conferred upon Sublandlord or Subtenant by statute or by law or equity.

(e) During the continuance of any Event of Default, Sublandlord shall apply any remaining balance of the Letter of Credit toward any amounts owed by Subtenant and may institute any legal proceedings to enforce payment of any amounts owed by Subtenant in excess of such Letter of Credit.

(f) No receipt of money by Sublandlord from Subtenant during the continuance of an Event of Default or after a termination of this Sublease shall: (i) reinstate, continue, or extend the term or affect any notice given to Subtenant, (ii) operate as a waiver of the right of Sublandlord to enforce the payment of amounts under this Sublease then due or to become due, or (iii) operate as a waiver of the right of Sublandlord to recover possession of the Subleased Premises by suit, action, proceeding, or other remedy.

(g) Any sums which may be expended by either party in accordance with the terms of this Sublease that are paid on behalf of the other party in accordance with the terms of this Sublease shall bear interest at the lesser of ten percent (10%) per annum or the maximum rate allowed by law, and the other party shall be liable for such sums plus such interest.

(h) **Sublandlord hereby waives any contractual, statutory or other landlord's or other liens arising out of this Sublease or otherwise.**

29. **SIGNAGE.** Subtenant has the right erect or attach to the Subleased Premises such signs as it considers proper and necessary in accordance with the rules and regulations of the Building subject to Prime Landlord's and Sublandlord's approval (such Sublandlord consent not to be unreasonably withheld, conditioned or delayed); provided, however, that Subtenant shall have the right to install Subtenant's name on the entry to the Subleased Premises and the Building directory, and may do so without any further approval of Sublandlord or Prime Landlord.

30. **AUTHORITY.** Each party to this Sublease represents and warrants to the other party that the representing party has been and is qualified to do business in the State of Texas, that the representing party has full right and authority to enter into this Sublease, and that the person signing on behalf of the representing party was authorized to do so by appropriate organizational actions.

31. **LIABILITY OF SUBLANDLORD.** Subtenant shall be in exclusive control and possession of the Subleased Premises, and Sublandlord shall not be liable for any injury or damages to any property or to any person on or about the Subleased Premises, nor for any injury or damage to any property of Subtenant, unless resulting from the misconduct or negligence of Sublandlord, its employees, shareholders, directors, officers, affiliates, contractors, invitees or licensees. The provisions herein permitting Sublandlord to enter and inspect the Subleased Premises are made to ensure that Subtenant is in compliance with the terms and conditions hereof and to make repairs that Subtenant has failed to make in accordance with the terms of this Sublease. Sublandlord shall not be liable to Subtenant for any entry on the Subleased Premises for inspection or maintenance purposes or any actions with regard to maintenance or operation of the Building, except with respect to the negligence or misconduct of Sublandlord, its agents, employees, shareholders, directors, officers, affiliates, contractors, invitees or licensees.

32. **LEGAL EXPENSES.** If any legal action or other proceeding is brought for the enforcement of this Sublease, or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Sublease, the successful or prevailing party or parties shall be entitled to recover reasonable fees of attorneys, paralegals, and legal assistants, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, costs and expenses incident to appeals), incurred in that action or

proceeding, in addition to any other relief to which such party or parties may be entitled under applicable law.

33. **TIME OF THE ESSENCE.** Time is of the essence in all provisions of this Sublease.

34. **QUIET ENJOYMENT.** So long as no Event of Default by Subtenant is occurring under this Sublease, Subtenant shall peaceably and quietly hold and enjoy the Subleased Premises for the Sublease Term hereby demised without hindrance or interruption by Sublandlord or Prime Landlord or any other person or persons lawfully or equitably claiming by, through or under Sublandlord or Prime Landlord.

35. **SCOPE AND INTERPRETATION OF AGREEMENT; CONFIDENTIALITY.** This Sublease and all Exhibits set forth all of the covenants, promises, agreements, conditions, and understandings between Sublandlord and Subtenant concerning the Subleased Premises, and there are no covenants, promises, conditions, or understandings, either oral or written, other than as set forth herein. No subsequent alteration, change or addition to this Sublease shall be binding upon Sublandlord or Subtenant unless reduced to writing and signed by both parties. The laws of the State of Texas shall govern the validity, interpretation, performance, and enforcement of this Sublease. This Sublease shall not be more strictly enforced against either party regardless of who was more responsible for its preparation. No part of this Sublease or any memorandum thereof may be recorded in the public records of any municipality or county; provided, however, the Non-Disturbance Agreement may be recorded by either party thereto in the county records in which the Subleased Premises are located.

36. **INVALID PROVISIONS.** If any provision of this Sublease shall be determined to be void by any court of competent jurisdiction or by any law enacted subsequent to the date hereof, then such determination shall not affect any other provisions hereof, all of which other provisions shall remain in full force and effect.

37. **CAPTIONS.** Any headings preceding the text of the provisions and subparagraphs hereof are inserted solely for convenience of reference and shall not constitute a part of this Sublease, nor shall they affect its meaning, construction or effect.

38. **SUCCESSORS AND ASSIGNS.** All rights, obligations, and liabilities given to, or imposed upon, the parties hereto shall extend to and bind the respective successors, sublessees, licensees, concessionaires and assigns of such parties, subject to the terms of Section 16 hereof. Nothing contained in this Sublease shall in any manner restrict Sublandlord's right to assign or encumber this Sublease in connection with Sublandlord's assignment or encumbrance of the Prime Lease in accordance with the terms of the Prime Lease.

39. **NOTICES.** All notices, requests, consents and other communications required or permitted under this Sublease shall be in writing and shall be (as elected by the person giving such notice) hand delivered by messenger or overnight courier service, transmitted by facsimile or email (with original to follow by overnight commercial courier for delivery on the next business day if sent by facsimile or email), or mailed by registered or certified mail (postage prepaid), return receipt requested, addressed to Sublandlord's Address for Notices listed in the Sublease Summary and to Subtenant's Address for Notices listed in the Sublease Summary, as appropriate, or to such other address as any party may designate by notice complying with the terms hereof. Each such notice shall be deemed delivered (a) on the date delivered if by personal or overnight delivery, (b) on the date transmitted if by facsimile or email (with original to follow as provided above), and (c) on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed. During the Sublease Term and promptly upon its receipt, each party shall forward to

the other party any notice or other correspondence from Prime Landlord that either party may receive (including, without limitation, any notices of default).

40. **PERMITTED USES.** Subtenant shall use and occupy the Subleased Premises only for the Permitted Use and for no other purpose, without the prior written consent of Sublandlord and Prime Landlord.

41. **WAIVER OF JURY TRIAL.** **SUBLANDLORD AND SUBTENANT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS SUBLEASE OR THE OBLIGATIONS EVIDENCED HEREBY, OR ANY OTHER DOCUMENT OR INSTRUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH OF SUBLANDLORD AND SUBTENANT IN ENTERING INTO THIS SUBLEASE.**

42. **NO REPRESENTATIONS; NO OFFER WAIVER OF IMPLIED WARRANTIES.**

(a) Subtenant acknowledges and agrees that it has not relied upon any statements, representations, agreements or warranties except those expressed in this Sublease, and that this Sublease contains the entire agreement of the parties hereto with respect for the subject matter hereof.

(b) The submission of this document for examination and review does not constitute an option, an offer to Sublease space, or an agreement to sublease space. This document shall have no binding effect on the parties unless and until executed and delivered by both Sublandlord and Subtenant and approved by Prime Landlord as set forth in Section 17 hereof.

(c) **SUBTENANT HEREBY AGREES, AS A MATERIAL PART OF THE CONSIDERATION FOR SUBLANDLORD'S ENTERING INTO THIS SUBLEASE, THAT SUBLANDLORD HAS MADE NO WARRANTIES TO SUBTENANT (OR ANY OF SUBTENANT'S EMPLOYEES OR AGENTS) REGARDING THE CONDITION OF THE SUBLEASED PREMISES, EITHER EXPRESS OR IMPLIED (EXCEPT AS OTHERWISE SET FORTH IN THIS SUBLEASE), AND SUBLANDLORD HEREBY EXPRESSLY DISCLAIMS ANY WARRANTY (INCLUDING ANY IMPLIED WARRANTY) THAT THE SUBLEASED PREMISES ARE OR WILL BE SUITABLE FOR SUBTENANT'S INTENDED USE THEREOF. EXCEPT AS OTHERWISE SET FORTH HEREIN, SUBTENANT AGREES THAT SUBTENANT'S OBLIGATION TO PAY RENT HEREUNDER IS NOT DEPENDENT UPON THE CONDITION OF THE SUBLEASED PREMISES OR THE PERFORMANCE BY SUBLANDLORD OF ITS OBLIGATIONS HEREUNDER, BUT THAT SUBTENANT WILL CONTINUE TO PAY BASE RENT AND ADDITIONAL RENT WHEN DUE HEREUNDER, WITHOUT ABATEMENT, SET-OFF OR DEDUCTION, NOTWITHSTANDING ANY BREACH OR ALLEGED BREACH BY SUBLANDLORD OF ANY OF ITS EXPRESS OBLIGATIONS UNDERTAKEN IN THIS SUBLEASE.**

43. **BROKERS.** The Sublandlord is represented by The Altschuler Company and Subtenant is represented by Jones Lang LaSalle Brokerage, Inc. Sublandlord shall be responsible to pay The Altschuler Company and Jones Lang LaSalle Brokerage, Inc. a brokerage fee pursuant to the terms and conditions of a separate agreement. Each party hereto agrees to indemnify, defend and hold the other harmless from and against any other claims for brokers, or realtors' fees or commissions by any other broker, agent or salesmen claiming by, through or under said party,

resulting from this Sublease, and Sublandlord agrees to indemnify, defend and hold Subtenant harmless from and against any claims for brokers, or realtors' fees or commissions by the foregoing referenced brokers.

44. **CONFIDENTIALITY**. Each party agrees to hold this Sublease confidential and not to reveal the terms and conditions of the Sublease to any other party without the prior written permission of the other party, except that a party shall be entitled to disclose the terms of this Sublease to any lender or prospective lender providing or being requested to provide financing to the party, to any shareholders, owners or members of the party's company or directors, officers, employees, attorneys or accountants of a party (though the disclosing party shall be responsible to ensure those parties do not violate this clause), to any buyer or prospective buyer of the party's assets or equity interests (provided that the buyer or prospective buyer agrees to a confidentiality provision equivalent to this provision), and to any governmental regulatory body entitled under applicable law to require that a party disclose the same in connection with some action, proceeding or investigation by such body.

45. **EXHIBITS**.

The following exhibits are a part of this Sublease and are incorporated herein by reference:

Exhibit A – Floor Plan of the Subleased Premises
Exhibit B – Prime Lease
Exhibit C – Parking Permits
Exhibit D – Approved Form Letter of Credit

46. **RENEWAL RIGHTS; RIGHT OF FIRST REFUSAL; EARLY TERMINATION** . Sublandlord has no obligation to exercise any renewal rights, rights of first refusal or early termination rights that it may have under the Prime Lease.

47. **COUNTERPARTS**. This Sublease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same document and agreement. A copy, facsimile or electronic mail (PDF file) transmission of any part of this Sublease, including the signature page, shall have the same force and effect as an original.

[Signatures Follow]

IN WITNESS WHEREOF, the parties have caused this Sublease to be executed as of the Effective Date.

SUBLANDLORD:

Texas EZPAWN L.P., a Texas limited partnership

By: Texas EZPAWN Management, Inc., a Delaware corporation,
its general partner

By: /s/ Thomas H. Welch Jr.
Print Name: Thomas H Welch Jr.
Print Title: Sr. Vice President

SUBTENANT:

BABYLON INC., a Delaware corporation d/b/a Babylon Technologies
Inc.

By: /s/ Charlie Steel
Print Name: Charlie Steel
Print Title: CFO

EXHIBIT A

FLOOR PLAN OF SUBLEASED PREMISES

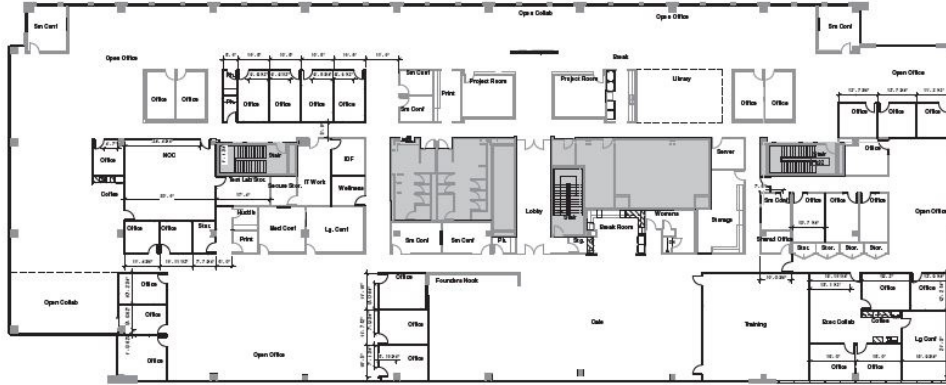


EXHIBIT B

PRIME LEASE

(see attached)

EXHIBIT C
PARKING PERMITS

EXHIBIT D

APPROVED FORM LETTER OF CREDIT

L/C DRAFT LANGUAGE

Babylon Holdings Limited Subsidiaries

Babylon Partners Limited, a U.K. company

Babylon Healthcare Services Limited, a U.K. company

Babylon Rwanda Limited, a Rwandan company

Babylon Inc., a U.S. company incorporated in DE

Babylon Liberty Corp., a U.S. company incorporated in DE

Babylon Malaysia SDN BHD, a Malaysian company

Babylon International Limited, a U.K. company

Babylon Health Ireland Limited, an Irish company

Babylon Singapore PTE Ltd, a Singaporean company

Health Innovator Inc., a U.S. company incorporated in DE

Babylon Technology LTDA, a Brazilian company

Higi SH Holdings Inc., a U.S. company incorporated in DE

**CERTIFICATION PURSUANT TO
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Ali Parsadoust, certify that:

1. I have reviewed this annual report on Form 20-F of Babylon Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 30, 2022

/s/ Ali Parsadoust

Ali Parsadoust
Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002**

I, Charlie Steel, certify that:

1. I have reviewed this annual report on Form 20-F of Babylon Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 30, 2022

/s/ Charlie Steel

Charlie Steel
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Babylon Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2021 (the "Report"), I, Ali Parsadoust, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

To my knowledge, (i) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 30, 2022

/s/ Ali Parsadoust

Ali Parsadoust

Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Babylon Holdings Limited (the “Company”) on Form 20-F for the year ended December 31, 2021 (the “Report”), I, Charlie Steel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

To my knowledge, (i) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 30, 2022

/s/ Charlie Steel

Charlie Steel

Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-261806 and No. 333-263632) on Form S-8 of our report dated March 30, 2022, with respect to the consolidated financial statements of Babylon Holdings Limited.

/s/ KPMG LLP

London, United Kingdom
March 30, 2022