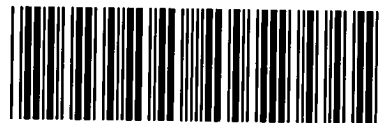


Registered number: 09668487

**METABOLIC HEALTHCARE LIMITED
(TRADING AS ECHO)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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COMPANIES HOUSE

METABOLIC HEALTHCARE LIMITED

COMPANY INFORMATION

DIRECTORS

Stephen Bourke
Roger Hassan
Toby Anderson
Catherine McDermott
Gareth Owen

REGISTERED NUMBER

09668487

REGISTERED OFFICE

1 Westpoint Trading Estate
Alliance Road
Acton
London
W3 0RA

AUDITORS

BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

METABOLIC HEALTHCARE LIMITED

CONTENTS

Directors' Report	Page 1
Balance Sheet	3
Statement of Changes in Equity	4
Notes to the Financial Statements	5 - 12

METABOLIC HEALTHCARE LIMITED
REGISTERED NUMBER: 09668487

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report together with the audited financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

Metabolic Healthcare Limited is a digital pharmacy that allows patients to have repeat prescriptions ordered and fulfilled via an online platform.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year under review.

DIRECTORS

The Directors of the Company during the year and since the year-end were as follows:

Stephen Bourke
Roger Hassan (appointed 31 August 2018)
Toby Anderson (appointed 19 June 2019)
Catherine McDermott (appointed 19 June 2019)
Gareth Owen (appointed 19 June 2019)
Sai Lakshmi (resigned 31 August 2018)
Nicholas Stocks (appointed 21 February 2019, resigned 19 June 2019)
Christian Hernandez Gallardo (appointed 26 June 2018, resigned 21 February 2019)

DIRECTORS RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies for the Company's financial statements and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

METABOLIC HEALTHCARE LIMITED
REGISTERED NUMBER: 09668487

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

GOING CONCERN

The Directors have prepared the financial statements on the going concern basis showing that the Company is able to meet its obligations as they fall due. This is supported by forecasts and projections covering the period of not less than 12 months from the date these financial statements are approved.

As part of the acquisition in June 2019, the Company was provided with a loan from its ultimate parent Company. This provides runway to enable the company to meet its obligations as they fall due until it becomes self-sufficient from operating cash generation.

The Company continues to have discussions with its ultimate parent Company with regards to its current facilities and in order to secure the additional funding to assist with further future expansion and development. A letter of support has been obtained from the Group, covering a period of at least 12 months from the date of approval of these financial statements.

The Directors consider there to be a reasonable prospect that the Company's trading will significantly grow post acquisition and the Company will eventually become profitable. The Directors have reviewed the Company's sales projections and these appear reasonable in the current economic conditions. It is therefore appropriate to prepare the accounts on the going concern basis.

POST BALANCE SHEET EVENTS

On 19th June 2019 Metabolic Healthcare Limited was 100% acquired by Metabolic Healthcare Holdings Limited, a Company incorporated in England and Wales. Lloyds Pharmacy Limited, a Company incorporated in England and Wales, acquired 74% of the shareholding in Metabolic Healthcare Holdings Limited.

As part of the transaction a convertible loan note of £8m and a further loan of £645,592 was provided to Metabolic Healthcare Limited. As part of the transaction above the ultimate controlling party became The McKesson Corporation, a Company incorporated in the United States of America. At the date of transaction all the share options vested, and all 1,027,634 exercised at the exercise price of £0.0001 as disclosed in the share options note.

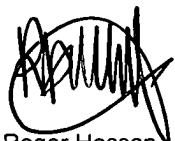
AUDITORS

All of the current Directors have taken all steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed as auditors during the year. The auditors, BDO LLP, offer themselves for re-appointment in accordance with Section 485 of the Companies Act 2006.

In preparing this Directors' Report advantage has been taken of the small companies' exemption.

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



Roger Hassan
Director

Date: 27/09/2019

METABOLIC HEALTHCARE LIMITED
REGISTERED NUMBER: 09668487

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangibles	4	183,632	66,388
Investments	5	<u>1</u>	<u>-</u>
		183,633	66,388
Current Assets			
Stock		142,886	-
Debtors	6	627,840	412,517
Cash at bank and in hand		<u>1,226,380</u>	<u>6,542,323</u>
		1,997,106	6,954,840
Creditors: amounts falling due within one year	7	<u>(924,020)</u>	<u>(242,346)</u>
Net current assets		1,073,086	6,712,494
Total assets less current liabilities		1,256,719	6,778,882
Net assets		<u>1,256,719</u>	<u>6,778,882</u>
Capital and reserves			
Called up share capital	9	315	315
Share premium account	10	9,194,766	9,194,766
Profit and loss account	10	(7,938,362)	(2,416,199)
Shareholders' funds		<u>1,256,719</u>	<u>6,778,882</u>

The financial statements have been prepared in accordance with the provisions applicable to Companies subject to Small Companies regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

A copy of the Company's profit and loss has not been delivered to the registrar of companies.

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


 Roger Hassar
 Director

Date: 27/09/2019

The notes on pages 5 to 12 form part of these financial statements.

METABOLIC HEALTHCARE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 January 2018	315	9,194,766	(2,416,199)	6,778,882
Comprehensive income for the period	-	-	(8,437,380)	(8,437,380)
Share based credit	-	-	2,915,217	2,915,217
At 31 December 2018	315	9,194,766	(7,938,362)	1,256,798

The notes on pages 5 to 12 form part of these financial statements.

METABOLIC HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

1.1 Going concern

The Directors have prepared the financial statements on the going concern basis showing that the Company is able to meet its obligations as they fall due. This is supported by forecasts and projections covering the period of not less than 12 months from the date these financial statements are approved.

As part of the acquisition in June 2019, the Company was provided with a loan from its ultimate parent Company. This provides runway to enable the company to meet its obligations as they fall due until it becomes self-sufficient from operating cash generation.

The Company continues to have discussions with its ultimate parent Company with regards to its current facilities and in order to secure the additional funding to assist with further future expansion and development. A letter of support has been obtained from the Group, covering a period of at least 12 months from the date of approval of these financial statements.

The Directors consider there to be a reasonable prospect that the Company's trading will significantly grow post acquisition and the Company will eventually become profitable. The Directors have reviewed the Company's sales projections and these appear reasonable in the current economic conditions. It is therefore appropriate to prepare the accounts on the going concern basis.

1.2 Basis of preparation of financial statements

Metabolic Healthcare Limited is a private limited Company incorporated in England and Wales under the Companies Act. The address of the registered office can be found on the Company information page and the principal activities of the company on the Directors' Report.

The financial statements have been prepared in accordance with FRS 102 Section 1A Small Entities.

The financial statements have been prepared under the historical cost convention, in accordance with the Company's accounting policies.

The preparation of financial statements in compliance with FRS 102 Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

1.3 Revenue

Revenue comprises sales of goods and services excluding sales taxes. The following accounting policies are applied to the principal revenue generating activities in which the company is engaged:

- Agency commission revenue is recognised with reference to the stage of completion of the service under the individual contract
- Revenue from the sale of goods is recognised at the point of sale or, where later, upon delivery to the customer and is stated net of returns

Agency commission revenue

The Company operates under contracts with Greenlight Pharmacy. The individual consumer place their order with the Company. The Company then enters into an agreement with Greenlight Pharmacy and arrange for Greenlight Pharmacy to dispense the medication to the consumer. The Company earns a commission for each customer they provide to Greenlight Pharmacy. Revenue is recognised with reference to the medication being dispatched to the customer by Greenlight Pharmacy. Commission revenue is only recognised to the extent it can be reliably measured for each consumer.

METABOLIC HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1.4 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Plant and machinery	- Over 3 years
Computer equipment	- Over 3 years

1.5 Valuation of investments

Investments are measured at cost less accumulated impairment.

1.6 Stock

Stock is stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stock. At each reporting date stock is assessed for impairment and if impaired the loss is recognised immediately in the profit and loss account.

1.7 Debtors

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

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.10 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement, which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

1.11 Pension costs

The company operates a defined contribution pension plan. Contributions to the Company's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

METABOLIC HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

1.13 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.14 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if, and only if, certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measure.

METABOLIC HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1.15 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

1.16 Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2. Judgements in applying accounting policies and key sources of estimation and uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The Directors have made the following critical estimates and judgements deemed to be applicable to the financial statements:

- Determine whether share options issued by the company are accurately recorded at fair value. Key estimates in arriving at the valuation include the exercise, share price, volatility of the shares, dividend yield and risk free rate of return.

Other key sources of estimation uncertainty

Tangible assets

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

3. Employees

	2018	2017
	Number	Number
The average number of employees, including directors, during the year were:		
Average number of employees	<u>49</u>	<u>23</u>

METABOLIC HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

4. Tangible fixed assets

	Plant and machinery £	Leasehold improvements £	Computer equipment £	Total £
Cost				
At 1 January 2018	146,500	-	68,986	215,486
Additions	-	114,882	63,024	177,906
Disposals	(146,500)	-	(7,135)	(153,635)
At 31 December 2018	-	114,882	124,874	239,756
Depreciation				
At 1 January 2018	122,081	-	27,017	149,098
Charge for the year	24,419	5,159	29,117	58,694
Disposals	(146,500)	-	(5,168)	(151,668)
At 31 December 2018	-	5,159	50,965	56,124
Net book value				
At 31 December 2018	-	109,722	73,909	183,632
At 31 December 2017	24,419	-	41,969	66,388

5. Investments

	Group undertakings £
Cost or valuation	
At 1 January 2018	-
Additions	1
At 31 December 2018	<u>1</u>

Subsidiary undertakings

Name	Class of shares	Holding	Principle activity
Elodi Limited	Ordinary	100%	Dormant

The registered office of Elodi Limited is 78 Cannon Street, London, EC4N 6AF.

METABOLIC HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

6. Debtors

	31 December 2018	31 December 2017
	£	£
Trade debtors	199,903	-
Other debtors	170,311	209,699
Prepayments and accrued income	165,225	46,369
Other tax and social security	92,401	-
R&D tax credit	-	156,449
	627,840	412,517

Included within other debtors is £95,411, which is due in more than one year.

7. Creditors: amounts falling due within one year

	31 December 2018	31 December 2017
	£	£
Trade creditors	696,834	188,625
Other creditors	7,092	44,989
Other tax and social security	90,530	-
Accruals and deferred income	129,564	8,732
	924,020	242,346

8. Pension commitments

Defined contribution scheme

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £10,389 (2017: £1,788). Contributions totalling £7,092 (2017: £nil) were payable to the fund at the reporting date and are included in creditors.

9. Share capital

Shares classified as equity; authorised, allotted, called up and fully paid

	2018	2017
	£	£
1,486,335 Ordinary shares of £0.0001 each	149	149
508,337 Preference shares of £0.0001 each	51	51
1,151,316 Series A shares of £0.0001 each	115	115
	315	315

The preference shares have no redemption terms, the dividend rights are at the Company's discretion and the preference shares rank alongside other shareholders. As a result the preference shares are classified as equity.

10. Reserves

Share premium account

Share premium represents the amount above the nominal value received for shares less transaction costs.

Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior periods.

METABOLIC HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. Share options

The Company operates an equity-settled share based remuneration scheme for employees. The vesting condition being that the individual remains an employee of the Company over the four year vesting period. The share options granted vest quarterly per annum.

	2018 Weighted average exercise price (£)	2018 Number of shares	2017 Weighted average exercise price (£)	2017 Number of shares
Outstanding at the beginning of the year	0.0001	196,350	0.0001	196,350
Granted during the year	0.0001	857,896	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the year end	0.0001	1,054,246	0.0001	196,350

The exercise price of options outstanding at the end of the year was £0.0001 (2017: Nil) and their weighted average contractual life was 9.4 years (2017: 8.6 years).

Of the total number of options outstanding at the end of the year 163,864 (2017: 86,226) had vested and were exercisable.

The number of share options exercised during the year was Nil (2017: Nil).

The following information is relevant in the determination of the fair value of options granted during the current and previous years under the equity-settled share-based remuneration scheme operated by the Company.

	2018	2017
Equity-settled		
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (£)	6.08	6.08
Exercise price (£)	0.0001	0.0001
Number of periods to exercise in years	4	4
Expected volatility	30%	30%
Risk-free interest rate	0.5%	0.5%

The Black-Scholes option-pricing model was used to value the share-based payment awards as it was considered that this approach would result in materially accurate estimates of the fair value of the options granted.

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices of the last year.

The share based remuneration expense comprises:

	2018	2017
Equity-settled schemes	2,915,217	7

The share based payment expense is for share options that were granted and vested in the year under review. Post year end all share options were exercised as detailed with the post balance sheet event note.

METABOLIC HEALTHCARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Contingent liabilities

The Company has no contingent liabilities at the period end.

13. Capital commitments

The Company has no capital commitments at the period end.

14. Related party transactions

The Company has taken advantage of the exemption available under Section 1A or FRS102 not to disclose transactions with entities that are wholly owned by its ultimate parent undertaking.

Directors loans totalling £nil (2017: £130,000) were included in other debtors. They were interest free and repayable upon demand.

As part of the change in management structure during the year £41,259 (2017: £nil) was paid to a consultancy company, which was run by an outgoing Director.

The total remuneration paid to directors for services to the company was £527,808 (2017: £248,409). The directors did not receive any dividends during 2018 (2017 - £nil).

15. Post balance sheet events

On 19th June 2019 Metabolic Healthcare Limited was 100% acquired by Metabolic Healthcare Holdings Limited, a Company incorporated in England and Wales. Lloyds Pharmacy Limited, a Company incorporated in England and Wales, acquired 74% of the shareholding in Metabolic Healthcare Holdings Limited.

As part of the transaction a convertible loan note of £8,000,000 and a further loan of £645,592 was provided to Metabolic Healthcare Limited. As part of the transaction above the ultimate controlling party became The McKesson Corporation, a Company incorporated in the United States of America. At the date of transaction all the share options vested, and all 1,027,634 exercised at the exercise price of £0.0001 as disclosed in the share options note.

16. Ultimate parent company and controlling party

Prior to 19 June 2019 the directors do not consider there to be one ultimate controlling party. The Directors confirm the persons with significant control of Metabolic Healthcare Limited were Roger Hassan, Stephen Bourke and White Star Capital.

From 19 June 2019, the immediate parent company is Metabolic Healthcare Holdings Limited, a Company incorporated in England and Wales.

From 19 June 2019, the ultimate controlling party is The McKesson Corporation, a Company incorporated in the United States of America.

From 19 June 2019, the largest group in which the results are consolidated is that headed by The McKesson Corporation, a company incorporated in the United States of America. The smallest group in which the results are consolidated is that headed by McKesson Europe AG, a company incorporated in Germany. The consolidated accounts are available to the public and may be obtained from McKesson Europe AG, Stockholmer Platz 1, 70137 Stuttgart, Germany.

17. Information required by s444 (5B) of Companies Act 2006

An audit of the Company's financial statements was carried out by BDO LLP as statutory auditor who reported to the Company's members on 27 September 2019. The auditor's report was signed by James Newman as the Senior Statutory Auditor and was unqualified.