



Annual Report and Accounts

for the year ended 31 December 2022

Trellus Health plc

**Annual report and financial statements
for the year ended 31 December 2022**

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Trellus Health plc

**Company information
for the year ended 31 December 2022**

Directors	Dr. Daniel Mahony (<i>Non-Executive Director</i>) Dr. Marla Dubinsky (<i>Chief Executive Officer</i>) Dr Erik Lium (<i>Non-Executive Director</i>) Christopher Mills (<i>Non-Executive Director</i>) Mike Salter (<i>Non-Executive Director</i>) Traci Entel (<i>Non-Executive Director</i>)
Company Secretary	Salim Hamir FCA
Registered Office	Avon House 19 Stanwell Road Penarth Cardiff, CF64 2EZ
Company Number	Registered in England and Wales Number 12743489
Nominated Adviser and Sole Bookrunner	Singer Capital Markets 1 Bartholomew Lane London, EC2N 2AX
Legal Adviser to the Company	Shoosmiths 1 Bow Churchyard London, EC1A 9DQ
Auditors	Crowe U.K. LLP 55 Ludgate Hill London, EC4M 7JW
Registrar	Link Group Central Square 10 th Floor 29 Wellington Street Leeds LS1 4DL
Financial PR	Walbrook PR Limited 75 King William Street London EC4N 7BE
Website	www.trellushealth.com

Trellus Health plc
Chairman's statement
for the year ended 31 December 2022

I am pleased to report on my first set of results as Chair of Trellus Health, following my appointment in February 2023.

Overview

The year saw solid progress for the Company, with the team adapting well to a strategic shift that has seen traction and delivery of our resilience-based methodology, with Trellus Health now a commercial-stage business with a market-ready solution and our first paying customers now coming through. Our Direct-to-Consumer ("D2C") offering of *The Trellus Resilience Training and Self-Management Solution* (the "Trellus Program") was launched during the year, with the positive initial data received from it helping to secure our first Business-to-Business-to-Consumer ("B2B2C") pilot and demonstration contracts.

Trellus Health now offers a comprehensive GI (Gastrointestinal) solution for both inflammatory bowel disease ("IBD") and irritable bowel syndrome ("IBS"), which significantly increases the number of patients who can be helped by our program. This was made significantly easier by investment we have made in our program to enable it to expand into new indications in future, as we look to deliver the Company's vision of a world where every person with a chronic condition has hope and thrives.

We continue to target further projects with partners including employers, regional and national health plans, and pharmaceutical companies. Initially these will be smaller in scale in order to demonstrate the improvements in patient outcomes and healthcare economics. The data generated from these is already proving useful in our continuing push to capture larger B2B2C pilots and demonstrations, on which discussions are progressing positively, including with major health plans.

A full summary of our progress and achievements made during the year, as well as further detail on our expanded strategy, are covered in the Chief Executive Officer's Review.

Board and Senior Management Team

During the year and post-period end, we announced several changes to the Board and senior management team.

In July 2022, we appointed Trellus Health Co-Founder, Dr. Marla Dubinsky, to the position of Chief Executive Officer. Marla is a Professor of Pediatrics and Medicine at the Icahn School of Medicine at Mount Sinai, New York, and has been engaged in IBD clinical and translational research for over two decades. Marla's standing in her field was underlined when she was awarded the 2022 Sherman Prize, a prestigious US national award that recognizes individuals with an extraordinary track record of achievement, who make exceptional and pioneering contributions to transform IBD care.

At the same time as Marla's appointment as CEO in July 2022, we appointed Aled Stevenson, previously US Executive VP of Sales and Development, to the position of Chief Operating Officer. In August 2022, we announced the appointment of Steve Young, an experienced Chief Financial Officer of AIM-listed companies, as our new CFO. We also announced the appointment of Traci Entel, an experienced management consultant and global HR executive, as a Non-Executive Director in June 2022.

Post-period end, I was appointed Non-Executive Chairman from my previous position of Senior Independent Non-Executive Director, after Julian Baines stepped down from the Board following his appointment as Executive Chairman of EKF Diagnostics Holdings plc ("EKF"). I would like to thank Julian again for his contribution to Trellus Health, from his early involvement leading to investment from EKF, through his guidance during our IPO in May 2021, and beyond to our recent commercial progress.

We believe we have a Board and senior management team in place with the necessary skills to execute our evolved commercial strategy over the coming years, and I have been pleased to see the progress made, particularly since Marla's appointment.

Trellus Health plc

Chairman's statement for the year ended 31 December 2022 (*continued*)

Outlook

I was pleased to see the progress made by the team during the year with Trellus Health signing its first commercial B2B2C contracts, despite difficult market conditions. Our evolved strategy should continue to see us enrolling new D2C members with our partners, who provide great reach into the US gastroenterological community, while simultaneously scaling to larger and more material B2B2C projects over time. I am confident that this is the best strategy to commercialize and drive adoption of the Trellus Program.

We expect our business model to exhibit significant scaling in due course as we receive monthly recurring membership fees for each user of the platform, and initial evidence suggests a strong retention on the platform. At this early stage we expect our smaller B2B2C projects to provide a modest number of users and revenues. However, we are confident we can demonstrate to our partners that we can meet or even exceed the cost savings indicated in our initial projects and illustrate a clear and very substantial return on investment (ROI). This should lead to the expansion of our partnership agreements to make the Trellus Program available to all their eligible members or employees. For this reason, our smaller-scale demonstration projects, and the data we are already generating, are key for the future of the business. The ongoing dialogue with larger health plans has been encouraging as we look to secure new pilot programs throughout North America, and we look forward to providing updates on these discussions when appropriate. These are expected to serve as catalysts to faster growth, both from the expansion within the broader base of eligible members as pilots are expanded, and from using the data from these projects in discussions with new partners to begin new demonstration projects with a greater number of patients.

Our management team continues to focus on good cash control and our net cash position of \$19.1 million as of 31 December 2022 is sufficient to provide a runway into at least 2025 (on conservative growth assumptions), providing the Company with the resources necessary to demonstrate further commercial traction and create substantial shareholder value.



Dr. Daniel Mahony
Non-Executive Chairman
23 May 2023

**Chief Executive Officer's Review
for the year ended 31 December 2022**

CHIEF EXECUTIVE OFFICER'S REVIEW

Since my appointment as CEO in July 2022, we have made very good progress, with the Company having successfully entered its commercial phase following a refining of our strategy to best deliver our resilience-driven connected health self-management solution. I have been delighted with the various partnerships that we have secured, with Trellus Health now ready to scale up into larger B2B2C projects during 2023 and reach many more patients with both our existing and potential new partners. It's been incredibly fulfilling to see the feedback received from our early users and seeing the Trellus Method truly change lives at an increasing scale.

Commercialization strategy and progress

In July 2022, we commenced the rollout of our direct-to-consumer (D2C) model, with a targeted approach focused on an early adopter program to kick-start early patient engagement and drive awareness and demand. The D2C model ran alongside our original business-to-business-to-consumer (B2B2C) model, which focused on regional and national health plans, employers, health systems, GI provider networks and pharmaceutical companies.

We are using the data gained from our D2C users to validate the use and outcomes of the Trellus Method and support B2B2C engagement in larger project opportunities to enable the wider rollout of the Trellus Program. Our strategy is to scale these larger projects and demonstrate the cost savings that can be achieved by our partners when using the Trellus Program, until a point where they make the Program available to all of their eligible members or employees. We intend to continue our D2C offering for the foreseeable future, to support those living with chronic gastrointestinal (GI) conditions who may not have the Trellus Program covered by their employers or health plans.

I have included an outline of our progress in both of our models below.

1) D2C early adopters

We signed two agreements during the year that have expanded our D2C reach to nationwide consumers. The first is a licensing agreement with the *Crohn's and Colitis Foundation*, the largest patient advocacy group for IBD in the US. We also signed a collaboration agreement with *GI OnDemand*, a leading GI virtual integrated care platform, which offers exclusive access to the Trellus Program to over 16,000 GI professionals. These two channels alone provide the broadest possible reach into the US gastroenterological community, thus providing the most direct channels to market via both patients and GI providers nationwide. Importantly, we do not need to employ costly targeted marketing in our D2C models, as our partners can make their own members aware of the availability of the Trellus Program.

Our initial sponsorship program with patient advocacy groups, Athletes vs Crohn's and Colitis and Connecting to Cure to cover the costs of the program for 100 early adopters has fully enrolled and now concluded. Our initial free membership offering was an important step for Trellus as we were able to prove the scalability and impact of our platform and services on engagement and outcomes. As of February 1st, all D2C members are now paying a monthly membership fee. We have over 130 DTC members currently enrolled

2) B2B2C model

In October 2022, we signed two contracts with the Mount Sinai Health System ("Mount Sinai"). The first contract has seen Mount Sinai make the Trellus IBD program available to, and paid for, as a wellness benefit, to all Mount Sinai Health System employees, focusing initially on IBD. The second contract was to make the Trellus IBD and IBS programs available to eligible patients, again as a wellness benefit, who are members of a large NY state labor union, which provides health services to its members through Mount Sinai. These two agreements became active in the early part of 2023 following the completion of technology integration and marketing materials, and we are now starting to see enrollment from these contracts.

Post-period end, we also secured an agreement for a demonstration project of 50 initial patients with IBD with a New York-based health insurer with more than 1.8 million members. This B2B2C partnership saw the Trellus IBD program being made available as a health plan benefit to certain members of the health plan under its Medicaid

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Chief Executive Officer's Review for the year ended 31 December 2022 (*continued*)

managed care plan. Running for an initial 12-month term, the agreement can be extended by mutual agreement, with patient enrolment having begun.

Our activities to date have provided useful data and insights and served as the backbone for advanced discussions with a major health plan for a pilot study at a greater scale than those undertaken to date. As part of the project scope and design, Trellus Health is undertaking enhancement of its IBD platform to ensure that it can meet the requirements of the health plan's members. While there is never certainty as to timing or outcome from such negotiations, nor as to the speed of implementation following contractual agreement, there appears to be serious intent by the partner, and we are similarly motivated to pursue this opportunity so that the Trellus solution begins to be offered at a greater scale. The pilot study would be expected to begin to generate meaningful data 6-12 months from implementation, which could facilitate a faster and more substantive roll-out amongst the health plan's sizeable volume of IBD members than that seen to date.

User feedback

The initial outcomes of the program among our early adopter DTC members have been highly positive. Midway through the Trellus IBD Program:

- 57% of members surveyed reported an increase in their self-confidence in how to manage their condition.
- 65% of members surveyed reported an increase in their self-management skills and behavior change.
- 74% of members surveyed reported an improvement in their emotional and mental wellbeing.

Expansion into Irritable Bowel Syndrome (IBS) and beyond

Trellus Health is targeting large, multi-billion-dollar addressable markets for chronic conditions, where there is a significant unmet need to provide whole-person, clinical, mental, and behavioral support, empowering members by teaching them the art of self-management and self-care.

While our initial focus was on IBD, in February 2023, we launched the Trellus Method for IBS, ahead of schedule, using existing resources. IBS is another chronic GI condition that has significant similarities with IBD from a symptom burden and emotional perspective, often having a significant impact on a person's quality of life. IBS also has a much higher prevalence than IBD, impacting c. 10% of the US population (c. 30m patients for IBS compared to c. 3m for IBD). The Trellus Method for IBS is now available through both our D2C offering, and we also expanded our Mount Sinai labor union contract to make the Trellus Method available to its members that are living with IBS, in addition to its IBD patients.

I am proud that we now offer a comprehensive GI solution covering both IBD and IBS and have scope to improve the lives of many more patients. We believe our solution can be used across many other chronic conditions to deliver meaningfully improved healthcare outcomes whilst reducing costs, and this expansion into IBS has represented the first step.

Market Ready Solution

During the year, we continued investment into the TrellusElevate™ platform to create a fully integrated and seamless workflow. Our team, led by our CTO Jamey Hancock, has worked incredibly hard to build a proprietary structure that gives Trellus Health a competitive advantage, with inherent value as a health management platform, as opposed to simply being a telehealth or behavioral health mobile app.

Our proprietary platform provides coaching and engagement, delivers digital health modules, and can identify those patients likely to incur healthcare costs, with secure channels to manage workflows, provide analytics and support the healthcare professional's decision-making process. We are unique in this space by integrating coordination, communication, and analytics in one end-to-end platform. This provides expandability, flexibility, scalability, and control for our team, allowing us to integrate new features and adapt much faster than our peer group, and allows us to scale to other GI and non-GI conditions.

We have invested in making Trellus an API (application programming interface)-first platform; this means that we have full control over the entire platform, and can seamlessly expand into new indications, as we have done already with IBS. In contrast, competitors may face issues when trying to perform similar expansions, including compatibility issues, versioning problems, and data mapping difficulties, making it a time-consuming and a costly process.

Trellus Health plc

Chief Executive Officer's Review for the year ended 31 December 2022 (*continued*)

Consequently, we have built our platform in a way that is adaptable to any chronic condition, either directly or with partners, giving flexibility and security to create value for our customers and partners.

During the year, we made several other improvements to our platform, including optimizing the IBD and IBS user experience features and launching a new learning management system (LMS), which allows us to receive feedback from care teams and clinicians. We also increased the scalability of the resilience team through implementing greater levels of automation, allowing us to handle a larger volume of patients, and improved our registration process and the speed of enrollment.

Maintained strong cash position and effective cash management.

During 2022, we took important steps to ensure careful cash management and the reduction of cash burn despite the investments made in our platform. Costs across staffing and consultancy fees, development costs and other software and technology related expenses have been reduced without any detriment to our growth strategy. As a result, as of 31 December 2022, Trellus Health's net cash position was \$19.08 million, ahead of expectations, providing a runway into 2025 on conservative growth assumptions and giving confidence that we are well funded to deliver commercial success and cash generation.

Financial Performance

The financial performance of the Company for the year ended 31 December 2022, continues to reflect the costs incurred with the development phase of the TrellusElevate™ technology platform. In the latter half of the year initial revenues have been received from adopters of the platform.

Income Statement

The Company commenced revenue generation in the second half of the year ending 31 December 2022 through paid sponsorships and self-paying members that are early adopters of the platform. The main components of the administrative expenses totalling US \$8.8m (2021: US \$5.9m) were employee related costs of US \$4.7m (2021: US \$4.3m) (excluding the share-based payment charge of US \$0.06m (2021: US \$0.14m), professional costs of US \$1.1m (2021: US \$1.3m), and other operating expenses of US \$2.3m (2021: US \$0.4). Total depreciation and amortisation, including impairment, were \$0.66m (2021: US \$0.03m). Cost savings have been identified and implemented across all areas of the business.

The Company incurred a share-based payments charge of US \$0.06m (2021: US \$ 0.14m). The full benefit will be spread over the vesting periods, which is a weighted average of 2.3 years.

Statement of Financial Position and Cash Flow Statement

The principal asset of the Company is the development costs relating to the TrellusElevate™ technology platform and software purchased for US \$6.7m (US \$2.9m in 2022 and US \$3.8m in 2021) along with the exclusive licence acquired from Mount Sinai for the GRITT™ technology, licensed for US \$0.5m in 2021, together with related equipment.

The cash position of the Company as of 31 December of US \$19.1m (2021: US \$32.0m) remains strong, with expenditure in the second half of 2022 reducing significantly compared to the first half as cost control measures were implemented. Due to the depreciation in the value of sterling against the US dollar over 2022, and the substantial funds held in sterling at year end, a foreign exchange loss of US \$1.4m (2021: \$1.7m) decreased the year end cash balance.

Summary

I am very proud of the progress made by the Company. During the year we adopted a new coaching-based condition management model, which has facilitated rapid rollout of our program across the US and Canada. The early adopter D2C roll out was a very important step forward, as it allowed us to generate important data, refine the program and has provided the evidence we needed to demonstrate that we can replicate and scale the exceptional outcomes that were seen in the original research conducted at Mount Sinai.

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Chief Executive Officer's Review for the year ended 31 December 2022 (*continued*)

Our first B2B2C contracts in late 2022 with Mount Sinai also represented a great step forward for Trellus Health, and enrollments have begun to take place from these post-period end. Our agreement with the New York health plan is also now active with patient enrollment having begun. We continue to have multiple meetings with senior level management and are actively developing project scope with large health plans, employers as well as pharmaceutical companies and we look forward to providing updates on these discussions when appropriate.

With the clear progress made in both D2C and B2B2C, as well as our IBS expansion, investment made in the TrellusElevate™ platform and a healthy cash runway, we are firmly on the path to deliver further commercial traction through larger B2B2C pilot agreements and subsequently more expansive contracts, and ultimately change the lives of more patients living with chronic conditions. 2023 will be an important year for Trellus Health as we continue our strategy of securing material revenues via B2B2C agreements and demonstrating the value of our platform to our existing partners. I would like to thank our employees, shareholders and partners for their support during the year.



Dr. Marla Dubinsky
Chief Executive Officer and Co-Founder
23 May 2023

Trellus Health plc
Board of Directors
for the year ended 31 December 2022

The Directors of the Company during the year were:

Dr. Daniel Mahony –Non-Executive Chairman

Dan was appointed as Chair of Trellus Health in February 2023. He was previously Entrepreneur-in-Residence at Evotec (UK) Limited where he was responsible for the EVOequity investment portfolio. Prior to joining Evotec in October 2021, he was Co-Head of Healthcare at Polar Capital where he launched the healthcare business in 2007 growing it to over \$4 billion of assets under management. Dan was formerly head of European healthcare research at Morgan Stanley, an analyst at ING Barings Furman Selz in New York and a postdoctoral scientist at DNAX Research Institute in Palo Alto. Dan has over twenty-five years of experience within global healthcare covering biotechnology, medical technology, and healthcare services.

Dan chairs the board of the BioIndustry Association (BIA), the industry trade association for UK life sciences, and holds non-executive directorships at the Wellcome Sanger Institute (a world leading genomics research centre), Sernova (a Canadian TSX-listed cell therapy company) and Keepabl (a UK based, privately-owned provider of SaaS solutions for GDPR compliance). In 2022, he was appointed as the Life Sciences Investment Envoy by the UK Government.

Dr. Marla Dubinsky – Chief Executive Officer

Marla received her medical degree from Queen's University, Canada. She completed her Pediatric Residency at Alberta Children's Hospital, Calgary, Canada, and her Clinical Fellowship in Gastroenterology and Nutrition at Sainte-Justine Hospital at the University of Montreal, Canada. She then completed her Research Fellowship in IBD at Cedars-Sinai Medical Center in Los Angeles where she served as the Director of the Pediatric Inflammatory Bowel Disease Center before joining Icahn School of Medicine at Mount Sinai (ISMMS) as the Chief of the Division of Pediatric Gastroenterology at the Mount Sinai Kravis Children's Hospital. She is also the Co-Director of the Susan and Leonard Feinstein IBD Clinical Center at Mount Sinai.

Marla's primary research focuses on the influence of genetics and immune responses on the variability in clinical presentations, treatment responses and prognosis of early-onset IBD. Her other interests include the impact of IBD on fertility and pregnancy. She has lectured widely both nationally, and internationally and has published in 160 peer reviewed journals including Lancet, Gastroenterology, The Journal of Pediatric Gastroenterology and Nutrition, Inflammatory Bowel Diseases, and the American Journal of Gastroenterology. She also currently sits on the editorial boards of several leading journals.

Dr. Erik Lium, PhD – Non-Executive Director

Erik will represent ISMMS on the Board as part of the ongoing relationship between the Company and Mount Sinai.

Erik is the President of Mount Sinai Innovation Partners and Executive Vice President and Chief Commercial Innovation Officer of Mount Sinai Health System, where he is responsible for advancing ISMMS' research, instruction, and public service missions through strategic research partnerships with industry. Plus, the management, transfer and commercialisation of technologies, fostering the development of start-ups or joint ventures to advance promising early-stage technologies and enhance ISMMS' research and clinical enterprises. He is a Non-executive Director of Renalytix AI plc and is chair of their audit and remuneration committees. He is also a Non-executive Director of Verici Dx plc and is chair of their remuneration committee. Under Erik's leadership and through Mount Sinai's expansive network of industry partnerships and a vast array of innovators in the fields of drugs, devices, diagnostics, and digital health, Mount Sinai has become a global leader in healthcare technology commercialization, as reflected in its substantial portfolio of technologies in commercial development and the number of startup companies launched. Dr. Lium either participated in or led the creation of 29 public and private companies based on Mount Sinai technologies since 2016, with the current estimated equity value held by Mount Sinai is over \$500M.

Prior to joining Mount Sinai, Erik served as the Assistant Vice Chancellor of Innovation, Technology and Alliances at the University of California, San Francisco (UCSF), and the UCSF Principal Investigator for the Bay area National Science Foundation I-Corps node. Erik also previously served as a member of the Investment Review Committee for the Accelerate NY Seed Fund. He held previous positions at UCSF, including Assistant Vice Chancellor of Research and Director of Industry Contracts. Erik also served as President of LabVelocity Inc., an Information Services Company focused on accelerating research and development in the life sciences, prior to its acquisition in 2004. He pursued post-doctoral research at UCSF in the laboratory of J. Michael Bishop, MD and earned a PhD with honours from the Integrated Program in Cellular, Molecular and Biophysical Studies at Columbia University in the laboratory of Dr. Saul J. Silverstein. Erik holds a BS in Biology from Gonzaga University.

Trellus Health plc

Board of Directors for the year ended 31 December 2022 (*continued*)

Christopher Mills – *Non-Executive Director*

Christopher Mills founded Harwood Capital Management in 2011, a successor from its former parent company J.O. Hambro Capital Management (“Harwood”), which he co-founded in 1993. He is Chief Executive Officer and investment manager of North Atlantic Smaller Companies Investment Trust plc and Chairman and Chief Executive Officer of Harwood Capital Management Ltd. Prior to that, Mr. Mills was a Director of Invesco MIM, where he was head of North American Investments and Venture Capital, and of Samuel Montagu International.

Christopher currently serves on the board of various public companies, including EKF Diagnostics Holdings plc, Renalytix plc, Sureserve Group plc, Frenkel Topping plc and MJ Gleeson plc. Mr. Mills received a B.A. in Business Studies from Guildhall University.

Mike Salter – *Non-Executive Director*

Mike is a Non-Executive Director and currently CEO Americas, EKF Diagnostics, he was the former Chief Executive Officer of EKF Diagnostics Holdings plc. Previously, Mike worked at GE Healthcare, where he was General Manager for the Custom Molecular Reagent Business within GE Life Sciences. He spent a total of 33 years with GE and Amersham in a variety of positions in the UK, Canada, and USA.

Traci Entel – *Non-Executive Director and Senior independent Director*

Traci has 25 years’ experience in healthcare, technology, and financial services across high-growth and large organisations as a management consultant and global HR executive. She has been a member of multiple HR leadership teams and business operating committees and has significant expertise in leading teams and advising executives on HR strategies, culture, organisational effectiveness, diversity, and inclusion policies, and implementing talent strategies. Traci remains a partner at Incandescent, a New York-based management consultancy firm, where she is focused on partnering with leaders to achieve their organization, culture, and talent objectives.

Previously, as the Head of Employee Experience at Stripe and Head of Talent Management at BlackRock, Traci led the firms’ talent and culture strategies, including annual performance processes and career development, leadership development and succession, broader learning, people analytics, inclusion & diversity, and M&A. At BlackRock, she was also the lead HR Business Partner for the firm’s non-investment functions including technology, operations, institutional sales, and corporate functions. As Chief Human Capital Officer at Booz & Company, Traci developed and delivered a business-back talent strategy and led the integration with PwC to create Strategy&.

Prior to Traci’s 10 years in HR leadership roles, she worked in consulting for 14 years, partnering with executives in healthcare, consumer products, and financial services. Starting her career at Mitchell Madison Group, she then spent 10 years with Katzenbach Partners, which was acquired by Booz & Company. At Booz & Company, Traci was a Partner in the firm’s Organization, Change and Leadership, and Healthcare practices where she focused on culture evolution & behaviour change, talent strategy, and frontline effectiveness. She later led the people and cultural integration of Booz & Company with PwC to form Strategy&. Traci is a Partnership for New York City David Rockefeller Fellow and member of the Women’s Forum of New York.

Trellus Health plc
Strategic report
for the year ended 31 December 2022

Our Strategy and Business Model

Trellus Health plc is a leading pioneer in delivering resilience-driven connected health solutions for chronic conditions. The Company's mission is to elevate the quality and delivery of expert-driven, personalised support and management for people with chronic conditions by fostering resilience, cultivating learning, and connecting all partners involved in the delivery of care. The Company is pioneering a new healthcare category called "Resilience-Driven Connected Health", which we believe will transform the management of chronic conditions through the GRITT™ (Gaining Resilience Through Transition) methodology that was scientifically validated at the Mount Sinai IBD Center, one of the leading IBD treatment centers in the United States and the hospital where Crohn's disease was first scientifically discovered by Dr. Burrill Crohn in 1932.

The Company will provide personalized continuous support, coordination, and remote patient management of clinical and behavioural factors, and effectively identify and modify disease interfering behaviours that lead to expensive unplanned healthcare utilisation. The Company will initially focus on IBD, including Crohn's disease and ulcerative colitis, one of the costliest incurable chronic diseases with a high mental health burden and has now expanded to IBS. The Company is commercialising digital chronic condition management solutions for employers and health plans as well as consumers that utilise the scientifically validated GRITT™ resilience-based methodology and a proprietary HIPAA compliant technology platform called TrellusElevate™. The TrellusElevate™ platform is the Company's proprietary connected health platform that incorporates the GRITT™ methodology and learnings on resilience from clinical research and practice conducted at the Mount Sinai IBD Center for more than five 5 years. The GRITT™ methodology and resilience-driven behavioral health model have been scientifically validated to demonstrate meaningful improvements in patient outcomes and over 94% reduction in hospital admissions which we believe indicates the potential for significant cost savings for healthcare payers. The Company will provide a scientifically validated, resilience-based, connected health solution that:

- Delivers coordinated resilience training and condition management from certified health coaches.
- Partners with providers to reinforce clinical plan adherence (rather than disintermediating them).
- Modifies behaviours to build resilience over time through proven interventions.
- Engages and educates patients.
- Continually monitors and analyses clinical and behavioural markers; and
- Significantly improves healthcare outcomes and reduces expensive, unplanned care.

In July 2020, the Company secured an exclusive license with ISMMS, the medical school of the Mount Sinai Health System, for commercialisation of the GRITT™ methodology for IBD and seven broad chronic disease categories. The Company believes that its resilience-driven connected health solution is adaptable to most chronic conditions, providing personalised interdisciplinary support and management to improve the quality of care and significantly reduce unnecessary and unplanned care events and their associated costs.

Review of the business

A review of the business is contained in the Chairman's Statement and Chief Executive Officer's review on pages 2 to 7 and the Directors' Report on page 16 to 19.

We recognise that effective risk management is essential to the successful delivery of the Group's strategy. As we continue to grow our business, we believe it is important to develop and enhance our risk management processes and control environment on an ongoing basis and ensure it remains fit for purpose. We continue to mature our approach to identifying and managing risks across the Group in a consistent and robust manner.

Below we describe our risk management approach, the principal risks and uncertainties faced by the Group and the controls in place to manage them.

Trellus Health plc
Strategic report
for the year ended 31 December 2022 (continued)

Overview of risk management approach

The Executive team with the senior management is responsible for identifying, assessing and managing the risks in the business. Risks are identified and assessed by all business areas on a periodic basis, and are measured against a defined set of criteria, considering likelihood of occurrence, and potential impact. The Executive team also conduct a strategic risk identification and assessment exercise to identify risks, including those that could impact the business model, future performance, solvency, or liquidity. This risk information is combined with a consolidated view of the business area risks. The most significant risks identified are included in our Group Risk Profile, which is reported to the Board for review and challenge. The Board has the overall accountability for ensuring that risk is effectively managed across the Group and therefore ensuring that it is comfortable with the nature and extent of the principal risks faced in achieving its strategic objectives.

Principal risks and uncertainties

Set out below are the risks which the Directors believe could materially affect the Group's ability to achieve its financial and operating objectives and control or mitigating activities adopted to manage them. The risks are not listed in order of significance.

1. Licence agreement with ISMMS

The Company is a party to a license agreement with ISMMS on a non-exclusive in relation to the know-how but exclusive in relation to the licenced patents. The licence is non-transferable, carry termination rights and have warranties and indemnities in place. The licence agreement is dependable on relationship between the Company and ISMMS. Although there is a commercial exposure and risk in respect of the know-how, due to the collaborative relationship and interconnected interests between the Company and ISMMS, commercially this would not pose a significant risk.

2. Patents

Despite that the Company's licensed methodologies are proprietary in terms of know-how, there is a risk that, if the applied-for patent (and indeed other patents the Company may in future seek to apply for to protect its additional intellectual property being developed) are not granted or are not granted in a form which provides meaningful protection, then third parties including competitors and partner customers may perceive greater scope to develop alternate solutions seeking to address mental resilience and the treatment of chronic health conditions, and in such a way as to diminish the Company's prospects for growth. This would also clearly impact the Company's ability to enforce patent protection (for instance, if patents applied for are not granted) which could create lower actual or perceived barriers to entry by competitors. Notwithstanding the Company's many years of research and development of its methodologies, such risks could impact on the Company's financial position and results of operation. The Company will, however, continue to robustly monitor and maintain its ongoing intellectual property protection needs. No patents have been applied for by the Company to date.

3. The Company is dependent on other third parties who provide certain resources and services to the Company as the Company has limited resources in the short-term

The Company depends on third-party providers and resources, such as internet infrastructure and software development, to provide services for its benefit and clients. Any disruption or damage to these components may significantly affect the Company's ability to offer its product solutions. Additionally, any adverse impact on the resources or outsourced services may harm the Company's business, financial condition, and operational results. The Company relies on exclusive proprietary intellectual property and know-how to develop its products and services and maintain a competitive advantage. Changes or amendments to this relationship may negatively impact the Company's position in the market and financial results.

Trellus Health plc
Strategic report
for the year ended 31 December 2022 (*continued*)

4. The Company is reliant upon the expertise and continued service of a small number of key individuals of its management, board of directors and scientific advisors.

The Company relies on the expertise and experience of a small number of key individuals of its management, directors, and scientific advisors to continue to develop and manage the business of the Company. The retention of their services cannot be guaranteed. Accordingly, the departure of these key individuals could have a negative impact on the Company's operations, financial conditions, its ability to execute the Company's business strategy and future prospects. Going forwards, the Company will rely, in part, on the recruitment of appropriately qualified personnel, including personnel with a high level of scientific and technical expertise in the industry. The Company may be unable to find a sufficient number of appropriately highly trained individuals to satisfy its growth rate which could affect its ability to develop products as planned. In addition, the Company's inability to recruit key personnel or the loss of the services of key personnel or consultants may impede the progress of the Company's research and development objectives as well as the commercialisation of its lead and other products.

5. The Company is subject to research and product development risk.

The Company will engage in research and development to support evolution and enhancements of its services and offerings, as well as contribute to development and release of new solutions and services. The Group's involvement in complex clinical development processes which has a high incidence of delay or failure to produce desired results. Any inability to enhance the Group's products/services, develop new products/services, or identify market needs within its market may have a material adverse effect on the Company's business, financial condition, and operational results.

Furthermore, the Group's future research and development efforts may be subject to regulations, such as human subject protection, data security/protection, institutional review board/ethics board oversight, regulatory authorisations, and design control requirements for use in a care setting, whether for FDA, EU-or UK-regulated products, or otherwise. Any failure to comply with such requirements could result in penalties, delay, or prevent commercialisation of the Group's products or those of its partners, which could have a negative impact on the Group's results of operation and financial condition.

6. The Group is subject to risks associated with a dynamic medical, technological, and regulatory landscape.

The Group is operating in a market impacted by medical and technological change and obsolescence. There can be no assurance that competitive solutions or breakthroughs in medicine and technology for the monitoring, treatment, or prevention of either chronic conditions or mental health conditions or both may not adversely impact demand for the Group's services and offerings or render them obsolete. Any failure on the Group to adapt to the changing medical and technological landscape or stay up to date with industry trends will have a material adverse impact on the Group's business, financial condition and operational results.

The Group's operating environment is subject to increasingly stringent privacy and data security legislation. Any changes to regulation of protected health information or data privacy/security would result in a need to ensure the Group's technology platform and products and the operation of its business remain compliant, which may incur significant costs and impact the Group's financial condition and operations. Presently, The Group is not subject to FDA approval and is not identified as a Software as a Medical Device. Should the Group expand into other geographical territories, the Group may be subject to other regulatory bodies. If there are any subsequent changes to legislation that subject the Group's platform and products to approval processes, whether on privacy and data matters or otherwise in relation to elements of its care provision (including but not limited to the personalisation and delivery of care using AI, machine learning and automation), this may adversely impact the Group's business, financial condition and operational results.

Trellus Health plc
Strategic report
for the year ended 31 December 2022 (*continued*)

7. The Group faces competitive threats.

The Group's future success will depend in part upon the Group's ability to build and retain a competitive position in the market. The Group may also face competition from new or existing companies that have greater research, development, marketing, financial and personnel resources than the Group.

8. The Group faces uncertainties in its expansion and with strategic partnerships

To achieve successful growth long-term, it is important that the Group expands its services and offerings to additional chronic conditions as well as into select international markets. Any anticipated or unanticipated business, political, regulatory, operational, financial, and economic risks may hinder growth and affect costs/revenue projections. This may cause the Group's value proposition to partners to be materially less compelling, or in the case of the application of the Company's approach to additional chronic conditions, to be limited in scope or value-add, causing the Company to achieve reduced or even negative returns on its investment in such expansion.

Expansion into international markets may also subject the Group to previously unaccounted for laws and regulations which must be complied with, increasing the Group's costs and potentially subjecting the Group to liability if any such laws or regulation are violated. Additionally, inability to benefit from strategic partnerships, inability to acquire suitable businesses successfully or generate favorable returns on investments could result in operating difficulties, dilution, and other adverse consequences that may materially impact the Group's business, financial condition, and operational results.

9. Federal and State fraud and abuse laws

The Company's arrangements with healthcare professionals, clients, and third-party payors may subject the Company to various federal and state healthcare laws and regulations regarding fraud and abuse. These laws and regulations include federal Anti-Kickback Statute; False Claims Act; and state laws regarding fee-splitting prohibitions and payments to providers. Similar laws and regulations apply in the UK and in the EU. These laws may impact the Company's engagement with the Company's partnered entities as well as impact sales and marketing operations. Failure to maintain compliance could result in significant penalties and require changes in Company's business operations.

10. Economic conditions and current economic weakness

Any economic downturn either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's services. A more prolonged economic downturn may lead to an overall decline in the volume of the Group's sales, restricting the Group's ability to generate a profit. In addition, although signs of economic recovery have been perceptible in certain countries, the sustainability of a global economic upturn is not yet assured. If economic conditions remain uncertain this might have an adverse impact on the Group's operations and business results.

11. Currency Risk

The Group expects to present its financial information in US dollars, although part of its business may be conducted in other currencies such as Pounds Sterling. As a result, it will be subject to foreign currency exchange risks due to exchange rate movements, which will affect the Group's transaction costs and the translation of its results. The Company's Ordinary Shares are traded in Pounds Sterling.

12. Cyber security risk

The Group uses computers extensively in its operations and has an online presence but does not trade online. It is at risk of attack through hacking or other methods. This risk is mitigated by the use of robust security measures, staff training, and back-up systems. The Group also has specific insurance cover.

Trellus Health plc
Strategic report
for the year ended 31 December 2022 (*continued*)

Financial Performance

The financial performance of the Group for the year ended 31 December 2022, continues to reflect the costs incurred with the development phase of the TrellusElevate technology platform, in addition in the latter half of the year initial revenues have been received from members who are now using the platform as paying customers.

Income Statement

The Group continues to be in the development phase, but small revenues have been realised in the second half of the year ending 31 December 2022 in relation to its operations, through paying members that are early adopters of the platform. The main components of the administrative expenses totalling US \$8.8m (2021: US \$5.9m) were employee related costs of US \$4.7m (2021: US \$4.3m) (excluding the share-based payment charge of US \$0.06m (2021: US \$0.14m), professional costs of US \$1.1m (2021: US \$1.3m), with other operating expenses totalling US \$2.3m (2021: US \$0.4). Total depreciation and amortisation were \$0.66m (2021: US \$0.03m).

Disclosed separately is the share-based payments charge of US \$0.06m (2021: US \$ 0.14m). The full benefit will be spread over the vesting periods, which is a weighted average of 2.3 years.

Statement of Financial Position and Cash Flow Statement

The principal asset of the Group is the development costs relating to the TrellusElevate technology platform and software purchased for US \$6.7m (US \$2.9m in 2022 and US \$3.8m in 2021) along with the exclusive licence acquired from Mount Sinai for the GRITT™ technology, purchased for US \$0.5m in 2021, together with related equipment.

The cash position of the Group at on 31 December of US \$19.1m (2021: US \$32.0m) remains strong, with expenditure in the second half of 2022 reducing significantly to that of the first half of 2022 as cost control measure were implemented. Due to the depreciation in the value of sterling against the US dollar over 2022, and the substantial funds held in sterling at year end, a foreign exchange loss of US \$1.4m (2021: \$1.7m) decreased the year end cash balance.

Section 172 Statement

The Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Section 172(1)(a) to (f) requires each Director to act in the way he or she considers would be most likely to promote the success of the Company for the benefit of its members as a whole, with regard to the following matters:

- (a) the likely consequences of any decision in the long term
- (b) the interests of the Company's employees
- (c) the need to foster the Company's business relationships with suppliers, customers and others.
- (d) the impact of the Company's operations on the community and the environment
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the Company.

The Group has adopted the Corporate Governance Code for Small and Mid-Size Quoted Companies from The Quoted Companies Alliance (the "QCA Code"). The QCA Code is an appropriate code of conduct for the Group's size and stage of development. There is a discussion of how the Group applies the ten principles of the QCA Code in support of its growth on the Group's website.

The Chairman's and Chief Executive Officer's statements describe the Group's activities, strategy and future prospects, including the considerations for long term decision making.

Trellus Health plc
Strategic report
for the year ended 31 December 2022 (*continued*)

The Board considers its major stakeholders to be its employees, its suppliers, customers, and shareholders. When making decisions, the interests of these stakeholders is considered informally as part of the Board's group discussions.

The Board has a good relationship with the Group's employees. The Board maintains constructive dialogue with employees through the Executive Directors. Appropriate remuneration and incentive schemes including bonuses are maintained to align employees' objectives with those of the Group. The Group regularly discusses progress both locally and at group level with employees in "town hall" style meetings, allowing opportunities to exchange views and for employees to have a say. The Group has an open, flexible, and entrepreneurial culture which has allowed the Group to be flexible and responsive to customer needs. The Board monitors, assesses, and promotes the Group's corporate culture through discussions with management and employees and through the use of appropriate measures.

The Board ensures that the Group endeavors to maintain good relationships with its suppliers by contracting on reasonable business terms and paying them promptly, within agreed terms. We meet with our significant suppliers regularly and ensure that services are delivered effectively in a timely and cost-efficient manner. These principles ensure that the Group's and our significant suppliers' interests are aligned.

The Board does not believe that the Group has a significant impact on the communities and environments within which it operates. The Board recognizes that the Group has a duty to be a good corporate citizen and is conscious that its business processes minimize harm to the environment, and that it contributes as far as is practicable to the local communities in which it operates.

The Board recognizes the importance of maintaining high standards of business conduct. The Group operates appropriate policies on business ethics and provides mechanisms for whistle blowing and complaints. The Board endeavors to maintain good relationships with its shareholders and treat them equally. This is described in more detail in "Relations with shareholders" in the Corporate Governance Report.

This report was approved by the Board of Directors on 23 May 2023 and signed on its behalf by:



Dr. Daniel Mahony
Non-executive Chairman

Trellus Health plc
Directors' report
for the year ended 31 December 2022

The Directors present their report on the affairs of Trellus Health PLC (the "Company") and its subsidiary, ("the Group"), together with the audited Financial Statements and Independent Auditors' Report for the year ended 31 December 2022.

Principal activities

The main activity of the Group is to elevate the quality and delivery of expert-driven personalised wellness care for chronic conditions.

Results and dividends

During the year ended 31 December 2022 the Group recorded a loss after tax of US \$8.8m (2021: US \$5.9m) and a net cash outflow from operating activities of US \$8.6m (2021: US \$4.8m).

The Directors do not recommend the payment of a dividend.

Going concern

The Group is in the development phase of its business and has so far generated minimum revenue related only to implementation services and piloting new patients in the platform. At 31 December 2022, the Group has available cash resources of \$19.1 million (2021: US \$32.0m).

In considering the appropriateness of this basis of preparation, the Directors have reviewed the Company and Group working capital forecasts for a minimum of 12 months from the date of the approval of this financial information. Based on their consideration the Directors have reasonable expectation that the Group has adequate resources to continue for the foreseeable future and that carrying values of intangible assets are supported. Thus, the adoption of the going concern basis of accounting in preparing this financial information is considered appropriate.

Political donations

The Group made no political donations in the period.

Future developments

The Group's future developments are outlined in the Strategic Report on pages 10 to 15.

Financial risk management

Financial risk management policies and objectives for capital management are outlined in the principal risks and uncertainties section of the Strategic Report on pages 10 to 15 and in note 4 to the financial statements.

Directors' indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the period and remain in force at the date of this report.

Events after the reporting period

Details of significant events since the reporting period are contained in Note 20 of the financial statements.

Trellus Health plc
Directors' report
for the year ended 31 December 2022 (continued)

Directors

The directors of the Company throughout the year and to the date of this report were:

Dr. Daniel Mahony
Dr. Marla Dubinsky
Dr. Erik Lium
Mike Salter
Christopher Mills
Traci Entel (Appointed on 22 June 2022)
Julian Baines, MBE (Resigned 6 February 2023)
Monique Fayad (Resigned on 19 July 2022)

Directors' shareholdings

The holdings in the share capital of the Company of those Directors serving at 31 December 2022 and as at the date of signing of these financial statements, all of which are beneficial, were as follows:

	On 31 December 2022	On 31 December 2021
	Ordinary Shares of £0.0006 each	Ordinary Shares of £0.0006 each
Dr. Daniel Mahony	225,000	225,000
Dr. Marla Dubinsky	8,750,000	8,750,000
Christopher Mills	18,209,219	18,209,219
Mike Salter	1,126,026	1,126,026
Julian Baines	2,375,836	2,375,836

Substantial shareholdings

As of 31 December 2022, the following interests in 3% or more of the issued Ordinary Share capital had been notified to the Company:

Shareholder	Number of shares	Percentage of issued share capital
Icahn School of Medicine at Mount Sinai	40,384,897	25.0%
Christopher Mills	22,463,897	13.9%
Dr. Marla Dubinsky	8,750,500	5.4%
Dr. Laurie Keefer	8,759,351	5.4%
Unicorn Asset Management Limited	6,250,000	3.9%
Halifax Share Dealing	5,452,857	3.4%
Lombard Odier Asset Management	5,346,432	3.3%
Walker Crips Stockbrokers	5,191,938	3.2%
Hargreaves Landsdown Asset Management	5,042,731	3.1%

Christopher Mills is partner and Chief Investment Officer of Harwood Capital LLP. Harwood Capital LLP is Investment Manager to North Atlantic Smaller Companies Investment Trust PLC and investment advisor to Oryx International Growth Fund Limited.

Trellus Health plc
Directors' report
for the year ended 31 December 2022 (*continued*)

Corporate Social Responsibility

The Board recognises its employment, environmental and health and safety responsibilities. It devotes appropriate resources towards monitoring and improving compliance with existing standards. The Executive Directors are responsible for these areas at Board level, ensuring that the Group's policies are upheld and providing the necessary resources.

The Directors consider that the nature of the Group's activities is not detrimental to the environment. The Group is committed to identifying and minimising any effect on the environment caused by its operations and the Board recognises that the Group has a duty to be a good corporate citizen and to respect and comply with the laws, regulations, and where appropriate the customs and culture of the territories in which it operates.

Employees

The Group is committed to achieving equal opportunities and to complying with relevant anti-discrimination legislation. It is established Group policy to offer employees and job applicants the opportunity to benefit from fair employment, without regard to their sex, sexual orientation, marital status, race, religion or belief, age or disability. Employees are encouraged to train and develop their careers.

The Group has continued its policy of informing all employees of matters of concern to them as employees, both in their immediate work situation and in the wider context of the Group's well-being. Communication with employees is affected through the Board, the Group's management briefing's structure, formal and informal meetings and through the Group's information systems.

Directors Responsibilities

The Directors are responsible for preparing the Strategic Report, 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 prepared the group and the Company financial statements in accordance with UK-adopted international accounting standards.

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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

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

Trellus Health plc
Directors' report
for the year ended 31 December 2022 (*continued*)

Directors Responsibilities (*continued*)

They are further responsible for ensuring that the Strategic Report and the Directors' Report and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the Trellus Health PLC website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Auditors

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

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

Crowe U.K. LLP has expressed its willingness to continue in office and a resolution to reappoint the firm as Auditor and authorising the Directors to set their remuneration will be proposed at the forthcoming Annual General Meeting

This report was approved by the Board of Directors on 23 May 2023 and signed on its behalf by:



Dr. Daniel Mahony
Non-executive Chairman

Trellus Health plc

Corporate governance statement for the year ended 31 December 2022

Compliance

The Company recognises the value of good corporate governance in every part of its business. The Board has adopted the corporate governance principles of the 2018 Quoted Companies Governance Code. Details of the Code can be obtained from the Quoted Companies Alliance's website (www.theqca.com). Details of the compliance of the Code is laid out on the website: <https://www.trellushealth.com/corporategovernance>

The Company following statement describes in summary how the Group seeks to address the principles underlying the Code.

Board composition and responsibility

The Board currently comprises one Executive Director and five Non-Executive Directors. Dr. Daniel Mahony has taken over as Non-Executive Chairman from Julian Baines who resigned post year end.

It is the Board's opinion that Dr. Daniel Mahony and Traci Entel are independent in character and judgement and that there are no relationships or circumstances which could materially affect or interfere with the exercise of their independent judgement.

All Directors are subject to election by Shareholders at the first Annual General Meeting after their appointment and are subject to re-election at least every three years. Non-Executive Directors are appointed for a specific term of office which provides for their removal in certain circumstances, including under section 168 of the Companies Act 2006. The Board does not automatically re-nominate Non-Executive Directors for election by Shareholders. The terms of appointment of the Non-Executive Directors can be obtained by request to the Company Secretary.

The Board's primary objective is to focus on adding value to the assets of the Group by identifying and assessing business opportunities and ensuring that potential risks are identified, monitored and controlled. Matters reserved for Board decisions include strategic long-term objectives and capital structure of major transactions. The implementation of Board decisions and day to day operations of the Group are delegated to Management.

There is a division of responsibilities between the Non-Executive Chairman, who is responsible for the overall strategy of the Group and running the Board, and the CEO, who is responsible for implementing the strategy and day to day running of the Group.

Board meetings

Seven Board meetings were held during the year. The Directors' attendance record during the year of office is as follows:

Dr. Daniel Mahony	6/7
Dr. Marla Dubinsky	6/6
Dr Erik Lium	7/7
Christopher Mills	6/7
Mike Salter	6/7
Traci Entel	3/4
Julian Baines	6/7
Monique Fayad	3/3

Internal evaluation of the performance of the Board and that of Chairman has been performed including the effectiveness of the Board committees.

**Corporate governance statement
for the year ended 31 December 2022 (continued)**

Audit Committee

The Audit Committee comprises Dr. Dan Mahony, who acts as chair, and Mike Salter. The Audit Committee will, among other things, determine and examine matters relating to the financial affairs of the Company including the terms of the engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It will receive and review the reports from management and the Company's auditors relating to the half-yearly and annual accounts and the accounting and the internal control systems in use throughout the Company.

The committee has met once during the year ended 31 December 2022. There have been no significant matters communicated to the Committee by the auditors and no interaction with the Financial Reporting Council.

Remuneration Committee

The Remuneration Committee comprises Traci Entel, who will act as Chair and Dr. Erik Lium. The Remuneration Committee reviews and makes recommendations regarding the Executive Directors' remuneration and benefits packages, including share options and the terms of their appointment. The Remuneration Committee also make recommendations to the Board concerning the allocation of share options to employees under the intended share option schemes.

The Committee met once during the year ended 31 December 2022.

Nomination Committee

The Nomination Committee comprises Traci Entel, who acts as chair, and Mike Salter. The Nomination Committee will review and recommend nominees as new Directors to the Board.

Internal control

The Directors are responsible for ensuring that the Group maintains a system of internal control to provide them with reasonable assurance regarding the reliability of financial information used within the business and for publication and that the assets are safeguarded. There are inherent limitations in any system of internal control and accordingly, even the most effective system can provide only reasonable, but not absolute, assurance with respect to the preparation of financial reporting and the safeguarding of assets.

The Group, in administering its business, has put in place strict authorisation, approval and control levels within which senior management operates. These controls reflect the Group's organisational structure and business objectives. The control system includes clear lines of accountability and covers all areas of the organisation. The Board operates procedures which include an appropriate control environment through the definition of the above organisation structure and authority levels and the identification of the major business risks.

Internal financial reporting

The Directors are responsible for establishing and maintaining the Group's system of internal reporting and as such have put in place a framework of controls to ensure that on-going financial performance is measured in a timely and correct manner and that risks are identified as early as is practicably possible. There is a comprehensive budgeting system and monthly management accounts are prepared which compare actual results against both the budget and the previous year. They are reviewed and approved by the Board and revised forecasts are prepared on a regular basis.

Trellus Health plc

Corporate governance statement for the year ended 31 December 2022 (*continued*)

Relations with shareholders

The Company will report to Shareholders twice a year. The Company dispatches the notice of its Annual General Meeting, together with a description of the items of special business, at least 21 clear days before the meeting. Each substantially separate issue is the subject of a separate resolution, and all Shareholders have the opportunity to put questions to the Board at the Annual General Meeting.

The Chair(s) of the Audit and Remuneration Committees normally attend the Annual General Meeting and will answer questions which may be relevant to their work. The Chairman advises the meeting of the details of proxy votes cast on each of the individual resolutions after they have been voted on in the meeting. The Chairman and the Non-Executive Directors intend to maintain a good and continuing understanding of the objectives and views of the Shareholders.

Shareholders may contact the Company as follows:

Tel: +44 (0)20 7933 8780

Email: investors@trellushealth.com

Corporate social responsibility

The Board recognises that the Group has a duty to be a good corporate citizen and is conscious that its business processes minimise harm to the environment, that it contributes as far as is practicable to the local communities in which it operates and takes a responsible and positive approach to employment practices.

The Corporate Governance Statement was approved by the Board on 23 May 2023 and signed on its behalf by:



Salim Hamir
Company Secretary

Trellus Health plc

Report of the remuneration committee for the year ended 31 December 2022

Statement of compliance

This report does not constitute a Directors' Remuneration Report in accordance with The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 which do not apply to the Company as it is not fully listed. This report sets out the Group policy on Directors' remuneration, including emoluments, benefits and other share-based awards made to each Director.

Policy on Executive Directors' remuneration

Remuneration packages are designed to motivate and retain the Executive Director to ensure the continued development of the Group and to reward them for enhancing value to shareholders. The main elements of the remuneration package for the Executive Director are basic salary, performance-related bonuses, benefits and share-based incentives.

Directors' remuneration - Audited

The remuneration of the Directors for the year ended 31 December 2022 is shown below:

	Base Salary and fees US\$	Pension US\$	Year to 31 December 2022 US\$	Period to 31 December 2021 US\$
Executive Director				
Dr. Marla Dubinsky*	146,542	-	146,542	120,000
Monique Fayad**	158,401	7,920	166,321	258,750
Total	304,943	7,920	312,863	378,750
Non-Executive Directors				
Julian Baines	61,670	-	61,670	33,830
Dr. Daniel Mahony	30,835	-	30,835	16,915
Niyum Gandhi	-	-	-	16,915
Dr Erik Lium***	30,835	-	30,835	16,915
Christopher Mills	30,835	-	30,835	16,915
Mike Salter	30,835	-	30,835	16,915
Traci Entel****	15,155	-	15,155	-
Total	200,165	-	200,165	118,405
Total fees and emoluments	505,108	7,920	513,028	497,155

* Dr Marla Dubinsky was Non-Executive Director till her appointment as Chief Executive Officer on 19 July 2022.

** Monique Fayad resigned as Chief Executive Officer on 19 July 2022.

***Dr Erik Lium is not entitled to receive remuneration as he sits on the Board as a representative of the Icahn School of Medicine at Mount Sinai and his fees are paid to Mount Sinai.

****Traci Entel was granted options over 100,000 ordinary shares in the Group on 22 June 2022.

Approved by the Board on 23 May 2023 and signed on its behalf by:

Traci Entel

Traci Entel
Chair of the Remuneration Committee

**Audit Committee Report
for the year ended 31 December 2022**

The Audit Committee reports to the Board on matters concerning the Group's internal financial controls, financial reporting and risk management systems, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

Composition of the Audit Committee

The Audit Committee is appointed by the Board comprised Dr Daniel Mahony (Committee Chair) and Mike Salter. Dr Daniel Mahony has experience of chairing and holding non-executive position with number of Boards. Whilst no non-executive member of the Board held an accounting qualification during the 2022 financial year, Dr Daniel Mahony and Traci Entel were both deemed competent by virtue of their experience and relevant experience to the sector in which the Company operates.

Role of the Audit Committee

The Audit Committee operates within defined terms of reference and its main functions are:

- to monitor the internal financial control and risk management systems on which the Group is reliant;
- to consider whether there is a need for the Group to have its own internal audit function;
- to monitor the integrity of the Group's financial statements and formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them;
- to review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matter;
- to meet the independent Auditor of the Group to review their proposed audit programme of work and the subsequent Audit Report and to assess the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work;
- to make recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor, and to negotiate their remuneration and terms of engagement on audit and non-audit work; and
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification.

External audit

The Group's external auditor is Crowe U.K. LLP.

The effectiveness and independence of the external audit and auditor is reviewed annually by reference to the auditor's attendance at Committee meetings, their audit plan, audit fieldwork, post-audit management letter and the judgment of the Committee having discussed the matter with the finance director.

The external auditor also provides certain non-audit services including annual tax compliance. The Board has reviewed its safeguards and policies in place for non-audit services and is satisfied that these are sufficiently robust to ensure that Crowe U.K. LLP maintain their audit objectivity and independence. Crowe U.K. LLP report to the Board annually on their independence from the Company. Non-audit services are provided only if such services do not conflict with their statutory responsibilities and ethical guidance.

Taking all of the above into consideration, the Committee concluded the auditors were both effective and independent during the year.

Review of financial statements and risks identified Financial statements issued by the Company need to be fair, balanced, and understandable. The Audit Committee reviews the Annual Report as a whole and makes recommendations to the Board. The Audit Committee has advised the Board that, in its opinion, the Annual Report and Financial Statements are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Company's unaudited interim results are also reviewed by the Audit Committee prior to their publication.

Trellus Health plc

**Audit Committee Report
for the year ended 31 December 2022 (continued)**

Key risk areas, and audit and accounting matters considered by the Committee

Generally, there is a close relationship between the Company's income statement and its cash flows, with few significant judgmental items or longer-term unsettled items remaining on the balance sheet.

The main accounting and audit risks identified during the year, including as also described in the auditor's report, were:

- capitalisation of intangible costs and impairment review;
- recoverability of amounts due from subsidiary;
- funding and going concern risk assessments; and
- revenue recognition (principally year end cut-off).

No significant adjustments or matters of concern were identified by the external audit.

Internal control and consideration of the need for the internal audit

The Board believes that due to the size of the business there is currently no requirement for an internal audit function. This matter is reviewed annually.

The finance function for the Group is managed by the Finance Director with use of outsourcing facilities. Reliance with regard to internal control effectiveness is placed on the close involvement of the Chief Executive Officer, the Finance Director and the Company Secretary in the day to day management and control of the business, with the Audit Committee retaining oversight of financial information provided to the Board and the Group's accounting and internal control policies and procedures. Recommendations for amendments or improvements are made as needed.

During the year there were no significant matters raised by the external auditors, nor any significant matters of concern identified with regard to internal control elsewhere that required action by the Committee.

Therefore, it is judged that the current size, financial position, complexity and risk profile of the Group does not justify the cost of an internal audit function. This will be kept under annual review.



Dr Daniel Mahony
Chair of the Audit Committee
23 May 2023

**Report of the audit of the financial statements
for the year ended 31 December 2022**

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRELLUS HEALTH PLC

Opinion

We have audited the financial statements of Trellus Health plc (the "parent company") and its subsidiary (the "group") for the period ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group and parent company financial statements is applicable law and UK adopted International Accounting Standards (IFRSs).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the period then ended;
- the group and parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and the parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- an assessment of the appropriateness of the approach, assumptions and arithmetic accuracy of the approved budget used by management when performing their going concern assessment for a period of at least twelve months from the date of the approval of the financial statements;
- our challenge of the underlying data and key assumptions used to make the assessment and the results of management's stress testing, to assess the reasonableness of economic assumptions on the group and parent company's solvency and liquidity position.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Report of the audit of the financial statements
for the year ended 31 December 2022 (*continued*)**

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the group financial statements as a whole to be \$420,000 (2021: \$360,000) based on 5% of the expected loss before tax at the planning stage. We did not consider it appropriate subsequently to amend our assessment. Profit or loss before tax is a generally accepted auditing benchmark.

We use a different level of materiality ("performance materiality") to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We determined the group performance materiality to be \$294,000 (2021: \$252,000).

Where considered appropriate, performance materiality may be reduced to a lower level, such as for related party transactions and Directors' remuneration. We agreed with the Audit Committee to report to it all identified errors in excess of \$21,000 (2021: \$18,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

The parent company materiality was assessed as \$70,000 (2021: \$40,000) based on approximately 5% of its expected loss before tax at the planning stage. Performance materiality was set at \$50,000 (2021: \$28,000).

Overview of the scope of our audit

The Company's operations are based in the UK and the USA. In view of the early stage of development of the group's business activities the audit team performed a full scope audit on the group from the UK as a single component.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Trellus Health plc

**Report of the audit of the financial statements
for the year ended 31 December 2022 (continued)**

Key audit matter	How the scope of our audit addressed the key audit matter
<i>Group – carrying value of intangible assets</i> As set out in note 12, the group held intangible assets with a carrying value of \$6.5m at the reporting date (2021: \$4.3m). Those assets include capitalised development expenditure. The assessment of future value in use is a forecast-based management estimate, underpinned by the estimates of future cash flows to be generated by the underlying cash generating unit. The carrying value of intangible assets is considered to be a key audit matter as the amount involved is significant and judgements inherent in impairment review	Our audit procedures included the following: • We performed a walkthrough of the impairment process to understand management's controls around determination of impairment indicators. • We performed inquiries with management to ensure external and internal factors were considered in determining whether indicators of impairment exist; • We tested amounts of external and internal development expenditure capitalised to supporting documentation and considered the appropriateness of the amounts capitalised; • We tested the mathematical accuracy of the underlying estimates; and • We considered the appropriateness of related disclosures in the financial statements.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

**Report of the audit of the financial statements
for the year ended 31 December 2022 (*continued*)**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation. Technical, clinical or regulatory laws and regulations which are inherent risks in the development of the software platform and delivery of services to subscribers and members are mitigated and managed by the board and management in conjunction with expert regulatory consultants in order to monitor the latest regulations and planned changes to the regulatory environment.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations.

Trellus Health plc

**Report of the audit of the financial statements
for the year ended 31 December 2022 (*continued*)**

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Bullock
(Senior Statutory Auditor)
for and on behalf of Crowe U.K. LLP
Statutory Auditor
London
23 May 2023

Trellus Health plc

**Consolidated Income Statement
for the year ended 31 December 2022**

	Notes	2022 \$'000	2021 \$'000
Revenue		18	25
Cost of Sales		-	-
Gross Profit		18	25
Administrative Expenses	5	(8,828)	(5,927)
Operating Loss		(8,810)	(5,902)
Depreciation, amortization and impairment		659	32
Share-based payments	18	62	139
EBITDA before exceptional items and share-based payments		(8,089)	(5,731)
Finance Income		-	-
Finance Costs		-	-
Loss before Income Tax		(8,810)	(5,902)
Income Tax Charge		-	-
Loss for the Year		(8,810)	(5,902)
Loss per share			
Basic and Diluted (US \$ cents)	10	(0.05)	(0.04)

The results reflected above relate to continuing operations.

**Consolidated Statement of Comprehensive Income
for the year ended 31 December 2022**

	2022 \$'000	2021 \$'000
Loss for the year	(8,810)	(5,902)
Items that may be subsequently reclassified to profit and loss		
Currency translation differences	(1,434)	(1,725)
Total comprehensive loss for the year	(10,244)	(7,627)

The notes on pages 36 to 49 form part of these financial statements.

Trellus Health plc

Consolidated and Company's Statements of Financial Position
at 31 December 2022

	Notes	Group 2022 \$'000	Group 2021 \$'000	Company 2022 \$'000	Company 2021 \$'000
Assets					
Non-Current Assets					
Property, plant, and equipment	11	58	82	1	2
Intangible Assets	12	6,488	4,280	393	500
Investments	13	-	-	-	-
Total Non-Current Assets		6,546	4,362	394	502
Current Assets					
Trade receivables and prepaid expenses	14	283	451	17,611	10,069
Cash and cash equivalents		19,085	31,982	18,696	30,450
Total Current Assets		19,368	32,433	36,307	40,519
Total Assets		25,914	36,795	36,701	41,021
Share Capital and Equity					
Share Capital	16	137	137	137	137
Share Premium	17	43,387	43,387	43,387	43,387
Share-based Payment Reserve	17,18	201	139	201	139
Foreign Currency Reserves	17	(3,159)	(1,725)	(3,159)	(1,725)
Retained Earnings		(15,474)	(6,664)	(3,979)	(994)
Total Equity		25,092	35,274	36,587	40,944
Liabilities					
Current Liabilities					
Trade and other payables	15	822	1,521	114	77
Total Liabilities		822	1,521	114	77
Total Equity and Liabilities		25,914	36,795	36,701	41,021

The notes on pages 36 to 49 form part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement. The loss for the Parent Company for the year was US \$2,985,000 (2021: US \$994,000).

The financial statements were approved and authorised for issue by the Board of Directors on 23 May 2023 and were signed on its behalf by:



Dr. Daniel Mahony
Company Number 12743489



Dr. Marla Dubinsky

Trellus Health plc

Consolidated and Company's Statement of Cash Flows
for the year ended 31 December 2022

		Group 2022 \$'000	Group 2021 \$'000	Company 2022 \$'000	Company 2021 \$'000
	Notes				
Cash Flow from Operating Activities					
Loss for the period		(8,810)	(5,902)	(2,985)	(994)
<i>Adjustments for:</i>					
Depreciation and amortisation	5,11,12	536	32	43	-
Impairment of Intangibles		123	0	0	0
Share-based payment expense	18	62	139	62	139
		(8,089)	(5,731)	(2,880)	(855)
Decrease/(Increase) in trade and other receivables	14	168	(440)	(7,542)	(8,522)
(Decrease)/Increase in trade and other payables	15	(699)	1,401	37	77
Net cash outflow from operating activities		(8,620)	(4,772)	(10,385)	(9,300)
Cash Flow from Investing Activities					
Purchases of plant, property and equipment	11	-	(81)		(2)
Purchases of intangible assets	12	(2,908)	(3,640)		(500)
Net cash outflow from investing activities		(2,908)	(3,721)	-	(502)
Cash Flow from Financing Activities					
Net proceeds from issue of ordinary shares	16	-	38,516	-	38,516
Net cash Inflow from financing activities		-	38,516	-	38,516
Net (Decrease)/Increase in Cash and Cash Equivalents		(11,528)	30,023	(10,385)	28,714
Cash and Cash Equivalents at the Beginning of the Year		31,982	3,684	30,450	3,461
Exchange loss on Cash and Cash Equivalents	17	(1,369)	(1,725)	(1,369)	(1,725)
Cash and Cash Equivalents at the End of the Year		19,085	31,982	18,696	30,450

The notes on pages 36 to 49 form part of these financial statements.

Trellus Health plc

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

Consolidated	Notes	Share Capital \$'000	Premium Account	Share \$'000	Other Reserves \$'000	Foreign Currency Reserve \$'000	Retained Earnings \$'000	Total \$'000
At 1 January 2021		12		4,996	-	-	(762)	4,246
Comprehensive Income								
Loss for the year							(5,902)	(5,902)
Currency translation differences		-		-	-	(1,725)	-	(1,725)
Total Comprehensive Loss for the Year		-		-	-	(1,725)	(5,902)	(7,627)
Issue of Share Capital	61			38,455	-	-	-	38,516
Share capital reconstruction	64			(64)	-	-	-	-
Share based payment reserve	-			-	139	-	-	139
Balance at 31 December 2021 and At 1 January 2022		137		43,387	139	(1,725)	(6,664)	35,274
Comprehensive Income								
Loss for the year	-			-	-	-	(8,810)	(8,810)
Currency translation differences	-			-	-	(1,434)	-	(1,434)
Total Comprehensive Loss for the Year		-		-	-	(1,434)	(8,810)	(10,244)
Share Based Payment Reserve	-			-	62	-	-	62
Balance at 31 December 2022		137		43,387	201	(3,159)	(15,474)	25,092

Trellus Health plc

Company Statement of Changes in Equity
for the year ended 31 December 2022

Company	Notes	Share Capital \$'000	Premium Account \$'000	Share Account \$'000	Other Reserves \$'000	Foreign Currency Reserve \$'000	Retained Earnings \$'000	Total \$'000
At 1 January 2021		12		4,996	-	-	-	5,008
Comprehensive Income								
Loss for the year		-		-	-	-	(994)	(994)
Currency Translation Differences		-		-	-	(1,725)	-	(1,725)
Total Comprehensive Loss for the Year		-		-	-	(1,725)	(994)	(2,719)
Issue of Share Capital	61			38,455	-	-	-	38,516
Share capital reconstruction	64			(64)	-	-	-	-
Share based payment reserve	-			-	139	-	-	139
Balance at 31 December 2020 and								
At 1 January 2022		137		43,387	139	(1,725)	(994)	40,944
Comprehensive Income								
Loss for the year	-			-	-	-	(2,985)	(2,985)
Currency translation differences	-			-	-	(1,434)	-	(1,434)
Total Comprehensive Loss for the Year		-		-	-	(1,434)	(2,985)	(4,419)
Share Based Payment Reserve	-			-	62	-	-	62
Balance at 31 December 2022		137		43,387	201	(3,159)	(3,979)	36,587

**Notes forming part of the consolidated financial statements
for the year ended 31 December 2022**

1 General information

The principal activity of Trellus Health PLC (the “Company”) is the delivery of resilience-driven care for complex chronic conditions.

The Company is a public limited company incorporated in England and Wales and domiciled in the UK. The address of the registered office is Avon House, 19 Stanwell Road, Penarth, Cardiff CF64 2EZ and the company number is 12743489.

The Company was incorporated as Trellus Health Limited on 15 July 2020 as a private company and on 28 May 2021 the Company was re-registered as a public company and changed its name to Trellus Health PLC is listed on the Alternative Investment Market (AIM) at London Stock Exchange.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied throughout all years presented, unless otherwise stated:

Basis of preparation

The financial statements of Trellus Health PLC have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006.

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

a) Standards, interpretations and amendments effective from 1 January 2022

The Group has applied the following standards and amendments for the first time for their annual reporting period ended 31 December 2022:

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;*
- *Onerous contracts – Cost of Fulfilling a Contract – Amendments to IAS 37;*
- *Annual Improvements to IFRS Standards 2018- 2020; and*
- *Reference to the Conceptual Framework – Amendments to IFRS 3.*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2023 and not early adopted.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2023, and have not been applied in preparing these financial statements. The Group does not anticipate a material impact within its financial statements as a result of the applicable standards and interpretations.

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (*continued*)

2 Summary of significant accounting policies (*continued*)

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the Company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Going concern

The Group is in the development phase of its business and has only generated revenues related to implementation services and early patients in pilot scheme. At December 2022 the Group has available cash resources of \$19m.

The Board has considered the impact of the ongoing Russia/Ukraine war and rising inflation. There has been minimal impact on the Company to date and the Board anticipates minimal on-going impact, due to the nature of the business..

The Directors have prepared cash flow forecasts for the Group for a review period of over 12 months from the date of approval of this historical financial information. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future cash flow performance.

The forecasts have been sensitised for additional costs which may be incurred in the review period. In the sensitised scenario, the forecasts indicate the Group would still have sufficient cash to continue as a going concern.

Having considered the points above, the Directors remain confident in the long-term future prospects for the Group, and their ability to continue as a going concern for the foreseeable future. They therefore adopt the going concern basis in preparing the historical financial information of the Group and the Company.

Restatement of Prior-period Parent company balances

The statement of financial position and the statement of cash flows of the Company have been restated to correct an error in the presentation of foreign exchange differences in the prior period. The classification of foreign currency reserves and retained earnings have been restated by \$1,725,000, with a corresponding reduction in the loss reported by the Company in 2021. Net assets and year-end cash balances remain as previously reported.

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (*continued*)

2 Summary of significant accounting policies (*continued*)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profits as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the historical financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. The share-based payment charge is calculated using the Black-Scholes model.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (*continued*)

2 Summary of significant accounting policies (*continued*)

Foreign currency translation

a) Function and presentational currency

The functional currency of the Company is UK pounds sterling. The functional currency of Trellus Health Inc is the USD. The directors consider the currency of the primary economic environment in which the Group operates ('the functional currency') is USD, which is also the Company's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies to USD, are recognised in the income statement. Foreign exchange gains and losses arising from the translation of balances into the presentation currency are recognised in the statement of other comprehensive income.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Patents are recognised at fair value at the acquisition date. Patents have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Software expenditures incurred in the development of new or substantially improved software is capitalised, provided that the project satisfies the criteria for capitalisation, including technical feasibility and likely commercial benefit. All other software costs are expensed as incurred.

Software costs are amortised over their estimated useful life, currently 12 years to coincide with related licence costs on proprietary software. Amortisation commences when software is in commercial use. The amortisation is charged to administrative expenses in the income statement. The estimated remaining useful life of software is reviewed at least on an annual basis. The carrying value of capitalised software costs is reviewed for potential impairment at least annually and if an impairment is identified the costs are immediately charged to the income statement.

The Company amortises intangible assets with a limited useful life on a straight-line basis. The following rates are applied:

Licence - the shorter of the remaining life of the license and 12 years

Property, plant and equipment

Property, plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Costs comprise purchase costs together with any incidental costs of acquisition.

Depreciation is provided to write down the cost less the estimated residual value of all property, plant and equipment by equal instalments over their estimated useful economic lives on a straight-line basis. The following rates are applied:

Plant and Machinery - 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Low value equipment is expensed as incurred.

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (*continued*)

2 Summary of significant accounting policies (*continued*)

Impairment of property, plant and equipment and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

a) Financial assets

Financial assets are classified, at initial recognition, at amortised cost or carrying value. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at every reporting date.

As at the reporting date, the Company did not have any financial assets subsequently measured at fair value.

b) Financial liabilities

All financial liabilities are initially measured at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. They are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with a maturity of less than three months at 31 December 2022.

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (*continued*)

2 Summary of significant accounting policies (*continued*)

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probably 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.

Financing expenses

Financing expenses comprise interest payable and finance charges on shares classified as liabilities. Foreign exchange gains and losses arising on foreign currency transactions are reported within administrative expenses in the statement of comprehensive income.

Interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Exceptional items

Items considered of such significance to enable the reader to better understand the results for the period presented as separately disclosed as exceptional items on the face of the statement of comprehensive income.

Operating segments

The directors are of the opinion that the business of the Group comprises a single activity, that of providing resilience-driven care for chronic conditions, currently in the inflammatory bowel disease state. Consequently, all activities relate to this segment.

All the non-current assets of the Company are located in, or primarily relate to, the USA.

Share capital

Ordinary Shares are classified as equity. Proceeds in excess of the nominal value of shares issued are allocated to the share premium account and are also classified as equity. Incremental costs directly attributable to the issue of new Ordinary Shares or options are deducted from the share premium account.

3 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities and costs in the historical financial information. Actual results could differ from these estimates. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Key sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are:

- Whether impairment is required against the carrying value of tangible and intangible assets – the impairment assessment of especially development costs require significant accounting estimates. The Group will test annually whether the intangibles have suffered any impairment, in accordance with the accounting policy states in note 2. The recoverable amounts have been determined based on value in use calculations. These calculations require use of estimates.
- Amortisation period of intangible assets are estimate based on the expected useful life and is assessed annually for any changes based on current circumstances.

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (*continued*)

3 Judgements and key sources of estimation uncertainty (*continued*)

- Share based payments – a number of accounting estimates are incorporated within the calculation of the charge to the income statement in respect of share-based payments. These are described more detail in note 18 including impact of possible changes in the key assumptions.
- IFRS 9 requires entities to recognise expected credit losses for all financial assets held at amortised cost, including most intercompany loans from the perspective of the lender. The Company has reviewed the inter-company loan balance and deems this as recoverable against future cash flows of the subsidiary.

4 Financial instruments - Risk Management

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

- Credit risk
- Foreign exchange risk
- Liquidity risk and
- Capital disclosures

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

(i) *Principal financial instruments*

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

- Cash and cash equivalents
- Trade and other payables

(ii) *Financial instruments by category*

	Group 2022 \$'000	Group 2021 \$'000	Company 2022 \$'000	Company 2021 \$'000
Financial Asset				
Cash and Cash Equivalents	19,085	31,982	18,696	30,450
Trade and Other Receivables	283	451	17,570	10,069
Total Financial Assets	19,368	32,433	32,433	40,519
Financial Liabilities				
Trade and Other Payables	822	1,521	114	77
Total Financial Liabilities	822	1,521	114	77

4 Financial instruments - Risk Management (*continued*)

(iii) *Financial instruments not measured at fair value*

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, and trade and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (*continued*)

General objectives, policies and processes

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Due to the absence of revenue, the Group's exposure to credit risk is on cash at bank. The Company only deposits cash with major banks with high quality credit standing for amounts in excess of US\$250,000 and limits exposure to any one counterparty.

Cash in bank and short-term deposits

The credit quality of cash has been assessed by reference to external credit rating, based on Standard and Poor's long-term / senior issuer rating:

	Bank Rating	2022 \$'000	2021 \$'000
Bank A	A+	18,696	30,450
Bank B	A-	389	1,532
Total		19,085	31,982

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency. In the period before commercial revenues US dollars are transferred from the Company to its US subsidiary to enable it to meet its local obligations. Currently the Group's liabilities are either US dollar or UK sterling. No forward contracts or other financial instruments are entered into to hedge foreign exchange movements, with funds being transferred from the Company to its US subsidiary using spot rates.

As of 31 December 2022, assets held in Sterling amounted to US 13,800,000 (2021: US \$30,450,000) and liabilities held in Sterling amounted to US 114,000 (2021: US \$1,532,000).

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

4 Financial instruments - Risk Management (continued)

The effect of a 5% strengthening of the Sterling against US dollar at the reporting date on the Sterling denominated net assets carried at that date would, all other variables held constant, have resulted in a decrease in post-tax loss for the period and increase of net assets of US \$1.5m. A 5% weakening in the exchange rate would, on the same basis, have increased post-tax loss and decreased net assets by US \$1.5m.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. This risk is managed by the production of annual cash flow projections. The Group's continued future operations depend on its ability to raise sufficient working capital through the issue of share capital and generating revenue.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities which can all be met from the cash resources currently available:

	Up To 3 Months \$'000	Between 3 and 12 Months \$'000	Total \$'000
At 31 December 2022			
Trade and Other Payables	822	-	822
At 31 December 2021			
Trade and Other Payables	1,521	-	1,521

Capital Disclosures

The Group monitors "adjusted capital" which comprises all components of equity (i.e. share capital, share premium, and accumulated losses).

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern.

5 Expenses by Nature

	2022 \$'000	2021 \$'000
Employee Benefit Expenses (see Note 7)	4,718	4,279
Depreciation of Property, Plant, and Equipment	24	10
Amortization of Intangible Assets and impairment	635	22
Professional Costs	1,135	1,256
Other Costs	2,316	360

6 Auditors' remuneration

During the year the Group obtained the following services from the Company's auditor:

	2022 \$'000	2021 \$'000
Fees payable to the Company's Auditors for:		
the Audit of the Parent Company and Consolidated Financial Statements	48	47
Other Services:		
Corporate Finance Services	-	78

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

7 Employee benefit expense

	2022 \$'000	2021 \$'000
Employee Benefit Expenses (including Directors):		
Wages and Salaries	4,073	3,818
Benefits	289	145
Share-Based Payment Expense (Note 19)	62	139
Social Security Contributions and Other Taxes	294	177
Total	4,718	4,279

The average number of employees (including Directors) in the Group in the period was 31 (2021 – 23).

8 Segment information

The Group has one division being the providing resilience-driven care for chronic conditions, currently in the inflammatory bowel disease state.

9 Tax Expense

	2022 \$'000	2021 \$'000
Current tax expense		
Current tax on loss for the year	-	-
Total Current Tax	-	-
Deferred Tax Asset		
On losses generated in the year	-	-
Total Deferred Tax	-	-

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2022 \$'000	2021 \$'000
Loss for the period	(8,810)	(5,902)
Tax using the Company's domestic tax rate of 19%	(1,674)	(1,121)
Expenses not deductible for tax purposes	31	76
Depreciation, amortisation and impairment that are not deductible for tax purposes	117	6
Unrecognised deferred tax assets	1,526	1,039
Total tax expense	-	-

The unrecognised deferred tax relates to two elements: the unrecognised deferred tax arising on share-based payments of US \$201,000 and unrecognised deferred tax on taxable losses of US \$4 million (2021 – US \$1.9m), based on total taxable losses carried forward of US \$19m (2021 – US \$10m). No deferred tax asset is recognised for these losses due to early stage in the development of the Group's activities. The losses do not expire but can only be used against trading profits from the same trade.

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (*continued*)

10 Loss per share

	2022	2021
<i>Numerator</i>	\$'000	\$'000
Loss for the period	(8,810)	(5,902)
<i>Denominator</i>	Number	Number
Weighted average # of shares	161,508,333	131,734,028
Resulting Loss per Share (\$)	(0.05)	(0.04)

The Company has one category of potential ordinary share, being share options (see Note 19). The potential shares were not dilutive in the period as the Group made a loss per share in line with IAS 33.

11 Property, plant and equipment

	Group US \$'000	Company US \$'000
Cost		
At 1 January 2021	12	-
Additions	81	2
At 31 December 2021	93	2
Depreciation		
At 1 January 2021	(1)	-
Charge for the year	(10)	-
At 31 December 2021	(11)	-
Net Book value at 31 December 2021	82	2
Cost		
At 1 January 2022 and 31 December 2022	93	2
Depreciation		
At 1 January 2022	(11)	-
Charge for the year	(24)	(1)
At 31 December 2022	(35)	(1)
Net Book value at 31 December 2022	58	1

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

12 Intangible Assets

	Group Software Development US \$'000	Group Licence US \$'000	Group Total US \$'000	Company Total US \$'000
Cost				
At 1 January 2021	662	-	662	-
Additions	3,140	500	3,640	500
At 31 December 2021	3,802	500	4,302	500
Depreciation				
At 31 January 2021	-	-	-	-
Charge for the year	(22)	-	(22)	-
At 31 December 2021	(22)	-	(22)	-
Net Book Value at 31 December 2021	3,780	500	4,280	500
Cost				
At 1 January 2022	3,802	500	4,302	500
Additions	2,908	-	2,908	-
Foreign currency difference	-	(65)	(65)	(65)
At 31 December 2022	6,710	435	7,145	435
Depreciation				
At 31 January 2021	(22)	-	(22)	-
Charge for the year	(471)	(42)	(513)	(42)
Impairment charge	(122)	-	(122)	-
At 31 December 2022	(615)	(42)	(657)	(42)
Net Book Value at 31 December 2022	6,095	393	6,488	393

The licence was acquired from Icahn School of Medicine at Mount Sinai on 19 August 2021 for rights to intellectual property and data to support the GRITT technology.

Capitalised development costs in relation to the Group's software platform has been reviewed for indicators of impairment. No indicators of impairment were identified although an impairment charge of \$122,000 was recognised in the period in relation to specific aspects of capitalised expenditure considered to have no value in use.

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (*continued*)

13 Subsidiary

The subsidiary of Trellus Health PLC, which has been included in these consolidated financial statements is as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December 2022
Trellus Health Inc	United States of America	100%

The carrying value of related investments is nil.

14 Trade and other receivables

	Group 2022 US \$'000	Group 2021 US \$'000	Company 2022 US \$'000	Company 2021 US \$'000
Current				
Prepayments	283	328	55	88
Trade Receivables	-	25	-	-
Amount owed by group undertaking	-	-	17,556	9,981
Other Debtors	-	98	-	-
Total	283	451	17,611	10,069

15 Trade and other payables

	Group 2022 US \$'000	Group 2021 US \$'000	Company 2022 US \$'000	Company 2021 US \$'000
Current				
Trade Payables	462	927	2	-
Accruals and deferred income	360	594	112	77
Total	822	1,521	114	77

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

16 Share capital

	2022 Number	2022 \$'000	2021 \$'000
<i>Ordinary shares of £0.0006 each</i>	161,508,333	137	137

17 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
<i>Share premium</i>	Amount subscribed for share capital in excess of nominal value.
<i>Foreign exchange reserve</i>	Gains/losses arising on retranslating the net assets of parent company operations into US dollars.
<i>Other reserve</i>	This relates to share-based payment reverse charges
<i>Retained earnings</i>	All other net gains and losses and transactions with owners (e.g., dividends) not recognised elsewhere.

Trellus Health plc

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

18 Share-based payment

On 1 January 2021, the Board adopted the Share Option Plan to incentivise certain of the Group's employees and Directors. The Share Option Plan provides for the grant of both EMI Options and non-tax favoured options. Options granted under the Share Option Plan are subject to exercise conditions as summarised below.

The Share Option Plan has a non-employee sub-plan for the grant of Options to the Company's advisors, consultants, non-executive directors, and entities providing, through an individual, such advisory, consultancy, or office holder services and a US sub-plan for the grant of Options to eligible participants in the Share Option Plan and the Non-Employee Sub-Plan who are US residents and US taxpayers.

The options vest equally over twelve quarters from the grant date or 25% after twelve months and over eight quarters equally thereafter. If options remain unexercised after the date one day before the tenth anniversary of grant such options expire. The options are subject to exercise conditions such that they shall, subject to certain exceptions, vest in instalments over the three years immediately following the date of grant, which vesting shall accelerate in full in the event of a change of control of the Company.

	2022 Weighted Average Exercise price (\$)	2022 Number	2021 Weighted average exercise price (\$)	2021 Number
Outstanding at 1 January	0.35	3,580,000	-	-
Granted during the period	0.48	1,640,000	0.35	3,730,000
Exercised during the period	-	-	0.20	(33,333)
Expired during the period	0.44	(1,965,000)	0.20	(116,667)
Outstanding at 31 December	0.39	3,255,000	0.35	3,580,000
Exercisable at 31 December	0.25	1,973,125	0.23	665,833

The exercise price of options outstanding at 31 December 2022 ranged between 20 US cents and 68 cents and their weighted average contractual life was 2.3 years.

The weighted average fair value of each option granted during the year was \$0.38 (2021: \$0.32).

The fair value of each share option granted in 2022 has been estimated using a Black-Scholes model and ranges from 1 US cent to 10 US cent. The inputs into the model are a share prices of 17 US cent, 23 US cent, 26 US cent and 43 US cent, exercise prices of 48 US cent, expected volatility of 50%, no expected dividend yield, contractual life of between 2.9 and 1.9 years and a risk-free interest rate of 1.25% and 2.25%.

19 Related Party Transactions

Outside of the remuneration previously disclosed in the report of the remuneration committee on page 23, the Group received a \$10k reimbursement from Mount Sinai Hospital during 2022 for member set up in connection with the related party contracts announced in October 2022. There has been no revenue received in 2022 in connection with these two related party contracts, with or via Mount Sinai Hospital. The amount owed as at 31 December 2022 is \$0 (2021: \$0). The Group also paid a \$100k management fee to Mount Sinai Hospital during 2022, the amount outstanding at 31 December 2022 is \$0 (2021: \$0).

20 Events after the reporting date

There have been no events subsequent to the period end that require disclosure in these financial statements.

Trellus Health plc

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**Annual General Meeting**”) of Trellus Health PLC (the “**Company**”) will be held at 6 Stratton Street, London, W1J 8LD on 22 June 2023 at 12.30 p.m.

The Annual General Meeting is being held to consider the following resolutions, of which resolutions 1 to 4 will be proposed as ordinary resolutions and resolution 5 as a special resolution:

Ordinary Resolutions

1. To receive and adopt the statement of accounts for the year ended 31 December 2022 together with the reports of the Directors and the auditors thereon.
2. To re-elect Traci Entel, who retires by rotation, as a Director.
3. To re-appoint Messrs Crowe U.K. LLP as auditors to act as such until the conclusion of the next annual general meeting of the Company at which the requirements of section 437 of the Companies Act 2006 are complied with and to authorise the Directors of the Company to fix their remuneration.
4. That in substitution for any existing such authority, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “**2006 Act**”) to allot equity securities (as defined in section 560 of the 2006 Act) in the capital of the Company:
 - (i) up to a maximum nominal amount of £3,000 (in pursuance of the exercise of outstanding share options and other potential shares granted by the Company but for no other purpose);
 - (ii) up to a maximum nominal amount of £9,690.50 (in addition to the authority conferred in sub-paragraph (i) above) representing approximately 10% of the Company's issued share capital,

such authorities (unless previously renewed, revoked or varied) to expire at the conclusion of the next annual general meeting of the Company to be held in 2024, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities (as defined in section 560 of the 2006 Act) to be allotted after such expiry and the directors may allot such equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolution

5. That, subject to the passing of Resolution 4 above, the Directors be given the general power to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by Resolution 4 above as if section 561(1) of the 2006 Act did not apply to any such allotments provided that this power shall be limited to:
 - (i) the allotment of equity securities on the exercise of the share options granted by the Company.
 - (ii) the allotment of equity securities (otherwise than pursuant to sub-paragraph (i) above) for cash in connection with any rights issue or pre-emptive offer in favour of holders of equity securities generally; and
 - (iii) the allotment (otherwise than pursuant to sub-paragraphs (i) and (ii) above) of equity securities for cash up to an aggregate nominal amount of £9,690.50 representing approximately 10% of the Company's issued share capital provided that such power (unless

Trellus Health plc

NOTICE OF ANNUAL GENERAL MEETING (*continued*)

previously renewed, revoked or varied) shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2024, save that the Company may, before such power expires, make an offer or enter into an agreement which would or might require equity securities to be allotted after such power expires and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

BY ORDER OF THE BOARD



Salim Hamir
Company Secretary

Registered Office:
Avon House
19 Stanwell Road Penarth
CF64 2EZ

23 March 2023

Trellus Health plc

NOTICE OF ANNUAL GENERAL MEETING (*continued*)

Additional Information

Notes

1. Every eligible shareholder is, however, entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Annual General Meeting.

2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered on the Company's register of members at close of business on 20 June 2023, or, if this Annual General Meeting is adjourned, members on the Company's register of members not later than 48 hours before the fixed time for the adjourned meeting, shall be entitled to attend and vote at the Annual General Meeting.

3. If you are a shareholder of the Company at the time set out in note 2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

4. In the case of joint shareholders, where more than one of the joint shareholders purports to appoint a proxy, only the appointment submitted by the most senior shareholder will be accepted. Seniority is determined by the order in which the names of the joint shareholders appear in the Company's register of members in respect of the joint shareholding (the first-named being the most senior).

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Annual General Meeting.

6. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, please contact the Registrar, Link Group, at shareholderenquiries@linkgroup.co.uk or on Tel: 0371 664 0300. Calls outside of the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. When two or more valid but differing appointments of proxy are received for the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of that share.

7. Alternatively, you may submit a proxy vote electronically at www.signalshares.com so as to have been received by the Company's registrars not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. **By registering on the Signal shares portal at www.signalshares.com, you can manage your shareholding, including:**

- cast your vote
- change your dividend payment instruction
- update your address
- select your communication preference.

Trellus Health plc

NOTICE OF ANNUAL GENERAL MEETING (*continued*)

8. Link Group, the company's registrar, has launched a shareholder app: LinkVote+. It's free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.

Apple App Store	GooglePlay
	

9. In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Group at Central Square, 29 Wellington Street, Leeds, LS1 4DL by 12.30 p.m. on 20 June 2023.

10. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting (and any adjournment of the Annual General Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

12. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a '**CREST Proxy Instruction**') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent [(ID RA10)] by 12.30 p.m. 20 June 2023, or, in the event of an adjourned of the Meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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14. If you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.30 p.m on 20 June 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

15. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Group at the address noted in note 6 above.

16. In order to revoke a proxy instruction, you will need to inform the Company by contacting Link Group on 0371 664 0300. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Link Group no later than 12.30 p.m. on 20 June 2023. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

17. Appointment of a proxy does not preclude you from attending the general meeting and voting in person. If you have appointed a proxy and attend the general meeting in person, your proxy appointment will automatically be terminated.

18. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion withhold from voting.

19. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises power over the same share.

20. Voting on the resolution will be conducted by way of a poll vote.

21. The Company's articles of association require any Director who has been appointed by the board of directors since the previous annual general meeting or for whom it is the third annual general meeting following the annual general meeting at which he or she was elected or re-elected to retire at the Annual General Meeting and those wishing to serve again to submit themselves for re-election. Accordingly, Traci Entel is retiring from office and re-submitting herself for re-election.

22. As at the close of business on the day immediately before the date of this notice of the Annual General Meeting, the Company's issued share capital comprised 161,508,333 ordinary shares of nominal value 0.0006 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business, on the day immediately before the date of this notice of general meeting is 161,508,333.

23. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the

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Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

24. Any shareholder attending the Annual General Meeting has the right to ask questions.

25. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

26. A copy of this notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at www.trellushealth.com.

