

Triley Midco 2 Limited

Unaudited Annual Report and Financial Statements

for the 70-week period ended 30 June 2023

Company registered number 13940971



Directors and other information

Director

RJ Paling

Registered office

Pitcairn House
Crown Square
Centrum 100
Burton-on-Trent
Staffordshire
DE14 2WW

Registered number

13940971

Strategic report

The directors present their Strategic report for the 70-week period ended 30 June 2023 ("period ended 30 June 2023" or "period").

Incorporation and Acquisition

Triley Midco 2 Limited ("the Company") was incorporated on 25 February 2022 as a vehicle established by a fund managed by Triton Partners to acquire Clinigen Limited and its subsidiaries (the "Clinigen Group"). The Company remained largely dormant from incorporation until 4th April 2022 when the Triley Midco Limited Group (the "Group") acquired Clinigen Limited (formerly Clinigen Group plc) by means of a scheme of arrangement for total consideration of £1,256.7m settled entirely in cash.

Principal activity

The Company is, indirectly, a wholly owned subsidiary of Triley Midco Limited and its principal activity is to act as an intermediate holding company for the Clinigen Group of Companies. The Company holds the Group's external debt.

Review of the business and future developments

Due to payment of interest on the Clinigen Group's external debt and other net finance costs, the company has made a loss before tax of £14.3m during the period.

The Company has net assets of £896.7m and net current liabilities of £42.0m at 30 June 2023.

Going forward the directors intend for the Company to continue acting as an intermediate holding company.

Key performance indicators

As an intermediate holding company with none of its operating activities being independent of the wider group, the directors do not believe that analysis of key performance indicators is necessary or appropriate for an understanding of the Company's development, performance or position. Information on the key performance indicators of Triley Midco Limited, in which the results of the Company are consolidated, can be found in its Annual Report and Accounts.

Principal risks and uncertainties

The principal operational risks and uncertainties facing the Company are connected to the financing of the Group including foreign exchange and interest rate risk.

On behalf of the board



RJ Paling

Director

13 February 2024

Directors' report

The directors present their report and unaudited financial statements for the period ended 30 June 2023. Triley Midco 2 Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom. Its company number is 13940971.

Going concern

The Company acts as an intermediate holding company for the Clinigen Group of companies and its going concern assessment is therefore based on the performance of the Group.

The Group's strategy and forecasts, taking account of sensitivities within the trading projections and possible changes in trading performance, show that the Group has adequate resources to continue in operational existence for the foreseeable future. At 30 June 2023, the Group had £98.5m of cash balances along with a further £75m of undrawn borrowing facility available, which combined with the Group's positive cash generation from each of its operations, provides sufficient funding for the near-term settlement of liabilities along with sufficient liquidity for ongoing trading.

After making appropriate enquires, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Therefore, the Company continues to adopt the going concern basis in preparing its financial statements. Further information on the Group's borrowing facilities can be found in the Triley Midco Limited Annual Report.

Financial risk

The Company manages certain financial risks as outlined in the Group's consolidated financial statements, namely foreign exchange and liquidity risk.

Directors

The directors who held office during the period and up to the date of signing the financial statements were:

DJ Bryant (appointed 3 January 2023, resigned 26 January 2024)

RJ Paling (appointed 3 January 2023)

MC Turner (appointed 25 February 2022, resigned 3 January 2023)

CT Cheung (appointed 25 February 2022, resigned 3 January 2023)

Directors' indemnity insurance

During the period and up to the date of signing of this report, the Company, through the Group, maintained liability insurance and third-party qualifying indemnity provisions for its directors and the company secretary.

Dividend

The directors do not propose a dividend for the current financial period.

Future developments

As discussed in the strategic report, review of business and future developments.

Audit exemption

For the period ended 30 June 2023, the Company was entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies. In respect of this exemption, the directors confirm that the members have not required the Company to obtain an audit of its accounts in accordance with s476 of the Companies Act 2006.

On behalf of the board



RJ Paling, Director

13 February 2024

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Consolidated Annual Report and Accounts in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law).

Under company law, 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 company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Profit and loss account
for the period ended 30 June 2023

	Notes	2023 £m
Finance income	4	72.4
Finance cost	5	(86.7)
		<hr/>
Loss before taxation		(14.3)
Tax credit on loss for the financial period	6	–
		<hr/>
Loss for the financial period		(14.3)
		<hr/> <hr/>

There were no items relating to components of other comprehensive income.

All amounts arise from continuing operations.

Balance sheet

as at 30 June 2023

	Notes	2023 £m
Assets		
Fixed assets		
Investments	7	911.0
Preference shares held	8	631.8
Derivative financial instruments	9	14.8
		<hr/> 1,557.6
Current assets		
Debtors	10	60.7
Total current assets		<hr/> 60.7
Total assets		<hr/> 1,618.3
Current liabilities		
Creditors – amounts falling due within one year	11	102.7
Net current liabilities		<hr/> (42.0)
Non-current liabilities		
Borrowings	12	618.9
Net assets		<hr/> <hr/> 896.7
Capital and reserves		
Called up share capital	13	91.1
Share premium account		819.9
Profit and loss account		(14.3)
Total shareholders' funds		<hr/> <hr/> 896.7

Company number: 13940971

The notes on pages 8 to 14 form an integral part of these financial statements.

Audit exemption

For the period ended 30 June 2023, the Company was entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies. In respect of this exemption, the directors confirm that the members have not required the Company to obtain an audit of its accounts in accordance with s476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts. The financial statements on pages 5 to 14, were approved and authorised for issue by the Board of Directors on 13 February 2024 and were signed on its behalf by:



RJ Paling,
Director

Statement of changes in equity

for the period ended 30 June 2023

	Called up share capital (note 13) £m	Share premium £m	Profit and loss account £m	Total shareholders' funds £m
Loss for the period	–	–	(14.3)	(14.3)
Issue of shares	91.1	819.9	–	911.0
Total transactions with owners of the Company, recognised directly in equity	91.1	819.9	–	911.0
At 30 June 2023	91.1	819.9	(14.3)	896.7

Notes to the financial statements

for the period ended 30 June 2023

1. Company information

Triley Midco 2 Limited is a private company incorporated, domiciled and registered in England in the UK. The registered number is 13940971 and the registered address is Pitcairn House, Crown Square, Centrum 100, Burton-on-Trent, Staffordshire, DE14 2WW. The Company is a subsidiary undertaking of Triley Midco Limited, incorporated and domiciled in the United Kingdom.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. The financial statements are presented in sterling.

The company has taken advantage of s401 of the Companies Act 2006 which grants it exemption from preparing group accounts as it is a wholly owned subsidiary of Triley Midco Limited and is included in its consolidated group financial statements which are prepared at the same date and are publicly available.

The Company meets the definition of a qualifying entity under Financial Reporting Standard ('FRS') 100 'Application of financial reporting requirements' issued by the Financial Reporting Council, and the directors have opted to prepare these financial statements in accordance with FRS 101 'Reduced disclosure framework'.

In preparing these financial statements, the Company has consistently applied the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Exemptions

The Company has elected to apply exemptions under FRS 101 not to disclose related party transactions entered into between two or more members of the Group and not to prepare a cash flow statement. The Company has applied the exemption to not disclose Share-based payment, Fair value measurement or comparative disclosures for Property, Plant and Equipment or Intangible Asset notes. The Company has elected not to prepare disclosures under IFRS 7 in accordance with the exemptions under FRS 101. The Company's information relating to these disclosures are included within the consolidated financial statements of Triley Midco Limited.

Changes in accounting policies

There have been no accounting standards, amendments or interpretations effective for the first time in these financial statements which have had a material impact on the financial statements.

Notes to the financial statements (continued)

for the period ended 30 June 2023

2. Accounting policies (continued)

Going concern

The Company acts as an intermediate holding company for the Clinigen Group of companies and its going concern assessment is therefore based on the performance of the Group.

The Group's strategy and forecasts, taking account of sensitivities within the trading projections and possible changes in trading performance, show that the Group has adequate resources to continue in operational existence for the foreseeable future. At 30 June 2023, the Group had £98.5m of cash balances along with a further £75m of undrawn borrowing facility available, which combined with the Group's positive cash generation from each of its operations, provides sufficient funding for the near-term settlement of liabilities along with sufficient liquidity for ongoing trading.

After making appropriate enquires, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Therefore, the Company continues to adopt the going concern basis in preparing its financial statements. Further information on the Group's borrowing facilities can be found in the Triley Midco Limited Annual Report.

Foreign currency translation

The Company's functional currency and presentation currency is sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are recognised in the profit and loss account within interest payable and similar charges.

Non-monetary items denominated in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The Company does not apply hedge accounting in its financial statements.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of amortisation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the profit and loss account.

Notes to the financial statements (continued)

for the period ended 30 June 2023

2. Accounting policies (continued)

Financial instruments

a. Financial assets

Debtors

Debtors are amounts due from group companies in the ordinary course of business. Debtors are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, where they are recognised at fair value. The Company holds debtors with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

b. Financial liabilities

Creditors – amounts falling due within one year

Creditors are mainly in relation to amounts due to group companies and are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

c. Issue of financial instruments

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company 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 Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's 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 Company'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.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Borrowings

Borrowings are initially recognised at fair value net of transaction costs, including facility fees incurred. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. Facility fees paid on the establishment of facilities and for the maintenance of the facility are capitalised against the loans and borrowings balance. These are amortised as the loan is repaid with the associated amortisation expense recognised in finance costs.

Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Notes to the financial statements (continued)

for the period ended 30 June 2023

2. Accounting policies (continued)

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In particular the Company has identified the following areas where significant judgement, estimates and assumptions are required.

a. Judgements

Functional currency

The functional currency of the Company was a judgement by management, who, on balance determined that the functional currency is sterling, on the basis that the primary economic environment of the Company is the UK and the purpose of the Company is as an intermediate holding company for the Clinigen Group which is based in the UK and predominantly operates in a sterling environment.

b. Estimates

There were no significant estimates made by management which impact these financial statements.

c. Other estimates

Carrying value of investments

The carrying value of investments is at cost less any impairment. Annual impairment trigger reviews are undertaken at the end of the financial year or more frequently if events or changes in circumstances indicate a potential impairment. Investments are not traded in an active market, hence the recoverable amount of the asset is determined using discounted cash flows which requires the Company to use estimates and assumptions.

3. Staff cost and directors remuneration

The Company had no employees during the period. The remuneration of the directors is paid by Clinigen Limited a non-direct subsidiary undertaking. The directors' services to this company and to a number of fellow subsidiaries are of a non-executive nature and their remuneration is deemed to be wholly attributable to their services to the wider Clinigen Group. Accordingly, these financial statements do not include remuneration in respect of the directors.

4. Finance income

	2023 £m
Preference share income	57.6
Increase in fair value of interest rate swap	14.8
	<hr/>
	72.4
	<hr/>

Notes to the financial statements (continued)

for the period ended 30 June 2023

5. Finance cost

	2023 £m
Bank interest on external borrowings	66.4
Amortisation of borrowings issue costs	10.7
Other finance costs	1.9
Foreign exchange expense on financing liabilities	7.7
	<hr/> 86.7 <hr/>

£7.1m of borrowing issue costs released immediately to the profit and loss account following repayment of the Second Lien tranche of debt (see note 11).

6. Tax on loss for the period

The tax credit on the loss for the period was £nil. The reconciliation between the tax credit and the accounting loss before tax multiplied by the UK standard rate of corporation tax is as follows:

	2023 £m
Loss before taxation	(14.3)
	<hr/>
Tax credit calculated at UK standard rate of corporation tax of 20.2% (blended rate)	(2.9)
Effects of:	
Expenses not deductible for tax purposes	0.9
Preference share dividends income not deductible for tax purposes	(11.6)
Corporate interest restriction	10.2
Group relief not paid for	3.4
	<hr/>
Total tax credit reported in the income statement	– <hr/>

At the balance sheet date, the Company has Corporate Interest Restriction carried forward of £50.6m of which no deferred tax asset has been recognised due to the degree of uncertainty over its utilisation by the Company.

7. Investments

	2023 £m
<i>At Cost</i>	
At 30 June	911.0 <hr/>

In the period ended 30 June 2023, the Company acquired 100% of the issued share capital of Triley Bidco Limited, an intermediate holding company, incorporated in the UK for consideration of £910,989,084 settled entirely in cash.

Notes to the financial statements (continued)

for the period ended 30 June 2023

8. Preference shares held

	2023 £m
Preference shares	631.8

The Company acquired 35,369,732,723 preference shares in Triley Bidco Limited with a nominal value of €0.01 per share and total issue price of €735.0m. They are redeemable on 14 April 2030 and attract a dividend rate of 7.7% per annum.

9. Derivative financial instruments

	2023 £m
Derivative financial instruments	14.8

The Company is exposed to interest rate risk on its €735m euro denominated debt on which interest is payable based on the Euro Interbank Offered Rate ('EURIBOR'). During the period the Company entered into a three-year interest rate swap, swapping floating interest to fixed interest payable on €551m principal, expiring Aug 2025, with a fixed average rate of 2.1%. The fair value of the interest rate swap derivative is an asset of £14.8m at 30 June 2023. Movements in the fair value of the swap derivative are recognised within finance income or costs in the income statement.

10. Debtors

	2023 £m
Amounts owed by group undertakings	57.4
Amounts owed by related parties	3.1
Other debtors	0.2
	60.7

The amounts owed by group undertakings and related parties are non-interest bearing and receivable on demand.

11. Creditors – amounts falling due within one year

	2023 £m
Amounts owed to group undertakings	102.5
Accruals	0.2
	102.7

The amounts owed to group undertakings and related parties are non-interest bearing unless otherwise agreed and payable on demand.

Notes to the financial statements (continued)

for the period ended 30 June 2023

12. Borrowings

The book value of loans and borrowings are as follows:

	2023 £m
<i>Non-current</i>	
At 30 June	618.9

On 5th April 2022, the Company entered into a new Senior Facilities Agreement ("SFA") which comprised of a term loan of £360m denominated in euro and a term loan of £250m denominated in sterling both repayable in 7 years as well as a revolving credit facility ("RCF") of £75m denominated in sterling ending in 6.5 years. At the same time the Group also entered into a Second Lien Facility Agreement which comprised of one term of loan of £140m denominated in sterling repayable in 8 years.

On 6th May 2022, the SFA was amended so that the two term loans were combined into one term loan of €735m denominated entirely in euro.

At 30 June 2023 the Group's borrowing facility comprised the €735m euro denominated debt with access to an undrawn £75m sterling revolving credit facility. The applicable interest rate on amounts drawn during the period was 4.75% plus EURIBOR which is subject to a floating to fixed interest rate swap in place over 75% of the debt principal. The second lien term loan of £140m sterling with an interest rate of 8.25% plus SONIA was repaid in full in May 2023.

No covenant testing is required unless the RCF is drawn. At 30 June 2023 the RCF remained fully undrawn.

13. Called up share capital

	2023 £m
9,109,891,208 ordinary shares of £0.01 each	91.1

100 ordinary shares of £0.01 each were issued at par on incorporation on 25 February 2022. Subsequently, on 30 March 2022, 9,109,891,108 ordinary shares of £0.01 each were issued for consideration of £911.0m satisfied entirely in cash. The £819.9m consideration, in addition to the nominal value of the shares of £91.1m is recorded as share premium.

The balance classified as equity share capital includes the total net proceeds (nominal value) on issue of the Company's equity share capital. 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. The shares are not redeemable. The immediate parent company is Triley Midco Limited.

14. Capital commitments and contingent liabilities

The Company had no capital commitments or contingent liabilities as at 30 June 2023.

15. Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary undertaking of Triley Midco Limited, which is also its immediate parent company. The ultimate parent undertaking is Triton Fund V which is managed and controlled by its general partners Triton Managers V Limited, TFF V Limited and Triton Fund V GP S.a.r.l. The ultimate controlling party is considered to be the directors of Triton Managers V Limited and TFF V Limited.

Triley Midco Limited, a company incorporated and registered in the UK, is the parent of the smallest and largest group of undertakings to consolidate these financial statements. The registered address is Triley Midco Limited, Pitcairn House, Crown Square, Centrum 100, Burton-on-Trent, Staffordshire, DE14 2WW.