CARE Fertility Topco Limited (previously Caramel Topco Limited)

Reports and financial statements

Registered number 13874620

31 December 2022

Contents

Officers and professional advisers

The board of directors	Mr DB Burford Mrs NJ Densem Mr ACK Chan Mr SA Wohlgschaft Mr WTC Van Der Vis
Business address and Registered office	C/O Aztec Financial Services Forum 4 Solent Business Park Whiteley Hampshire PO15 7AD
Auditor	Ernst & Young LLP No.1 Colmore Square Birmingham B4 6HQ
Bankers	NatWest Bank Plc 16 South Parade Nottingham NG1 2JX

Strategic report

Business review

Caramel Topco Limited was incorporated on 26 January 2022 and on the 14 March 2023 changed its name to CARE Fertility Topco Limited ('the Company').

During the period the Group acquired Care Fertility Holdings group and Care Management Co LLC ('REACH'), company incorporated in the United States of America, for a total consideration of £224,685,000 (note 25). These financial statements cover the period from incorporation to 31 December 2022.

CARE Fertility Topco Limited ('the Company') and its subsidiaries ('the Group')'s Key Performance Indicators are Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA'), clinical success rates and the growth in fresh and frozen IVF cycles. The latest publicly available clinical success rates and cycle information for the Group can be found on the Human Fertilisation and Embryology Authority (HFEA) website.

The Directors discuss their response to their responsibilities under S172 of the Companies Act 2006 in the Director's report.

EBITDA, including joint ventures and excluding exceptional charges, totalled (£9,264,000) in the period ended 31 December 2022. The period includes significant non-recurring expenditure, which is analysed below.

	2022 **£000**
Total operating loss	(18,782)
Other operating expenses – amortisation	26,065
Other operating expenses – depreciation	1,867
Joint venture depreciation	37
Joint venture tax	77
EBITDA including joint ventures and excluding exceptional charges	**9,264**
Non recurring expenditure	3,945
Underlying EBITDA	**13,209**

Non-recurring expenditure above relates to one off events that are not expected to recur. These include one time projects, such as acquisitions or internal growth strategies and one of staff costs such as acquisition related bonuses

Strategic report (continued)

Business review (continued)

The group grew and developed positively in the period, despite the market turmoil caused by the outbreak of war in Ukraine and a significant increase in inflation across Europe. Revenue per cycle grew faster than expected and acquisition of Leeds LLP and REACH positively impacted both revenue and EBITDA.

The group was sold to the Nordic Capital Evolution Fund in early 2022. To support the company's and its owner's growth ambitions, a general strengthening of the management team was completed, including the appointment of a Chief Financial Officer, Chief Customer and Technology Officer, Operations Director and two regional Group medical directors.

Over the year, the Group continued to invest in its operational capacity and capabilities, as well as research and development to grow and leverage its market position.

During the year the Group expanded internationally, with its first acquisition into the US market, acquiring REACH fertility practice in Charlotte, North Carolina on in December 2022. In October 2022 the Group exchanged on an acquisition in Spain for IVF-Life, which completed in February 2023, with operations in Alicante, Madrid and Donostia.

Risk management

The Group is one of the UK's largest independent fertility healthcare groups and employs a leading team of fertility specialists in the UK, with strong industry links in the UK and overseas. This breadth of resource helps to limit and diversify away from any single individual trading risk.

As a provider of healthcare services, management of clinical risk is extremely important, and the Group has in place a formal risk management policy together with a robust, multi-profession clinical governance policy and programme which ensures that the care of the patient is central to all activities. The Group approaches clinical risk management in many ways including:

- Continuous review of patient outcomes and sharing best practice across the Group to achieve quality improvement including but not limited to clinical pregnancy success rates;
- Recruitment and retention of a highly skilled and qualified team of medical consultants, embryologists and nurses across the Group;
- Peer reviews are undertaken across all disciplines to ensure compliance with Group policies and protocols.

Strategic report (continued)

Risk management *(continued)*

- All treatments undertaken by the Group are performed under a licence issued by the independent regulator, the Human Fertilisation and Embryology Authority ('HFEA'). The Group works closely with the HFEA in order to ensure that all clinics comply with its regulations and those of other regulatory bodies such as the Care Quality Commission;
- Compliance with guidelines laid down by professional bodies such as the Royal College of Obstetricians and Gynaecologists, the Association of Clinical Embryologists, the British Fertility Society and the National Institute for Clinical Excellence;
- Maintenance of a robust incident reporting system to ensure that all issues and complaints are thoroughly investigated with an open, no-blame and learning culture.

As a leading provider of fertility services, the Group works hard to maintain its position at the forefront of technical advances in the field

to continue to offer its patients the most appropriate treatment and the best chance of a successful outcome. Across the Group, multi-discipline teams undertake projects to develop best practice and explore new treatments working closely with experts from around the world and forming strategic relationships with key suppliers.

Although there is national guidance from the National Institute for Clinical Excellence covering the public funding of infertility treatment, the actual provision of funding across the UK can be variable. The Group mitigates this risk by securing contracts with NHS commissioning bodies and offering private and NHS funded patients the same high standard of care.

The Group makes use of financial instruments including an operational bank account and short-term treasury deposits so its exposure to price risk, credit risk, liquidity risk and cash flow risk is limited.

As with any Group there is a risk of general or specific adverse trading conditions. The Group regularly reviews its trading results and updates its forecasts to ensure it has sufficient headroom within its secured facilities to accommodate reasonable fluctuations in outturns.

Signed on behalf of the directors

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Nora Densem

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NJ Densem
Director
Approved by the directors on 30 May 2023

Directors' report

The directors present their report and the financial statements of CARE Fertility Topco Limited ('the Company') and its subsidiaries ('the Group') for the period from incorporation on 26 January 2022 to 31 December 2022.

On the 14 March 2022 the Company changed its name from Caramel Topco Limited to CARE Fertility Topco Limited.

Principal activities

The principal activity of the Group during the period was the provision of fertility healthcare services. The Company is an investment holding company.

Results and dividends

The loss for the period, after taxation, amounted to £50,671,000 The directors have not recommended payment of a final dividend.

Directors

The directors who served the company during the period and to the date of this report were as follows

Mr DB Burford	appointed 24 February 2022
Mrs NJ Densem	appointed 24 February 2022
Mr ACK Chan	appointed 24 February 2022
Mr SA Wohlgschaft	appointed 1 February 2023
Mr WTC Van Der Vis	appointed 9 May 2022
Ms SJ Fuller	appointed 26 January 2022, resigned 24 February 2022
Mr JP Lundvall	appointed 24 February 2022, resigned 1 February 2023

Disabled employees

The Group considers applications for employment from disabled persons where the candidates' particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled it is the Group policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

Employees are encouraged to present suggestions and views on the performance of the Group. Regular meetings are held between management and employees to allow a free-flow of information and ideas.

Going concern

Notwithstanding the Groups net liabilities of £50,395,000, the directors believe the preparation of the financial statement on a going concern basis to be appropriate for the reasons set out below.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3. The risk management section of the Strategic report and note 1 include a description of the Group's policies and processes for managing its capital, details of its financial instruments, and its exposure to credit risk and liquidity risk.

As of 31 December 2022, the Group was principally funded by preference shares of £196m and funds drawn under a £131m Senior Facilities Agreement ('SFA') due in 7 years which was entered into on 27 January 2022. The Group also has a revolving credit facility of £20m with its lenders, due in 6 years and 9 months. This facility is currently undrawn and helps to facilitate growth and maintain liquidity headroom. None of the facilities carry active maintenance covenants.

The directors have prepared forecasts for the Group covering a period through to 31 August 2024. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future profitability and cashflows.

The Board has subsequently performed two reverse stress tests to assess the Group's ability to continue as a going concern for a period from the date of approval of these financial statements through to 31 August 2024, with a focus on the sufficiency of liquidity to fund operations given the lack of financial covenants.

Directors' report (continued)

Going concern (continued)

- The first reverse stress test models that the group could withstand a 38% reduction in volumes net of certain expected direct cost savings (given the reduced volumes) with no further controllable actions taken by the Group.
- The second reserves stress test models that the group could withstand a 30% reduction to revenue with no direct cost savings or further controllable actions taken by the Group.

The directors consider the likelihood of the reverse stress test scenarios arising is remote.

The Group also considered and assessed there were no significant events forecast in the period after 31 August 2024 that would impact the going concern assessment.

The Senior Facility Agreement includes a security coverage test, to ensure that EBITDA of the facility guarantors is greater than a set percentage of the group as a whole. Management confirm that the security coverage test is satisfied at the balance sheet date and is expected to be satisfied through the going concern period.

Having considered all the above, including the Group's forecast cashflows, covenant compliance and its willingness to provide financial support to the Group as needed for a period through to 31 August 2024, the directors remain confident in the long-term future prospects for the Group and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Section 172 Statement

Introduction

The directors, in line with their duties under section 172 of the Companies Act 2006 ('s172'), 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. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 and will take into consideration (amongst other matters):

- the likely consequences of any decisions in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, patients and others
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between shareholders of the Company.

Directors' report (continued)

Section 172 Statement (continued)

Board training and support on s172 duties

The Board is supported in the discharge of their duties principally by the Group Chairman. All directors receive guidance on their statutory duties including s172 and were briefed on the governance and reporting requirements introduced by the Companies (Miscellaneous Reporting) Regulations 2018. The Chief Executive Officer, Chief Operations Officer and Group Finance Director all sit on the Company / Group Board and discuss the decisions made at the Group Board with the other Executive directors of the Group.

Stakeholders

The Company Board's responsibility to promote the long-term success of the Company and Group, relies on inputs from, and positive relationships with, a wide range of stakeholders. These Stakeholders are engaged collaboratively at all stages of the Board's decision-making process, with interaction levels reflective of the nature, risk and sensitivity of each decision.

Employees

The Company directors are actively involved in promoting employee engagement. The Company and the Group believe our employees are pivotal to the current and long-term success of the business and why attracting and retaining staff is a key priority. By fostering an engagement led culture based on regular employee feedback used to direct new employee programs and services, we continue to build strong core values based on integrity, innovation, inclusiveness, caring, can-do attitude and knowledgeability

Other Stakeholders

Other key stakeholders of the Group are considered to be, but not limited to, our patients, CCGs, suppliers, regulators, lenders and shareholders. There is a constant dialogue with the Group and all of our stakeholders at all levels of the group, with the Board having the ultimate responsibility of ensuring that any decisions taken at Board level have appropriately considered the impact on all stakeholders, and that those decisions are aligned with the Groups mission, purpose and core values.

Principal Decisions

When making decisions, the directors have regard to the longer-term impact of such decisions and any possible impact on all stakeholders. Examples of principal decisions made by the Company board during the fiscal period include:

- Investing in new business opportunities and acquisitions;
- Refinancing of the Senior Facilities Agreement; and
- The development and growth of the GEM and CAREPals teams.

Streamlined Energy and Carbon Reporting

Introduction

This report presents the results of Streamlined Energy and Carbon Reporting ('SECR') for CARE Fertility Group Limited ('CARE Fertility'). Data has been assessed and the report provided by Sustainable Advantage.

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the government's latest policy on SECR. SECR replaced the Carbon Reduction Commitment Energy Efficiency Scheme ('CRC') in April 2019. This new framework aims to simplify carbon and energy reporting requirements while still ensuring that companies have the information required to understand and reduce their emissions and energy costs.

Approach

The UK Government's environmental reporting guidance on how to measure and report greenhouse gas emissions has been used, along with the provided greenhouse gas reporting figures for the relevant period. The financial control approach has been used to define the scope boundary.

Reporting Period

The reporting period is 24 January 2022 to 31 December 2022, aligning with the company's financial period.

Base Period & Changes in Emissions

A base period of 24 January 2022 to 31 December 2022 has been used, as this is the earliest period for which reliable data was recorded and measured. The base period will be used as the benchmark for future emission data and consumption changes. The recalculation policy is to recalculate the base period emissions only for relevant significant changes which meet the threshold of affecting 5% of base period emissions. As CARE Fertility's emissions are reported for the first period under SECR, no previous periods' data is shown, all changes will therefore be monitored in the coming financial period, to be compared with the current (base) period. This will allow for comparison and insight into how CARE Fertility is performing and improving with regards to consumption and emissions.

Operational Scopes

Scope 1, scope 2 and partial scope 3 emissions have been included within this report. CARE Fertility owned or leased 13 sites during this period, where electricity and gas are the primary and only utilities used. CARE Fertility did not own or lease any vehicles but had staff mileage claims for 142 staff members. All activities are based within the UK.

- Scope 1 emissions consists of gas usage within the sites.
- Scope 2 consists of electricity usage within the sites, as well as electricity consumed for vehicles.
- Partial scope 3 emissions are from grey fleet mileage.

Quantification and Reporting Methodology

HM Government *Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance (March 2019)* has been used for the collation of data sources and reporting of emissions. *UK Government GHG Conversion Factors for Company Reporting* has been used for the reporting of emissions, using the 2022 version.

Directors' report (continued)

Streamlined Energy and Carbon Reporting (continued)

Table 1 shows the breakdown of consumption and carbon emissions, in kWh and tonnes of carbon dioxide equivalent (tCO2e) respectively, by scope and specific area.

Table 1 - Breakdown of consumption and carbon emissions by scope, with comparison to the base period, for the current reporting period 24 January 2022 to 31 December 2022.

	Base Period (period ended 31 Dec 2022)	
	tCO2e	**% of Total**
Scope 1	**238.3**	**35%**
Natural Gas	238.3	35%
Scope 2	**365.4**	**54%**
Electricity*	365.2	54%
Cars- Electric	0.1	0.0%
Scope 3	**74.8**	**11.0%**
Grey Fleet	41.4	6%
Transmission Losses	33.4	5%
Gross Emissions	**678.5**	**100.0%**
Carbon Offsets	(90.5)	13%
Net Emissions	**558.0**	**100.0%**

* Electricity was calculated for primary sites using an average based off actual data. Electricity and gas estimations were made for 8 satellite rooms assuming an average floor space of 150 square meters and using the UK average consumption of 10 kWh/sq.m for electricity and 21 kWh/sq.m for gas. Approximately 9% of electricity consumption has been estimated in lieu of actual data and invoices. For the satellite sites, 204,800 kWh of electricity has been estimated using the CIBSE Guidance F Energy guidance in buildings benchmarks (kWh/m^2). Electricity transmission and distribution has not been reported on previously and therefore, this has been excluded from the summary table (figure 1) for continuity purposes.

Electricity purchased for own use or consumption: 3,362,452 kWh. (Including electric company car)

Intensity Ratios & Targets

An overall intensity ratio for all sites has been created. For the overall intensity ratio, gross emissions per sales revenue has been calculated. For the overall intensity ratio, gross emissions per sales revenue (£m) were calculated with the intensity measure being £60m. This will allow comparison and benchmarking with similar sites and organisations and drive energy reduction goals. Although building electricity is sourced through renewable energy contracts, the location-based grid average emissions have been used to calculate intensity ratios.

We acknowledge that we must remain focused on current and future initiatives to reach our FY 2023 target. The chosen emissions reduction target for this financial period is to reduce the overall business intensity ratio by 5% from FY 2022 to FY 2023. The target is based upon the intensity ratio to improve performance rather than allow for spurious improvements due to changes in operations. If the turnover theoretically remains the same across the current and upcoming reporting periods, predicted gross emissions are 645 tCO2e. A tCO2e target for the following period has been estimated based on a 12-month average of the current period's tCO2e usage, reduced by 5%. Table 2 shows the intensity ratio and target for the business compared to the base period.

Table 2 - Overall intensity ratio, target, and predicted tCO2e, compared to the base period. Intensity ratios are presented as tCO2e/£m.

FY22 Turnover	FY22		FY23 predicted turnover	FY23	
	tCO2e	**Intensity Ratio**		**tCO2e Target**	**Intensity Target**
£60m	645	10.75	£60m	613	10.22

Directors' report (continued)

Streamlined Energy and Carbon Reporting (continued)

Energy Efficiency Actions

During the 2022 financial period, Care Fertility has undertaken initiatives in line with ESOS Phase 2 recommendations, which are listed below.

- Signed off £56k investment in solar panels for our Nottingham Clinic to enable self-generation of electricity for use on site (to be installed during H1 2023)
- Electricity for most sites is now sourced from low carbon or renewable energy sources.

Disclosure of information to independent auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the board

DocuSigned by:
Nora Densem
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NJ Densem
Director
Approved by the directors on 30 May 2023

Statement of directors' responsibilities in respect of the annual report and consolidated financial statements

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 period. Under that law they have elected to prepare the group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent Company and of their profit or loss for that period. In preparing each of the group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company, or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARE FERTILITY GROUP LIMITED

Opinion

We have audited the financial statements of CARE Fertility Topco Limited ('the parent company') and its subsidiaries ('the group') for the period ended 31 December 2022 which comprise the Consolidated profit and loss account, the Consolidated statement of other comprehensive income, the Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) ('FRS102').

In our opinion, the financial statements:

- give a true and fair view 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;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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, 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 parent company's ability to continue to adopt the going concern basis of accounting included assessing the forecast performance for the group, including the ability of CARE Fertility Topco Limited to provide support to subsidiary companies, as needed, for the period to 31 August 2024.

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 group and parent company's ability to continue as a going concern, through to 31 August 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARE FERTILITY GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 directors

As explained more fully in the directors' responsibilities statement set out on page 11, 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 group's and the parent 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 group or the parent 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARE FERTILITY GROUP LIMITED

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, environmental and data protection.
- We understood how CARE Fertility Topco Limited is complying with those frameworks by making enquiries of management to understand how the company creates awareness of relevant laws and regulations and how it maintains and communicates its policies and procedures in these areas and report any instance of non-compliance. This includes oversight by those charged with governance. We reviewed the minutes of board meetings and made enquiries of management and those charged with governance to identify any matters which could have a material impact on the company.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by understanding the culture and controls present at the company and whether this had a strong emphasis on the prevention and detection of fraud. We also performed enquiries of management and those charged with governance to obtain an understanding of the company's business and accounting practices. We also performed risk assessment analytical procedures and identified sources and types of journal entries in the company's financial processes. Any fraud risk factors identified were evaluated to identify risk of material misstatement due to fraud as well as the presumptive risk of material misstatement due to fraud in respect of revenue recognition and management override.
- Our procedures involved using data analytic approaches to identify any unusual journal entries, including any in the revenue process and obtaining evidence that those journals are authorised, supported by appropriate documentation and have been accounted for appropriately. We also made enquiries of those charged with governance and those outside of the finance function as to whether there was any actual or suspected fraud. These procedures were designed to provide reasonable assurance that the Group and Parent Company financial statements were free from material misstatement due to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://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.

DocuSigned by:

Ernst & Young LLP

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James Golder (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham

30 May 2023

Consolidated profit and loss account

for period ended 31 December 2022

	Note	Period from 26 Jan 22 to 31 Dec 22 £000
Turnover	*2*	59,691
Other operating income	*3*	584
Consumables	*12*	(8,395)
Staff costs	*5*	(24,028)
Other operating expenses		(20,706)
Other operating expenses –amortisation	*9*	(26,065)
Total operating expenses		(46,771)
Operating loss	*4*	(18,919)
Group's share of profit in joint ventures	*11*	137
Total operating loss		(18,782)
Interest payable and similar charges	*7*	(33,289)
Loss before taxation		(52,071)
Tax credit on loss	*8*	1,400
Loss for the financial period		(50,671)
Attributable to:		
Owners of the parent		(50,571)
Non-controlling interests		(100)
		(50,671)

The Group had no discontinued operations during the period.

Consolidated statement of other comprehensive income
for period ended 31 December 2022

	Note	Period from 26 Jan 22 to 31 Dec 2022 £000
Loss for the period		(50,671)
Other comprehensive income		
Foreign exchange differences on translation of foreign operations	*11*	7
Other comprehensive income for the period, net of income tax		7
Total comprehensive income or the period		(50,664)
Total comprehensive income for the period attributable to:		
Owners of the parent		(50,564)
Non-controlling interests		(100)
		(50,664)

Consolidated balance sheet
at 31 December 2022

	Note		2022
		£000	**£000**
Fixed assets			
Intangible assets	*9*	**312,793**	
Tangible assets	*10*	**14,183**	
Investments in joint ventures	*11*	**1,036**	
			328,012
Current assets			
Stocks	*12*	**2,253**	
Debtors	*13*	**11,022**	
Cash at bank and in hand	*14*	**5,336**	
			18,611
Creditors: amounts falling due within one year	*15*		**(28,547)**
Net current liabilities			**(9,936)**
Total assets less current liabilities			**318.076**
Creditors: amounts falling due after more than one year	*16*	**(350,150)**	
Provisions for liabilities			
Deferred tax	*19*	**(16,487)**	
Other provisions	*20*	**(1,834)**	
Net liabilities			**(50,395)**
Capital and reserves			
Called up share capital	*22*	**10**	
Share premium account	*22*	**1,023**	
Profit and loss account		**(50,564)**	
Equity attributable to the owners of the parent			**(49,531)**
Non-controlling interests			**(864)**
Total shareholders' deficit			**(50,395)**

These financial statements were approved by the board of directors on 30 May 2023 and were signed on its behalf by:

DocuSigned by:
Nora Densem
6BFA9F0716E44BB
NJ Densem
Director

Company registered number: 13874620

Company balance sheet
at 31 December 2022

	Note	2022 £000	2022 £000
Fixed assets			
Investments	*11*		**205,857**
Current assets			
Debtors	*13*	**273**	
			273
Creditors: amounts falling due within one year	*15*		**(9,069)**
Net current liabilities			**(8,796)**
Total assets less current liabilities			**197,061**
Creditors: amounts falling due after more than one year	*16*		**(214,652)**
Net liabilities			**(17,591)**
Capital and reserves			
Called up share capital	*22*		**10**
Share premium account	*22*		**1,023**
Profit and loss account			**(18,624)**
Shareholders' deficit			**(17,591)**

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account of the parent Company has not been presented. The parent Company's loss for the financial period is £18,624,000.

These financial statements were approved by the board of directors on 30 May 2023 and were signed on its behalf by:

DocuSigned by:

Nora Densem

6BFA9F0716E44BB

NJ Densem
Director

Company registered number: 13874620

Consolidated statement of changes in equity
at 31 December 2022

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Non controlling interest £000	Total equity £000
Balance at 26 January 2022	-	-	-	-	-
Total comprehensive income for the period					
Loss for the period	-	-	(50,571)	(100)	(50,671)
Other comprehensive expense					
Foreign exchange differences on translation of foreign operations	-	-	7	-	7
Total comprehensive income for the period	-	-	(50,564)	(100)	(50,664)
Total transactions with owners, recognised directly in equity					
Shares issued and associated share premium	10	1,023	-	-	1,033
Acquisition of non-controlling interests	-	-	-	(764)	(764)
Balance at 31 December 2022	**10**	**1,023**	**(50,564)**	**(864)**	**(50,395)**

Company statement of changes in equity
at 31 December 2022

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 26 January 2022	-	-	-	-
Total comprehensive income for the period				
Loss for the period	-	-	(18,624)	(18,624)
Total comprehensive income for the period	-	-	(18,624)	(18,624)
Total transactions with owners, recognised directly in equity				
Shares issued and associated share premium	10	1,023	-	1,033
Balance at 31 December 2022	**10**	**1,023**	**(18,624)**	**(17,591)**

Consolidated cash flow statement

for period ended 31 December 2022

	Note	**Period from 26 Jan 22 to 31 Dec 2022 £000**
Cash flows from operating activities		
Total comprehensive income for the period		(50,664)
Adjustments for:		
Depreciation and amortisation		27,932
Share of joint venture income	*11*	(137)
Research and development tax credits		(270)
Foreign exchange		(7)
Interest expense		30,265
Movement on fair value of derivates	*23*	3,024
Tax		(1,400)
		8,743
Decrease/(Increase) in trade and other debtors		3,600
Decrease/(Increase) in stocks		(746)
(Decrease)/increase in trade and other creditors		(4,850)
		6,747
Interest paid		(7,561)
Tax paid		(418)
Net cash from operating activities		**(1,232)**
Cash flows from investing activities		
Purchase of intangible assets	*9*	(3,165)
Purchase of tangible fixed assets	*10*	(2,403)
Acquisition of shares	*25*	(208,662)
Deferred consideration		(3,781)
Repayment of REACH loan notes on acquisition		(205)
Net cash from investing activities		**(218,216)**
Cash flows from financing activities		
Net proceeds from issue of ordinary share and preference shares		197,125
Net proceeds from issue of bank loans net of costs		126,184
Repayment of borrowings		(98,525)
Net cash from financing activities		**224,784**
Net increase in cash and cash equivalents		**5,336**
Cash and cash equivalents at 26 January		-
Cash and cash equivalents at 31 December	*14*	**5,336**

Notes
(forming part of the financial statements)

1 Accounting policies

CARE Fertility Topco Limited (previously Caramel Topco Limited, 'the Company') is a company limited by shares and incorporated and domiciled in the UK. The registered number is 13874620 and the registered address is John Webster House, 6 Lawrence Drive, Nottingham Business Park, Nottingham, NG8 6PZ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ('FRS 102') as issued in September 2015. The amendments to FRS 102 issued in March 2018 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000 apart from those in note 23. The financial statements have been prepared for the period from 26 January 2022 to 31 December 2022.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time, and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.21.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

Notwithstanding the Groups net liabilities of £50,395,000, the directors believe the preparation of the financial statement on a going concern basis to be appropriate for the reasons set out below.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3. The risk management section of the Strategic report and note 1 include a description of the Group's policies and processes for managing its capital, details of its financial instruments, and its exposure to credit risk and liquidity risk.

As of 31 December 2022, the Group was principally funded by preference shares of £196m and funds drawn under a £131m Senior Facilities Agreement ('SFA') due in 7 years which was entered into on 27 January 2022. The Group also has a revolving credit facility of £20m with its lenders, due in 6 years and 9 months. This facility is currently undrawn and helps to facilitate growth and maintain liquidity headroom. None of the facilities carry active maintenance covenants.

The directors have prepared forecasts for the Group covering a period through to 31 August 2024. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future profitability and cashflows.

The Board has subsequently performed two reverse stress tests to assess the Group's ability to continue as a going concern for a period from the date of approval of these financial statements through to 31 August 2024, with a focus on the sufficiency of liquidity to fund operations given the lack of financial covenants.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2. Going concern (continued)

- The first reverse stress test models that the group could withstand a 38% reduction in volumes net of certain expected direct cost savings (given the reduced volumes) with no further controllable actions taken by the Group.
- The second reserves stress test models that the group could withstand a 30% reduction to revenue with no direct cost savings or further controllable actions taken by the Group.

The directors consider the likelihood of the reverse stress test scenarios arising is remote.

The Group also considered and assessed there were no significant events forecast in the period after 31 August 2024 that would impact the going concern assessment.

The Senior Facility Agreement includes a security coverage test, to ensure that EBITDA of the facility guarantors is greater than a set percentage of the group as a whole. Management confirm that the security coverage test is satisfied at the balance sheet date and is expected to be satisfied through the going concern period.

Having considered all the above, including the Group's forecast cashflows, covenant compliance and its willingness to provide financial support to the Group as needed for a period through to 31 August 2024, the directors remain confident in the long-term future prospects for the Group and its ability to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

1.3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2022. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries and jointly controlled entities are carried at cost less impairment.

The results of the subsidiaries and jointly controlled entities of the Care Fertility Group are consolidated from 24 February 2022, the date the group took control of its new subsidiaries on legal completion.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4. Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.5. Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6. Basic financial instruments *(continued)*

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Preference shares treated as debt

Preference shares have been assessed in accordance with FRS 102 Section 22 *Liabilities and Equity* as they hold no voting rights, have rights to a preferential dividend and there exists a mandatory redemption of the shares before a sale of the business.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7. Other financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Hedging arrangements

The group does not generally apply hedge accounting in respect of transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are initially recognised at fair value. Subsequent to initial recognition, interest rate swaps are revalued annually with movements recognised in the statement of profit or loss.

1.8. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings – 50 years
- Leasehold property improvements – over the term of the lease
- Fixtures and fittings – 5 to 10 years
- Equipment – 3 to 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9. Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.10. Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Amortisation

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is assessed for each acquisition separately with the range being between 10 and 20 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill is tested for impairment in accordance with Section 27 *Impairment of assets* when there is an indication that it may be impaired.

1.11. Intangible fixed assets

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11. Intangible fixed assets (continued)

Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- software – 4 years
- acquired brands – 10 years

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use.
- management intends to complete the software and use or sell it.
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits.
- adequate technical, financial and other resources to complete the development and to use or sell the software are available.
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

1.12. Investments

Investments are stated at cost less any accumulated impairment losses. Investments are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that they may be impaired.

1.13. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.14. Impairment excluding stocks

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14. Impairment excluding stocks (continued)

Non-financial assets (continued)

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.15. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.16. Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Dilapidation provision

Dilapidation provisions are held in relation to the estimated costs of returning leased property to the conditions required under the lease contract at the end of the lease term. The estimate is based upon quotes obtained for similar work and the cash outflow will arise upon exit from the property.

Onerous lease provision

The estimate for onerous lease provisions is based upon unavoidable costs of the onerous contract, being actual rent and rates costs in the contracted period. These amounts are discounted at the risk free rate over the remaining term of the lease.

Notes *(continued)*

1 Accounting policies *(continued)*

1.17. Turnover

Turnover represents amounts invoiced and accrued in respect of services provided in the period, less amounts deferred in creditors, and is stated net of value added tax. Turnover is recognised upon completion of the services to which it relates when all contractual obligations have been fulfilled. Revenue for the sale of goods is recognised when the goods are dispatched to the customer.

The Group provides cryogenic freezing and storage services. Revenue for the provision of the storage service is recognised on a straight-line basis over the storage term.

1.18. Other operating income

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

1.19. Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Exceptional items

Exceptional items are material items which arise from unusual, non-recurring or non-trading events. This includes items (such as costs relating to acquisitions) that have occurred in more than one period but are unusual or non-trading and of significant enough size to distort analysis of the Group's performance if not separately disclosed.

Exceptional items are separately disclosed in aggregate on the Consolidated Profit and Loss Account where in the opinion of the Directors such disclosure is necessary in order to fairly present the results for the period. See note 4 for the items disclosed in the current year.

Interest receivable and interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

1.20. Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Notes *(continued)*

1 Accounting policies *(continued)*

1.20. Taxation (continued)

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.21. Accounting estimates and judgements

Key sources of estimation uncertainty and accounting judgements

Revenue recognition

The group receives revenue in respect of a bundled product to freeze and store patient gametes and embryos. The allocation of revenue between point of sale and subsequent periods is a key judgement estimate and critical accounting judgement.

The group recognised revenue in respect of the CAREPay multi cycle scheme which related to estimated expected revenue on completion of customer cycles within the scheme. The profit is recognised at the beginning of the scheme, with a subsequent comparison performed between the historical pregnancy success rates and the actual pregnancy success rates as the scheme unwinds. Once evaluated, the estimate is adjusted for any variances.

Recoverability of goodwill

The Group has a significant goodwill balance which is reassessed for indicators of impairment each period end. The directors consider the current and projected future cash flows of the Group in performing this assessment.

With the underlying macro market conditions, the directors prepared an impairment assessment as at 31 December 2022 to determine whether there was an indicator of impairment within the group. Underlying forecast EBITDA once adjusted for international strategy costs showed growth in the group forecast EBITDA. The directors concluded that there is not an indicator of impairment. given the recent acquisition and growth of EBITDA since that date. Given these factors, the directors expect that there will be appropriate headroom of the fair value less cost to sell in excess of the value of goodwill and fixed assets.

Contingent consideration

The Group acquisitions typically contain an element of contingent consideration. The group estimates contingent consideration on acquisition through consideration of the prevailing terms and conditions in the relevant purchase agreements. This estimate is evaluated with respect to projected future earnings for each acquired entity where contingent consideration is applicable. Future earnings are estimated based on projections for each entity acquired, considering forecast growth, including forecast patient consultation volumes, related revenues and expected costs to deliver those services. The directors monitor this regularly during the period at Board meetings.

Notes *(continued)*

2 Turnover

Analysis of turnover by geography	**2022** **£000**
United Kingdom	**59,239**
United States	**452**
Total turnover	**59,691**

Analysis of turnover by category	**2022** **£000**
Rendering of services	**49,882**
Sale of goods	**9,809**
Total turnover	**59,691**

Turnover is wholly attributable to the principal activity of the Group.

3 Other operating income

	2022 **£000**
Government grants	**577**
Rental income	**7**
	584

Government grant income represents amounts received from the Scientist Training Programme during the period.

4 Operating loss

This is stated after charging:

	2022 **£000**
Amortisation	**26,065**
Depreciation	**1,867**
Operating lease costs	**2,795**

Auditor's remuneration:

	2022	
	Group **£000**	**Company** **£000**
Audit of these financial statements	**233**	**58**

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	Number of employees 2022
Clinical	**324**
Administration	**208**
	532

The aggregate payroll costs of these persons were as follows:

	2022 £000
Wages and salaries	**20,575**
Social security costs	**2,298**
Contributions to defined contribution plans (note 21)	**1,155**
	24,028

The average number of persons employed by the Company (including directors) during the period, analysed by category, was nil.

Notes *(continued)*

6 Directors' remuneration

	2022 £000
Directors' remuneration	**747**
Company contributions to money purchase pension plans	**63**

The remuneration of the highest paid director was £217,000 and company pension contributions of £17,000 were made to a money purchase scheme on his behalf.

	Number of directors 2022
Retirement benefits are accruing to the following number of directors under:	
Money purchase schemes	**6**

7 Interest payable and similar charges

	2022 £000
Interest on bank loans	8,547
Fair value movement on derivatives	3,024
Amortisation of loan arrangement fees	3,044
Write off unamortised of loan arrangement fees on refinancing	18,674
Total other interest payable and similar charges	**33,289**

Notes *(continued)*

8 Taxation

Total tax credit recognised in the profit and loss account and other comprehensive income

		2022
	£000	**£000**
Current tax		
Adjustments in respect of prior periods	**106**	
Total current tax		**106**
Deferred tax (note 19)		
Origination of timing differences	**(1,347)**	
Adjustments in respect of prior periods	**(159)**	
Total deferred tax		**(1,506)**
Total tax credit included in profit or loss		**(1,400)**

Reconciliation of effective tax rate

	2022
	£000
Loss for the period	**(50,671)**
Total tax credit	**(1,400)**
Loss excluding taxation	**(52,071)**
Tax using the UK corporation tax rate of 19%	**(9,893)**
Ineligible depreciation	**(28)**
Ineligible amortisation	**4,787**
Other timing differences	**(71)**
Expenses not deductible for tax purposes	**4,572**
Research and development credits	**-**
Deferred tax not recognised	**900**
Impact of tax differences	**(1,505)**
Additional reliefs	**(109)**
Adjustments to tax charge in respect of previous periods	**(53)**
Total tax credit included in profit or loss	**(1,400)**

Factors that may affect future current and total tax charges

In the Budget 2020, the government announced that the corporation tax main rate (for all profits exception ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023 will go ahead.

Notes *(continued)*

9 Intangible assets

Group	Goodwill £000	Brand £000	Software £000	Work in progress £000	Total £000
Cost					
Balance at 26 January 2022	-	-	-	-	-
Acquisitions (note 25)	264,577	67,954	1,536	737	334,804
Additions	-	-	1,261	1,904	3,165
Adjustment to the cost of business combinations contingent on future events	889	-	-	-	889
Balance at 31 December 2022	265,466	67,954	2,797	2,641	338,858
Amortisation and impairment					
Balance at 26 January 2022	-	-	-	-	-
Amortisation for the period	(19,969)	(5,662)	(434)	-	(26,065)
Balance at 31 December 2022	(19,969)	(5,662)	(434)	-	(26,065)
Net book value					
At 31 December 2022	**245,497**	**62,292**	**2,363**	**2,641**	**312,793**

In the period the group has performed an assessment to evaluate the classification between live and work in progress intangible assets. This resulted in a transfer from live software to work in progress software, with the subsequent amortisation for the period amended.

Amortisation

The amortisation was all recognised in other operating expenses in the profit and loss account.

Notes *(continued)*

10 Tangible fixed assets

Group	Freehold land and buildings £000	Leasehold improve-ments £000	Fixtures and fittings £000	Equipment £000	Work in progress £000	Total £000
Cost						
Balance at 26 January 2022	-	-	-	-	-	-
Acquisitions (note 25)	1,308	8,714	633	2,973	19	13,647
Additions	-	962	23	1,418	-	2,403
Transfers	-	-	-	-		-
Balance at 31 December 2022	1,308	9,676	656	4,391	19	16,050
Depreciation and impairment						
Balance at 26 January 2022	-	-	-	-	-	-
Depreciation charge for the period	(4)	(669)	(193)	(1,001)	-	(1,867)
Balance at 31 December 2022	(4)	(669)	(193)	(1,001)	-	(1,867)
Net book value						
At 31 December 2022	**1,304**	**9,007**	**463**	**3,390**	**19**	**14,183**

Land and buildings

The net book value of freehold land and buildings comprises:

	2022 £000
Freehold land	**266**
Freehold buildings	**1,038**
	1,304

Notes *(continued)*

11 Fixed asset investments

Fixed asset investments – Group

Group	Equity Investment in Associate £000	Investments in Joint Ventures £000	Total £000
Cost			
Balance at 26 January 2022	-	-	-
Acquisitions (note 25)	11	881	892
Balance at 31 December 2022	11	881	892
Share of post-acquisition reserves			
Balance at 26 January 2022	-	-	-
Share of profit	-	137	137
Foreign exchange differences	-	7	7
Balance at 31 December 2022	-	144	144
Net book value			
At 31 December 2022	**11**	**1,025**	**1,036**
At 26 January 2022	-	-	-

In the current period the group's share of the Joint Venture's profits was £137,000 The group's share of assets is £1,480,000 and share of liabilities is £859,000.

Fixed asset investments – Company

	Shares in group undertakings £000
Cost	
At beginning of period	-
Additions	205,857
At end of period	205,857
Net book value	
At 31 December 2022	**205,857**

Notes *(continued)*

11 Fixed asset investments *(continued)*

The undertakings in which the Group and Company have an interest at the period end are as follows:

	Country of incorporation	Principal activity	Percentage of ordinary shares held Group	Company
Subsidiary undertakings				
CARE Fertility Group Limited	England and Wales	Holding company	100%	Nil
Centres for Assisted Reproduction Limited	England and Wales	Provision of fertility services	100%	Nil
CARE (Sheffield) Limited	England and Wales	Provision of fertility services	100%	Nil
CARE Fertility (Northampton) Limited	England and Wales	Provision of fertility services	100%	Nil
CARE Fertility (London) Limited	England and Wales	Holding company	100%	Nil
Centre for Reproductive Medicine Limited	England and Wales	Provision of fertility services	100%	Nil
South East Fertility Clinic Limited	England and Wales	Provision of fertility services	100%	Nil
CARE Fertility Birmingham Limited	England and Wales	Provision of fertility services	75%	Nil
Zita West Assisted Fertility Limited	England and Wales	Provision of fertility services	100%	Nil
Zita West Clinics Limited	England and Wales	Provision of fertility services	100%	Nil
CARE Fertility Liverpool Limited	England and Wales	Provision of fertility services	75%	Nil
CARE Fertility Leeds Limited	England and Wales	Provision of fertility services	100%	Nil
Bath Fertility Centre Limited	England and Wales	Provision of fertility services	100%	Nil
Bristol IVF Centre Limited*	England and Wales	Dormant	100%	Nil
Bath Fertility Clinic Limited*	England and Wales	Dormant	100%	Nil
Bath Fertility Limited*	England and Wales	Dormant	100%	Nil
Bath IVF Limited*	England and Wales	Dormant	100%	Nil
CARE Fertility Tamworth Limited	England and Wales	Provision of fertility services	100%	Nil
CARE Fertility Chester (Topco) Limited^	England and Wales	Holding Company	100%	Nil
CARE Fertility Chester Limited	England and Wales	Provision of fertility services	100%	Nil
CARE Fertility Woking Limited^	England and Wales	Provision of fertility services	100%	Nil
Rachel Top Co Limited	England and Wales	Holding Company	100%	Nil
Royton Bidco Limited	England and Wales	Holding Company	100%	Nil
Royton Midco Limited	England and Wales	Holding Company	100%	Nil
Royton Holdco Co Limited	England and Wales	Holding Company	100%	100%
Balen IVF Limited	England and Wales	Provision of fertility services	100%	Nil
Barush Limited	England and Wales	Provision of fertility services	100%	Nil
C Hayden Gynaecology Limited	England and Wales	Provision of fertility services	100%	Nil
Mrs V. Sharma (Consultancy) Limited	England and Wales	Provision of fertility services	100%	Nil
CARE Leeds LLP	England and Wales	Provision of fertility services	100%	Nil
Salve Technologies Limited	England and Wales	Patient application development	100%	Nil
Joint ventures				
Beacon Care Fertility Limited	Republic of Ireland	Provision of fertility services	50%	Nil
Beacon Concourse Development Limited	Republic of Ireland	Property development	50%	Nil
Equity Investments				
Cryogatt Systems Limited	England and Wales	Development and Manufacture of Specialist RFID technology	<1%	<1%

* dissolved 21 May 2019

^ Class B ordinary shares of CARE Fertility Chester Limited and class B and C ordinary shares of CARE Fertility Woking Limited are held by other parties and are subject to put and call options. The terms of these options and the classification of these shares as debt rather than equity is described in Note 17.

The registered address of all active subsidiary undertakings is John Webster House, 6 Lawrence Drive, Nottingham Business Park, Nottingham, NG8 6PZ. The registered address of all joint ventures is Suite 36, Beacon Hall, Beacon Court, Sandyford, Dublin 18.

Notes *(continued)*

11. Fixed asset investments *(continued)*

Acquisitions in the current period

On 24 February 2022, a subsidiary entity of the Company acquired 100% of the share capital of Care Fertility Holdings Limited. On 7 December 2022, a subsidiary entity of the Company acquired 100% of the share capital of Care Management Co, LLC who control REACH Fertility PLLC.

12 Stocks

	Group 2022 £000	Company 2022 £000
Consumables	**2,253**	-

Consumables recognised as cost of sales in the period amounted to £8,395,000.

13 Debtors

Amounts falling due within one year

	Group 2022 £000	Company 2022 £000
Trade debtors	6,649	-
Prepayments and accrued income	2,026	-
Other debtors	1,737	**258**
Other taxes and social security costs	192	-
Corporation tax overpayment	418	**15**
	11,022	**273**

14 Cash at bank and in hand

	Group 2022 £000	Company 2022 £000
Cash at bank and in hand	**5,336**	-

Included with cash and cash equivalents of the Group is £318,000 of cash in transit that is due to be received from payment providers.

Notes *(continued)*

15 Creditors: amounts falling due within one year

	Group 2022 £000	Company 2022 £000
Trade creditors	2,286	-
Amounts owed to group undertakings	-	9,069
Other taxation and social security	873	-
Other creditors	2,098	-
Accruals and deferred income	20,266	-
Derivative financial instruments (note 23)	3,024	-
	28,547	**9,069**

Included within the amounts owed to group undertakings are amounts due to related entities in the Group in respect of financing activities and management services. These amounts are unsecured, interest free and repayable on demand, depending on the cash requirement.

Derivative financial instruments are deemed to be current as the fair value difference may reverse within one year.

16 Creditors: amounts falling after more than one year

	Group 2022 £000	Company 2022 £000
Bank loans (note 18)	126,725	-
Preference shares treated as debt (note 18)	196,092	196,092
Accrued interest on preference shares	18,560	18,560
Contingent consideration	8,693	-
Other loans	80	-
	350,150	**214,652**

Contingent consideration relates to amounts expected to be paid for the acquisitions of Zita West Assisted Fertility Limited, Bath Fertility Centre Limited, CARE Fertility Tamworth Limited, CARE Fertility Woking Limited, CARE Fertility Chester (Topco) Limited, CARE Fertility Leeds Limited and the REACH unit.

Other loans are non-interest-bearing loan notes that are repayable on exit of the shareholders from the business.

At 31 December 2022 there were 196,092,000 of preference shares treated as debt in issue. Each share has a nominal value of £0.01 and is redeemable on the sooner of 24 February 2027 or on event of exit. Interest is accrued at 12% per annum, payable on redemption of the preference shares.

Notes *(continued)*

17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost as well as the groups associated interest rate swaps.

	Group 2022 £000	Company 2022 £000
Creditors falling due after more than one year		
Bank loans	130,785	-
Bank loan arrangement fees	(4,060)	-
Preference shares treated as debt	196,092	196,092
Accrued interest on preference shares	18,560	18,560
Derivatives	3,024	-
	344,401	**214,652**

The bank loan compromises of Bank Loans of £130,785,000. Interest is charged twice a year on the Term Loan at 6% above SONIA. The outstanding interest balance at the period end of £1,050,654 is included within accruals and deferred income falling due within one year.

During the period preference shares were issued for consideration of £196,091,654 (see note 22). The preference shares are treated as debt and accrue interest at 12%. The outstanding interest balance at the period end of £18,559,731 is included creditors falling due within more than one year.

The Group has interest rate swaps with an aggregate notional value of £96m that convert floating SONIA to fixed rate interest, expiring in 2027.

Notes *(continued)*

17 Interest-bearing loans and borrowings (continued)

On 24 February 2022, transaction costs were capitalised of £4,800,000 in relation to the Bank Loans and Revolving Credit Facility. On 7 December 2022, transaction costs were capitalised of £151,000 in relation to the draw down of additional facilities. During the period costs were amortised the profit and loss account of £540,000.

Terms and debt repayment schedule

Group and Company	Currency	Nominal interest rate	Maturity date	Repayment schedule	2022 £000
Bank Loan	GBP	6% · SONIA	Jan 2029	Every 6 months	**130,785**
Preference shares treated as debt	GBP	12%	None	None	**196,092**
Derivatives	GBP	Fixed-SONIA	Sep/Oct 2027	Quarterly	**3,024**
					329,901

18 Analysis of change in net debt

	At 26 Jan 2022 £000	Recognised in Business Combinations £000	New debt £000	Cash flows £000	Finance and interest charges £000	Changes in fair value £000	At 31 Dec 2022 £000
Cash and cash equivalents	-	(16,291)	322,817	333,772	-	-	(5,336)
Secured bank loans	-	64,952	130,785	(79,085)	11,124	-	127,776
Loan notes	-	22,201	-	(22,201)	-	-	
Preference shares treated as debt	-	-	196,092	-	18,560	-	214,652
Derivatives	-	-	-	(282)	282	3,024	3,024
Other loans and contingent consideration	-	11,273	-	(2,500)	-	-	8,773
Net debt	-	**82,135**	**4,060**	**(93,113)**	**29,966**	**3,024**	**348,889**

Notes *(continued)*

19 Deferred tax liabilities/(assets)

	2022 £000
At beginning of period	-
Acquisitions	(17,993)
Credit to profit and loss	1,506
At end of period	(16,487)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2022 £000	Liabilities 2022 £000	Net 2022 £000
Fixed asset timing differences	(134)	674	540
Short term timing differences	-	-	-
Capital gains	-	-	-
Deferred tax on brand rights		15,734	15,734
Other	(26)	239	213
Tax liabilities/(assets)	(160)	16,647	16,487

The Directors consider that subsidiary companies will generate sufficient taxable profits in the foreseeable future such that the unrelieved losses in the company can be surrendered in full.

20 Provisions

Group	Dilapidation £000	Onerous lease £000	Total £000
At 26 January 2022	-	-	-
Acquisitions (note 25)	952	972	1,924
Provision utilised	-	(90)	(90)
At 31 December 2022	**952**	**882**	**1,834**

Dilapidation provisions are held in relation to the estimated costs of returning leased property to the conditions required under the lease contract at the end of the lease term. The estimate is based upon quotes obtained for similar work and the cash outflow will arise upon exit from the property.

The onerous lease provision is held in relation to onerous property costs arising following a streamlining of operations at the Tamworth clinic acquired in the period. The estimate is based upon actual rent and rates costs in the period discounted at the Bank of England target rate over the remaining term of the lease.

Notes *(continued)*

21 Employee benefits

The Group contributes to a number of defined contribution pension scheme on behalf of its employees. Assets in respect of the defined contribution scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund and amounted to £1,155,000 in the period.

22 Capital and reserves

Share capital

	2022 £
Allotted, called up and fully paid	
847,252 A1 ordinary shares of £0.01 each	8,473
39,384 A2 ordinary shares of £0.01 each	394
121,600 B ordinary shares of £0.01 each	1,216
14,500 C ordinary shares of £0.01 each	145
	10,228

On 24 February 2022 the Company issued 847,252 A1 ordinary shares of £0.01 each for consideration of £847,252, 39,384 A2 ordinary shares of £0.01 each for consideration of £39,384, 121,600 B ordinary shares of £0.01 each for consideration of £121,600 and 14,500 C ordinary shares of £0.01 for consideration of £25,000. A total share premium of £1,023,000 was recognised.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Further details on the rights of the shares can be found in the Articles of Association.

Share premium account

The balance classified as share premium relates to the aggregate net proceeds less nominal value of shares on issue of the Company's share capital.

Preference shares

	2022 £
Allotted, called up and fully paid	
196,091,663 preference shares of £0.01 each	**1,960,917**
	1,960,917

The holders of preference shares are entitled to a fixed cumulative preferential dividend at an annual rate of 12% and have no voting rights. Further details on the rights of the shares can be found in the Articles of Association. A total consideration of £196,092,000 was received.

Notes *(continued)*

23 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group 2022 £000	Company 2022 £000
Assets measured at amortised cost	8,578	258
Liabilities measured at amortised cost	(362,338)	(223,721)
Derivatives	(3,024)	-

The group purchases interest rate swaps to manage interest rate risk volatility and forward foreign currency contracts to hedge currency exposure on firm future commitments. Hedge accounting has not been applied. The interest rate swaps are floating SONIA to fixed swaps and expire in 2027. Their notional amounts at 31 December 2022 were £3,024,000. Quoted prices are not available for these derivatives and therefore the fair value has been calculated using a valuation technique. The valuation technique uses an option pricing model to discount the expected future cash flows at prevailing observable interest rates.

24 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	**2022** Land and buildings £000	Other £000
Less than one year	**2,279**	**116**
Between one and five years	**7,794**	**-**
More than five years	**11,756**	**-**
	21,829	**116**

During the period £2,794,000 was recognised as an expense in the profit and loss account in respect of operating leases.

The Company had no commitments under operating leases.

Notes *(continued)*

25 Acquisitions

Acquisitions in the current period – Care Fertility Holdings Limited

On 24 February 2022, a subsidiary entity of the Company acquired 100% of the share capital of Care Fertility Holdings Limited. The business contributed revenue of £29,514,000 and a net loss of £8,891,000 for the period.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Recognised on acquisition £000
Intangible fixed assets	70,227
Tangible fixed assets	13,170
Investments	892
Stock	1,508
Trade and other debtors	11,772
Cash	15,340
Trade and other creditors	(37,468)
Corporation tax creditor	(163)
Bank and other borrowings	(98,542)
Provisions	(1,934)
Deferred tax liability	(17,993)
Non-controlling interests	764
Net identifiable liabilities	**(42,427)**
Total cost of business combination:	
Initial cash consideration relating to business combination	194,350
Costs directly attributable to the business combination	8,053
Total consideration	**202,403**
Goodwill	244,830

Goodwill reflects the value of the CARE expertise and synergises across the clinic portfolio. The balance of acquisition consideration over net identifiable assets and liabilities has been allocated to goodwill. Goodwill is to be amortised over 10 years.

Notes *(continued)*

25 Acquisitions (continued)

Acquisitions in the current period – REACH Fertility PLLC

On 7 December 2022, a subsidiary entity of the Company acquired Care ManagementCo, LLC, which has control of REACH Fertility PLLC. Details of the contingent consideration are disclosed in Note 17.

The business contributed revenue of £452,000 and a net loss of £64,000 for the period.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Recognised on acquisition £000
Tangible fixed assets	476
Trade and other debtors	2,442
Cash	396
Trade and other creditors	(779)
Net identifiable assets and liabilities	**2,535**
Total cost of business combination:	
Initial cash consideration relating to business combination	20,000
Contingent consideration expected to be paid	287
Costs directly attributable to the business combination	1,995
Total consideration	**22,282**
Goodwill	**19,747**

Goodwill reflects the value of the clinic's expertise and customer base. The balance of acquisition consideration over net identifiable assets and liabilities has been allocated to goodwill. Goodwill is to be amortised over 10 years.

Notes *(continued)*

26 Related parties

As permitted by FRS 102 Related Party Transactions no disclosure has been made of transactions or balances between group entities that have been eliminated on consolidation of CARE Fertility Topco Limited.

Key management personnel are considered to be the directors, details of their remuneration is detailed under note 6.

Loan notes of £80,000 have been subscribed by employees of the group, which do not accrue interest.

All transactions were conducted on an arm's length basis on normal trading terms.

27 Contingent liabilities

The Company is party to a composite company unlimited guarantee in respect of bank loans of other group companies. As at 31 December 2022 the net debt outstanding was £130,785,000.

For the period ended 31 December 2022, the subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Company guarantees all outstanding liabilities to which the subsidiary companies are subject.

Subsidiary undertakings	Country of incorporation	Company registration number
Centres for Assisted Reproduction Limited	England and Wales	03328039
CARE (Sheffield) Limited	England and Wales	04145167
CARE Fertility (Northampton) Limited	England and Wales	03083989
CARE Fertility (London) Limited	England and Wales	08529488
Centre for Reproductive Medicine Limited	England and Wales	03295082
South East Fertility Clinic Limited	England and Wales	06546136
CARE Fertility Birmingham Limited	England and Wales	09756591
Zita West Assisted Fertility Limited	England and Wales	07449262
Zita West Clinics Limited	England and Wales	04532353
CARE Fertility Liverpool Limited	England and Wales	11580465
CARE Fertility Leeds Limited	England and Wales	11760113
Bath Fertility Centre Limited	England and Wales	04742154
CARE Fertility Tamworth Limited	England and Wales	02160673
CARE Fertility Chester (Holdings) Limited	England and Wales	10648947
CARE Fertility Chester Limited	England and Wales	10689788
CARE Fertility Woking Limited	England and Wales	04145167
Balen IVF Limited	England and Wales	07107672
Barush Limited	England and Wales	05539422
C Hayden Gynaecology Limited	England and Wales	10485507
Mrs V. Sharma (Consultancy) Limited	England and Wales	04495811
CARE Leeds LLP	England and Wales	OC314954
Salve Technologies Limited	England and Wales	10511483

Notes *(continued)*

28 Post balance sheet events

On 31 January 2023 CARE Fertility Group Limited, a subsidiary undertaking of CARE Fertility Topco Limited, acquired 100% of the share capital of IVF Life, a provider of fertility services in Spain, and its subsidiary IVF Life UK Limited for consideration of €48m.

29 Ultimate parent company and parent company of larger group

Cidron Eve 2 S.á.r.l is the immediate parent company by virtue of its ownership of 82.81% of the share capital.

CARE Fertility Topco Limited is controlled by funds controlled by The Nordic Capital Evolution Fund, the ultimate controlling party of the Group.

No other group financial statements include the results of the Company.