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TFP Fertility Holding Limited

Annual report and consolidated financial statements

Registered number 11875195

Year ended 31 March 2022

Company Information

Directors	J Rohren J H Stromholm G H Trew N H P Watkins M Worning
Company Registered number	11875195
Registered office	Institute of Reproductive Sciences Alec Issigonis Way Oxford Business Park North Oxford OX4 2HW
Senior statutory auditor	Jason Mitchell
Auditor	MHA MacIntyre Hudson, Statutory Auditor Building 4, Foundation Park Roxborough Way Maidenhead SL6 3UD, United Kingdom

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Strategic report

Business model and strategy

The Company was incorporated on 11 March 2019. TFP Fertility Holding Limited (formerly Delivery I Limited) is the parent of a group of subsidiaries which operate fertility clinics in the UK, Germany, Austria, Netherlands, Denmark and Poland, providing services to the National Health Service, to other public health insurance schemes in the different countries, and to private patients in all the countries.

- The Company and its U.K. subsidiaries adhere to the Human Fertilisation and Embryology (HFEA) Act 2008. The HFEA acts as licensing authority to all centres and inspects them annually.
- The German, Dutch, Austrian, Danish and Polish clinics adhere to the local government regulations and fertility association practices, as well as the clinical and operational standards set by the Group in line with UK regulations and best practice.
- The Company and its subsidiaries had 1,048 employees in 20 Fertility Clinics and various satellite clinics and offices in its six countries of operation.

The Company is managed by the directors, with subsidiaries submitting information on a regular basis. The Board of Directors provides periodic advice concerning the Company, its subsidiaries and investments. All subsidiaries and investments have local management and directors with appropriate internal controls in place.

Business activity

On 5 May 2021 the Group acquired 71.1% of Delivery Fertility DK I ApS for DKK 34.6 million (£4.0 million) from an entity under common control. This company owns the Dansk Fertilitetsklinik ApS group, which operates a fertility clinic in Frederiksberg, Denmark.

Review of business

The Group considers the KPIs and financial measures of revenue, operating profit, and operating EBITDA to be key for the business.

	2022 £m	2021 £m
Revenue	99.7	84.9
EBITDA	16.9	3.9
Operating loss	(3.2)	(6.1)
Loss before tax	(13.6)	(16.9)

With revenues of £100 million across 6 countries, the TFP Fertility Group (trading as TFP) has demonstrated a strong growth versus previous years. During FY22, approximately 90% (FY21: 85%) of revenue has been derived from the core IVF business with the remainder comprising adjacent specialisms such as blood laboratory, cryo-storage, kidney clinic and scanning services. The Group serves both the private and publicly funded health sectors.

During the year ended 31 March 2022 the Group incurred a loss before tax of £13.6 million (2021: loss of £16.9 million). This comprised an operating loss of £3.2 million (2021: loss of £6.1million) and net financing expenses of £10.4 million (2021: £10.8 million) incurred on borrowings amounting to £114 million at the year end (2021: £116 million). The operating loss is stated after £8.4 million (2021: £7.0 million) of depreciation of property, plant and equipment, £2.9 million (2021: £2.9 million) of amortisation of intangible assets. In the year ended 31 March 2022 there were also £9.3 million (2021: Nil) of impairment charges. Thus the Group's EBITDA for the year was £16.9 million (2021: £3.9 million). Cash outflows relating to interest payment of financing expenses were £8.7 million (2021: £4.3million).

Strategic report *(continued)*

Review of business (continued)

The Group also measures the financial performance of its management on the delivery of "Operating EBITDA". This measure, as defined by the Group's lenders, excludes charges that arise from the Group's overall strategy and decisions about capital investment from the basic EBITDA measure above, to focus on the revenue and expenses that are under direct control of the management teams of the clinics. Despite the Group's operating loss for the year, the Board is satisfied with the progress made across clinics at operating EBITDA level.

Following the year ended 31 Mar 2022, which was significantly impacted by COVID-19, we managed to drive growth particularly in our UK clinics. TFP made significant progress across the year ended 31 Mar 2022 to further integrate the group across geographies and rebranded all clinics from The Fertility Partnership (Poland and UK) and VivaNeo (Austria, Denmark, Germany, and Netherlands) to TFP Fertility. We integrated our websites across the group to establish the foundations for driving pipeline and brand recognition across geographies.

The Group further increased its footprint and strengthened its positioning through the continuous roll-out of an operating model supported by the necessary marketing and digital tools, and which is starting to yield success in the turnaround of the underperforming clinics. Finally, we are looking at a strong pipeline of growth opportunities, both organic and inorganic, and will leverage our strong reputation to attract talent.

At the end of its third year, TFP Fertility Holding Limited is considered as one of the largest IVF clinic groups in Europe. From this strong position the Group is well prepared to share local best practice and experience to drive superior patient experience and commercial value across its portfolio of IVF clinics.

Going concern basis

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons:

Management has prepared cash flow forecasts out to 31 March 2024, which demonstrate that, taking account of plausible downside scenarios, the Company will have sufficient funds through a combination of cash generated from trading, banking facilities and funding from its ultimate parent company, Impilo AB, to meet its liabilities as they fall due throughout that period.

The Group has prepared its "base case" monthly cashflow forecast at clinic level to 31 March 2024. Underpinning the cash flows are detailed clinic level profit and loss accounts as well as workings for loans and working capital. Prudent assumptions have been taken to transform accrual accounting into cash accounting. The forecast P&L takes into account the impact of high inflation on top of the historic seasonal profile of the business and growth assumptions have been taken from the latest TFP Group planning exercise (December 2022). Funding levels will be strengthened to meet future liquidity levels throughout the base case cash flow planning period. Lenders confirm that the loans are not due to be repaid in the period to 31 March 2023, which at 31 December 2022 amounted to £125 million.

Even in case of a delayed rebound of activities following the postponement of treatments as a result of increased uncertainty due to the war in Ukraine or in a worst case scenario with additional inflation and delayed impact of turnaround actions, we do not foresee additional funding requirements beyond the forecasted and agreed support. As at the date of approval of these financial statements, the Directors acknowledge that there can be no certainty that this support will continue beyond these scenarios but have no reason to believe that support will be withdrawn in the foreseeable future. Consequently the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities for the foreseeable future and therefore prepared the financial statements on a going concern basis.

Strategic report *(continued)*

Board of Director activities during 2022

During 2022 the Board of Directors ('The Board') made a number of key strategic decisions to drive the Group forward. The following were the key areas considered and decided upon by the Board during 2022:

- To strengthen the leadership including the permanent appointment of a permanent CFO as well as the functional leadership team with responsibility across the Group;
- To secure additional funding to ensure business continuity post the Covid-19 pandemic and continue the growth strategy of the Group through the acquisition of additional clinics and businesses; and
- To invest in the Group's IT solutions and Marketing Platform.

In compliance with section 172 of the Companies Act, the background to the above decisions taken by the Board is set out below.

Section 172 statement

During the year, the directors have had regard to the matters set out in S172 (1) (a) to (f) of the Companies Act 2006 whilst performing their duties. Whilst making decisions the directors ensure that they have acted in good faith, in a way they believe would promote the success of the Group for the benefit of its stakeholders. The directors consider the interests of:

- patients, who are the reason of being and direct source of revenue;
- employees and subcontractors, who not only enable the Group to provide its customers with expert treatment but also are able to develop their own expertise and enhance the Group's reputation within the medical profession, and for whose services there is often a competitive market;
- the shareholders in the Group, which include senior management, who seek a level of return on their investment appropriate to its risk;
- the financial institutions that lend to the Group, and also seek an appropriate level of return on their funding; and suppliers, who provide credit as well as goods and services.

Specifically, the directors have considered the following:

a. The likely consequences of any decision in the long term;

b. The interests of the Group's employees;

c. The need to foster the Group's business relationships with patients, suppliers and others;

d. The impact of the Group's operations on the community and the environment;

e. The desirability of the Group maintaining a reputation for high clinical standards, and standards of business conduct; and

f. The need to act fairly between members of the Company.

Strategic report *(continued)*

S172 (1) (a) The likely consequences of any decision in the long term

The directors understand the business and the environment in which it operates. This is key to understanding the likely consequences of any long-term decisions. There is a clear plan for growth which ensures that the Group continues to provide a high-quality clinical service, satisfying patient and shareholder needs, amongst other stakeholders.

Continually improving environmental performance and operating methods are integral and fundamental parts of the business strategy. This strategy is key to ensuring that the Group delivers on its duty of care for the benefit of future generations.

S172 (1) (b) The interests of the Group's employees

The directors value the Group's employees as key to the business and its success. What makes us different is our approach to relationships, which extends past the expected patient focus. Staff retention is a testament to this and the Group's culture. Employee welfare and wellbeing is of utmost importance and we ensure all employees work in a safe and healthy environment. When making decisions, the directors consider which course of action best delivers the Group strategy in the long term, taking into consideration all stakeholders of the Group, including the employees.

S172 (1) (c) The need to foster the Group's business relationships with patients, suppliers and others

The directors put the patients' care as an absolute priority and support all initiatives to build relationships with patients and key suppliers enabling delivery of the same quality service each time. The directors believe that through establishing key partnerships with both patients and suppliers the business is more robust and consequently ensure that there is minimal impact on our business from factors outside of the Group's control.

S172 (1) (d) The impact of the Group's operations on the community and the environment

The Group recognises the importance of minimising the impact of our operations on the community and environment, which is why it is core to our strategy. The Group wholly supports and where possible exceeds the requirement of current environmental legislation and codes of practice. It is our aim to minimise waste and water usage in buildings, the use of vehicles, and stimulate environmentally-friendly processes in order to preserve resources, especially where they are non-renewable. We actively promote recycling both internally and amongst employees and suppliers. Environmental policies are reviewed periodically in consultation with applicable local authorities staff and suppliers.

S172 (1) (e) The desirability of the Group maintaining a reputation for high standards of business conduct

The Group is committed to improving quality and reduce any environmental impact. It does everything to maintain its reputation within the local community. It is the Group's aim to achieve sustained profitable growth by providing high quality clinical services securing a high level of patient satisfaction which enhances the Group's reputation with its patients, employees and suppliers.

S172 (1) (f) The need to act fairly between members of the Group

When making decisions, the directors consider which course of action best delivers the Group strategy in the long term, taking into consideration all stakeholders of the Group. Minority shareholders are also directors of the entities in which they hold shares and represent themselves or are represented by other minority interest shareholder/directors at board meetings.

Strategic report *(continued)*

Principal risks and uncertainties

The Group is exposed to a number of risks and uncertainties whose outcome could impact on its financial performance, operations, regulatory compliance or corporate reputation. Some of these are generic to any commercial enterprise and others are more specific to the Group. The key risk factors that the Directors consider potentially material in nature are set out below, together with information about the mitigating actions in place.

Risk management process

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Acquisitions and integration **Description**	**Mitigation**	**Risk monitoring**
The Board intends to continue acquiring businesses. Any acquisition that cannot be successfully integrated or does not provide the incremental economic value expected at the time of acquisition, could have a negative effect on the Group's performance. As the Group expands there is a risk of poor integration not ensuring immediate economies of scale and maximal operational efficiency.	Board approval is required prior to any significant transaction and appropriate financial, legal, technical and other due diligence reviews are carried out. The Group has taken steps to strengthen its post-acquisition integration planning. Budgets are set for all newly acquired businesses and potential synergies are identified and tracked.	The Group works intensively on the integration of acquired businesses through support by dedicated project teams ensuring compliance to group practices as well as exchanging and safeguarding best practices. The Group monitors closely the performance against defined business plans through frequent intensive reviews to ensure alignment on the expectations set out in the original Board proposals.
Technology, innovation and intellectual property		
Researching and developing new clinical procedures is complex, costly and time-consuming. There is a risk that competitors may develop new technologies, or innovative applications of existing technologies, that undermine the Group's competitive advantage. The Group could fail to recognise intellectual property, fail to seek appropriate security over rights to intellectual property, or fail to obtain security for reasons outside the Group's control. The Group could breach other parties' intellectual property rights.	The Group continues to invest in research and development of new technologies. The Group relies on a combination of patents, copyright, trademarks, design registrations, trade secrecy laws, confidentiality procedures and contractual provisions to protect its intellectual property rights. Comprehensive searches are carried out before any application to register a patent or trademark is lodged and competitors' new product launches, trademarks and domain names are monitored to identify potential conflicts between the Group's and other parties' rights.	The development of new products and technologies is closely monitored. Development initiatives are driven from clinical research teams, and are peer reviewed in line with regulatory requirements.

Strategic report *(continued)*

Service reputation and clinical error liability **Description**	**Mitigation**	**Risk monitoring**
Any factor or event that adversely affects patients' perception of the quality and reliability of the Group's services could affect its ability to maintain or increase revenue.	The Group's services incorporate a number of in-built clinical controls which help to reduce substantially the risk of clinical error. The Group operates rigorous quality assurance and control procedures both during and prior to delivery of its services. The Group also maintains professional indemnity and public liability insurance against liabilities to third parties.	Service quality is constantly monitored through the Group's review of clinical procedures.
Funding and liquidity		
At 31 March 2022 the Group had £114 million drawn on committed facilities. There is a risk that the Group could fail to fulfil its obligations as they fall due. The Group is also exposed to interest rate risk	Shareholder facilities in the form of a share convertible loan have been put in place to support the Group , now totalling to SEK 277 million (£ 22 million) with an additional £11 million of cash raised after year end date Robust cash forecasting and centralised cash management procedures are in place.	Cash flow forecasts are monitored weekly against actual performance.

Research and development information

Several clinics within the Group have a long track record of research leadership and clinical innovations in close association with prestigious academic institutions such as Imperial College, London and Oxford University which constitute a key element of its current and future success. Research and Development costs are predominantly funded by grants received by local partners and clinicians, rather than by the Group.

Information on male/female partitioning of board members

At the date of this report, the Company has an Executive Leadership Team composed of five people, two of whom are female. The Board of Directors composed of five directors (two executive and three non-executives), of whom all five are male. This reflects the history of the Group's development to date, but the Company remains fully supportive of the principles of gender equality and continues to seek opportunities to recruit appropriately qualified female directors.

Strategic report *(continued)*

Events since the balance sheet date

On 19 August 2022 and 19 December 2022 the Company issued two convertible loan notes ("Loan Note") which are convertible into Preference Shares, A Ordinary Shares and/or C1 and/or C2 Ordinary shares to Impilo Delivery AB ("Impilo") of SEK 87.9 million (£7.0 million) and SEK48.2 million (£3.8 million). The Loan Note is interest bearing and unsecured, which is redeemable or repaid by December 2032. Subject to the receipt of required corporate approvals and certain conditions required under the Investment Agreement, all of the Notes issued shall be converted into the shares after receipt of a written notice from Impilo requesting the conversion of the Notes.

On 10 August 2022, the Group acquired the remaining 6.3% interest in Simply Fertility Limited from a minority shareholder. Simply Fertility Limited became a 100% owned subsidiary of the Group. Cash consideration was £671,000. No intangible assets were identified, any difference between purchase price and net asset value shared will be recorded in the movement of Owner's Equity.

The Group's exposure to risk relating to changes in interest rates is mainly due to the interest bearing loans and borrowings as part of the financial resources for the Group's business operations. The increase in interest rates globally since second quarter of 2022 will increase the borrowing costs of the Group and may adversely affect the profitability of the Group's operations.

Environmental impact

Streamlined Energy & Carbon Reporting (SECR)

In accordance with new reporting requirements introduced by the UK government, the greenhouse gas (GHG) emissions and energy use by TFP Group's operations in the UK during the financial period ending 31 March 2022 are recorded in the table below and include the carbon intensity metric, total gross emissions by unit turnover/revenue (tCO2e/£M).

	2022	**2021**
Energy consumption used to calculate emissions (kWh)		
Gas (kWh)	1,252,125	1,803,532
Electricity (kWh)	3,545,236	3,355,729
Emissions from combustion of gas tCO2e (Scope 1)	254.14	367.45
Emissions from purchased electricity tCO2e (Scope 2)	752.76	782.35
Total gross emissions tCO2e based on the above	1,006.90	1,149.81
Total gross emissions from above by unit turnover/revenue (tCO2e/£M)	10.10	13.53
Total gross Scope 1, Scope 2 & Scope 3 emissions tCO2e	1,006.90	1,149.81
Total gross GHG emissions per unit turnover/revenue (tCO2e/£M)	10.10	13.53

The TFP Group is committed to making all reasonable efforts to minimise the impact placed on the environment because of its business activities. As an organisation we seek to reduce the burden placed on the environment through sustainable business practices and providing sustainable products and services by regularly reviewing the environmental aspects and impacts associated with the Group's activities and monitoring environmental performance. We ensure a process of continual improvement is maintained. Non-essential air travel is discouraged throughout the business, and the holding of virtual meetings has been supported by an increase in the provision of audio and video conferencing technology at every site. All flight travel requires review and authorisation by senior management.

Strategic report *(continued)*

GHG emissions data for year ended 31 March 2022 (figures in CO2e)

	2022		2021	
	UK	**Non-UK**	**UK**	**Non-UK**
Emissions from purchase of gas and electricity for offices	725.53	281.38	810.26	339.54
Business travel				
Total emissions by location	725.53	281.38	810.26	339.54
Total emissions for year	725.53	281.38	810.26	339.54
Energy consumption used to calculate emissions – kWh (thousand)	3,456.36	1,341.00	3,657.64	1,501.62

The following table expresses our annual emissions in relation to quantifiable factors associated with our activities. Intensity ratios (tonnes of CO2e per unit).

	2022	2021
Ratio of carbon emissions to total revenue (£M revenue)	10.10	13.53
Ratio of carbon emissions to operating loss (£M operating loss)	419.54	188.49
Ratio of carbon emissions to employees (average headcount)	0.96	1.24

Future prospects

The invasion by Russia into Ukraine is having a significant impact on consumer confidence and inflation. The Group will closely monitor performance and optimise strategies to overcome and take advantage of opportunities as they arise.

Approval

This report was approved by the Board of Directors on Mrz 21, 2023 and signed on its behalf by:

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Johannes Roehren
Director

DocuSigned by:
Geoffrey Trew
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Geoffrey Trew
Director

Directors' report

The Directors present their annual report and the financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2022.

Future developments and going concern

An indication of likely future developments in the business of the Group and an explanation of the going concern assertion are included in the Strategic Report.

Dividends

The Board does not propose a dividend for the year (2021: £nil). The dividend policy continues to be reviewed periodically by the Board.

Capital structure

Details of the issued share capital of the Company are shown in note 19, the Group's capital management in note 20 and its borrowings in note 16.

The issued share capital amounted to £97 million as at 31 March 2022. The Company has three classes of Ordinary Shares and one class of Preference Shares. There is no limit on the number of shares that the Company can issue. No person has any special rights of control over the Company's share capital and all issued shares have been fully paid.

The Group's borrowings of £114 million as at 31 March 2022 were drawn against facilities which are committed for five years from the balance sheet date.

Research and development

An indication of the Company's research and development activities is set out in the Strategic Report.

Directors

The Directors who held office during the year and until the date of this report were as follows:

J F Stromholm

H Thorning-Schmidt (resigned 3 December 2021)

N P M Watkins

M Worning (Chairman)

J Roehren

G H Trew

A Poensgen (appointed 30 March 2022, resigned 24 August 2022)

J Roehren and G H Trew are executive directors of the Group. J F Stromholm is a partner in the controlling private equity firm.

Directors' indemnities

The Company has in place third party indemnity insurance for the benefit of the Officers and Directors of the Company and its subsidiaries. This insurance policy remains in force at the date of this report.

Acquisition of the Company's own shares

The Company did not purchase any of its own shares during the year and nor has it done so up to the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Directors' report *(continued)*

Employee consultation and engagement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, periodic e-mails and quarterly employee newsletters. During 2022 the UK businesses had training on supporting Mental Health in the work place and also received training on becoming Mental Health First Aiders. The Company has also focused on raising awareness and support of mental health issues as they can impact on employees at key points in their lives.

The interests of employees are taken into account by the Board, as set out in the Section 172 statement in the Strategic Report.

Political and charitable contributions

The Company contributed £22,000 to charitable organisations in the year (2021: £29,000). No political contributions were made (2021: £nil).

Financial risk management objectives

Details of financial risk management objectives are set out in note 20.

Supplier payment policy

The Group's standard payment terms range from 7 up to 30 days and have not changed during the reporting period. Any disputes with suppliers are resolved after communication between parties to identify the matters in contention. The average number of days taken to make payments in the reporting period has ranged from 7 to 40 days, depending on payment terms.

Diversity

The Board recognises the value of diversity both in its own membership and within the Company's wider employee base. Whilst the Board believes that the market sectors in which the Company operates are such that gender diversity in Board membership would not, of itself, bring specific benefits or insights, as a matter of policy the Board believes that the search for new Board candidates should be conducted, and, when required, appointments made, on merit, against objective criteria and with due regard for the benefits that diversity, including gender diversity, could provide. Clinics have in place appropriate policies in relation to equal opportunities in the workplace. Appointments, rewards and advancement in the Company's wider employee base are also based on merit. As a matter of principle, the Board does not accept discrimination against, or in favour of, any individual or group of individuals. Diversity, as with other management policies, is under regular review.

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

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

Pursuant to Section 487 of the Companies Act 2006, MHA MacIntyre Hudson LLP is appointed as auditor in the year.

By order of the Board on Mrz 21, 2023

DocuSigned by:	DocuSigned by:
	Geoffrey Trew
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Johannes Roehren	**Geoffrey Trew**
Director	*Director*

Institute Of Reproductive Sciences Alec Issigonis Way, Oxford Business Park North, Oxford, OX4 2HW

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the UK (IFRSs as adopted by the UK) and applicable law and have elected to prepare the 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 the group's 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, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the UK;
- for the parent company financial statements, 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.

Independent auditor's report to the members of TFP Fertility Holding Limited (formerly Delivery I Limited)

Opinion

We have audited the financial statements of TFP Fertility Holding Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards as adopted by the United Kingdom (UK adopted IFRS). The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's result for the year then ended;
- The Group financial statements have been properly prepared in accordance with UK adopted IFRS;
- The Parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

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's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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 our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 the 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 their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters 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 by the Parent Company, 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 Statement of Directors' Responsibilities 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 director either intends to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of entity staff in finance and compliance functions to identify any instances of non-compliance with laws and regulations;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Review of Board Minutes for consistency to supporting evidence supplied;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias, and;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Jason Mitchell

Jason Mitchell MBA BSc FCA (Senior statutory auditor)

for and on behalf of
MHA MacIntyre Hudson

Statutory Auditor

Maidenhead, United Kingdom
Date: 24 March 2023

Consolidated Income Statement
for year ended 31 March 2022

	Note	2022 £000	2021 £000
Revenue	4	**99,663**	84,895
Cost of sales		**(55,450)**	(43,095)
Gross profit		**44,213**	41,800
Other operating income		**1,450**	876
Administrative expenses		**(38,844)**	(47,097)
Other operating expenses		**(10,007)**	(1,684)
Operating loss		**(3,188)**	(6,105)
Finance income		**1,230**	2,250
Finance expenses		**(11,685)**	(13,041)
Net financing expenses	7	**(10,455)**	(10,791)
Loss before tax		**(13,643)**	(16,896)
Taxation	8	**613**	1,283
Loss for the year from continuing operations		**(13,030)**	(15,613)
Attributable to:			
Equity holders of the parent		**(14,315)**	(15,890)
Non-controlling interest	11	**1,285**	277
Loss for the year		**(13,030)**	(15,613)

The accompanying notes form part of these financial statements.

Consolidated Statement of Comprehensive Income

for year ended 31 March 2022

	Note	**2022** **£000**	2021 £000
Loss for the year		**(13,030)**	(15,613)
Other comprehensive expense			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**(620)**	(62)
Other comprehensive expense for the year, net of income tax		**(620)**	(62)
Total comprehensive expense for the year		**(13,650)**	(15,675)
Attributable to:			
Equity holders of the parent		**(14,925)**	(15,943)
Non-controlling interest		**1,275**	268
		(13,650)	(15,675)

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet
at 31 March 2022

	Note	**2022** **£000**	2021 £000
Non-current assets			
Property, plant and equipment	*9*	**35,308**	35,479
Intangible assets	*10*	**122,101**	125,896
Other financial assets		**100**	100
Deferred tax assets	*12*	**-**	3,929
		157,509	165,404
Current assets			
Inventories	*13*	**2,180**	1,901
Tax receivable		**2,602**	2,126
Trade and other receivables	*14*	**12,719**	12,788
Other financial assets		**42**	-
Cash and cash equivalents	*15*	**8,083**	7,911
		25,626	24,726
Total assets		**183,135**	190,130
Current liabilities			
Interest-bearing loans and borrowings	*16*	**95**	98
Trade and other payables	*17*	**14,137**	13,725
Lease liabilities	*21*	**4,779**	3,841
Tax payable		**2,536**	1,320
Contract liabilities	*4*	**7,791**	7,403
Provisions	*18*	**1,537**	1,560
Other financial liabilities	*16*	**73**	514
		30,948	28,461
Non-current liabilities			
Interest-bearing loans and borrowings	*16*	**112,199**	113,697
Lease liabilities	*21*	**20,604**	20,605
Deferred tax liabilities	*12*	**3,707**	8,324
		136,510	142,626
Total liabilities		**167,458**	171,087
Net assets		**15,677**	19,043

Consolidated Balance Sheet *(continued)*
at 31 March 2022

		2022	2021
		£000	£000
Equity attributable to equity holders of the parent			
Share capital	*19*	**1,063**	846
Share premium	*19*	**95,587**	83,747
Currency translation reserve		**(1,545)**	(935)
Retained earnings		**(83,290)**	(66,121)
		11,815	17,537
Non-controlling interest	*11*	**3,862**	1,506
Total equity		**15,677**	19,043

The accompanying notes on pages 22 to 77 form an integral part of the financial statements. These financial statements were approved by the board of directors on Mrz 21, 2023 and were signed on its behalf by:

DocuSigned by:
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Johannes Roehren
Director

DocuSigned by:
Geoffrey Trew
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Geoffrey Trew
Director

Institute Of Reproductive Sciences Alec Issigonis Way, Oxford Business Park North, Oxford, OX4 2HW

Company registered number: 11875195

Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total parent equity £000	Non-controlling interest £000	Total Equity £000
Balance at 31 March 2020	845	83,623	(882)	(50,231)	33,355	1,234	34,589
Total comprehensive income for the period							
Profit or loss	-	-	-	(15,890)	(15,890)	277	(15,613)
Other comprehensive income	-	-	(53)	-	(53)	(9)	(62)
Total comprehensive income for the period	-	-	(53)	(15,890)	(15,943)	268	(15,675)
Transactions with owners							
Issue of shares	1	124	-	-	125	-	125
Acquisition of subsidiaries	-	-	-	-	-	4	4
Total transactions with owners	1	124	-	-	125	4	129
Balance at 31 March 2021	846	83,747	(935)	(66,121)	17,537	1,506	19,043
Total comprehensive income for the period							
Profit or loss	-	-	-	(14,315)	(14,315)	1,285	(13,030)
Other comprehensive income	-	-	(610)	-	(610)	(10)	(620)
Total comprehensive income for the year	-	-	(610)	(14,315)	(14,926)	1,275	(13,650)
Transactions with owners							
Issue of shares	217	11,840	-	-	12,057	-	12,057
Acquisition of subsidiaries	-	-	-	(1,288)	(1,288)	1,091	(197)
Increase of Interest in Subsidiaries				(1,566)	(1,566)	(10)	(1,576)
Total transactions with owners	217	11,840	-	(2,854)	9,203	1,081	10,284
Balance at 31 March 2022	**1,063**	**95,587**	**(1,545)**	**(83,290)**	**11,815**	**3,862**	**15,677**

Consolidated Cash Flow Statement
for the year ended 31 March 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Operating loss		**(3,188)**	(6,105)
Adjustments for:			
Depreciation		**7,155**	6,973
Amortisation		**2,935**	2,907
Loss on disposal of assets		**66**	117
Impairment		**9,322**	-
Other non-cash items		**152**	(2)
		16,442	3,890
(Increase)/decrease in trade and other receivables		**183**	(1,883)
Decrease in inventories		**(279)**	265
Increase/(decrease) in trade and other payables and provisions		**(225)**	1,508
		16,121	3,780
Interest received		**62**	-
Interest paid		**(8,745)**	(4,273)
Tax refund/ (paid)		**591**	(955)
Net cash from operating activities		**8,029**	(1,448)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	*3*	**(5,316)**	(371)
Acquisition of property, plant and equipment		**(3,742)**	(2,731)
Acquisition of other intangible assets		**(124)**	(28)
Proceeds from disposal of fixed assets		**156**	-
Net cash from investing activities		**(9,026)**	(3,130)
Cash flows from financing activities			
Proceeds from the issue of share capital	*19*	**12,057**	125
Proceeds from new borrowings	*16*	**8,714**	11,000
Repayment of borrowings	*16*	**(16,435)**	(3,097)
Payment of lease liabilities	*16*	**(3,127)**	(4,369)
Net cash from financing activities		**1,209**	3,659
Net (decrease)/increase in cash and cash equivalents		**212**	(919)
Cash and cash equivalents at start of period		**7,911**	8,830
Effect of exchange rate fluctuations on cash held		(40)	-
Cash and cash equivalents at 31 March	*15*	**8,083**	7,911

The accompanying notes form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

TFP Fertility Holding Limited (formerly Delivery I Limited) (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 11875195 and the registered office is Institute of Reproductive Sciences, Alec Issigonis Way, Oxford Business Park North, Oxford OX4 2HW.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its *parent company financial statements in accordance with FRS 102; these are presented on pages 67 to 77.*

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.1 Basis of preparation

The financial statements are prepared on the historical cost basis, except that derivative financial instruments are measured at fair value.

The Company was incorporated on 11 March 2019. These are the third set of consolidated accounts prepared by the Company.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

Management have prepared cash flow forecasts out to the end of 31 March 2024, which demonstrate that, taking account of plausible downside scenarios, the Company will have sufficient funds through a combination of cash generated from trading, banking facilities and funding from its ultimate parent company, Impilo AB, to meet its liabilities as they fall due throughout that period.

The Group has prepared its "base case" monthly cashflow forecast at clinic level to 31 March 2024. Underpinning the cash flows are detailed clinic level profit and loss accounts as well as workings for loans and working capital. Prudent assumptions have been taken to transform accrual accounting into cash accounting. The forecast P&L is considering high inflation on top of the historic seasonal profile of the business and growth assumptions have been taken from the latest TFP Group planning exercise (December 2022). Funding levels will be strengthened to meet future liquidity levels throughout the base case cash flow planning period. Lenders confirm that the loans are not due to be repaid in the period to 31 March 2023, which at 31 December 2022 amounted to £125 million.

Even in case of a delayed rebound of activities following the postponement of treatments as a result of increased uncertainty due to the war in Ukraine or in a worst case scenario with additional inflation and delayed impact of turnaround actions, we do not foresee additional funding requirements beyond the forecasted and agreed support.

At the date of approval of these financial statement, the Directors acknowledge that there can be no certainty that this support will continue beyond these scenarios but have no reason to believe that support will be withdrawn in the foreseeable future

Notes *(continued)*

Accounting policies *(continued)*

1.2 Going concern (continued)

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities for the foreseeable future and that all dues up to June 2023 can be met and therefore prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

Business combinations

Except for a combination of entities or business under common control, the Group accounts for acquisition of subsidiaries using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 1.5(b)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The financial statements of the combining entities or businesses under common control are included in the consolidated financial statements from the date that the Group's control commences until the date that control ceases. The net assets of the combining entities or business are combined using the existing book value at the date of control being transferred from the controlling parties' perspective. Transaction costs are expensed as incurred. Difference between the consideration paid by the Group and the book value of the combining entities or business are recognised in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions with minority interests

The Group applies a policy of treating transactions in connection with equity interests in subsidiaries with minority interests as transactions with equity participants of the Company. Gains and losses for the Group resulting from disposals of equity interests in subsidiaries to minority interests are recorded in the Company's equity. Difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary resulting from purchases from minority interests are recorded in the Company's equity.

Change in subsidiary ownership and loss of control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Transactions eliminated on consolidation Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.
Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the 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 income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

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 year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the FCTR, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Financial instruments

a) *Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

b) *Classification and subsequent measurement*

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

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.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Financial instruments (continued)

(b) Classification and subsequent measurement (continued)

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) 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

(b) 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.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Derivative financial instruments and hedging

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. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Financial instruments (continued)

Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 120 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment are as follows:

- Leasehold property: Lower of 10 years or length of lease.
- Medical equipment: 4-5 years.
- Fixtures and fittings: 4-5 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Business combinations

(a) Intangible assets and goodwill

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the 'acquisition date'). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the income statement as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from synergies arising from the combination. Cash generating units to which goodwill has been attributed under IFRS 3 'Business Combinations' are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in determining profit or loss on disposal.

Other intangible assets

Other intangible assets that are acquired by the Group and have varying useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. The directors have assessed the expected useful life of each class of intangible asset based on their expectation of that asset's useful life in the context of the business.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised. The estimated useful lives are as follows:

- Brand names and trademarks: 10 to 15 years.
- Referral relationships 8 years.
- Licences: 3 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Business combinations (continued)

(b) Impairment of non-financial assets excluding inventories and deferred tax assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets 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 CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the selling price less estimated costs of completion and the estimated costs necessary to make the sale.

Clinical supplies are stated at purchase cost using the weighted average method.

Work in progress is stated at cost of direct labour and a proportion of manufacturing overheads.

1.9 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(b) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.11 Revenue

The core principle in IFRS 15 is that a vendor should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the vendor expects to be entitled in exchange for those goods or services. Revenue will now be recognised by a vendor when or as control over the goods or services is transferred to the customer.

The application of the core principle in IFRS 15 is carried out in five steps:

The first step is to identify the contract(s) with the customer. Whatever the form, a contract creates enforceable rights and obligations between a vendor and its customer.

After identifying the contract(s) with the customer, a vendor identifies the 'performance obligations'. A performance obligation is a promise by the vendor to transfer goods or services to a customer. Each performance obligation is 'distinct', being either a good or service from which the customer can benefit on its own (or in combination with other readily available goods and services); two or more distinct goods and services (such as the supply of construction material and labour) are combined if, in reality, they represent one overall obligation.

In the third and fourth steps, a vendor determines the transaction price of the entire contract and then allocates the transaction price among the different performance obligations that have been identified.

In the fifth step, a vendor assesses when it satisfies each performance obligation (which may be at a point in time, or over time) and recognises revenue. The principle is based around the point at which the customer obtains control of the good or service.

Diagnostics and fertility treatments

The Group generates income from fees receivable from the operation of its healthcare centres. The Group generates income from Diagnostics (cycle monitoring, immunology, sperm analysis, pre-implantation genetic diagnosis, chromosomal abnormalities screening, hormone treatment and ultrasound scanning services), treatments (insemination, in vitro fertilisation, sperm donation) and storage contracts. Revenues are recognised in the period in which services are provided: see note 2 for related judgements. These revenues are stated net of value added taxation and other sales taxes, rebates and discounts. The Group's business is characterised by medical services provided to clients and the patient typically receives the treatment by the Group and simultaneously consumes the benefits of the service provided. According to IFRS 15, the Group recognises revenue generally according to an Output method ('services delivered' respectively 'milestones reached'). Every treatment step generally represents a milestone achieved and therefore, revenue could be recognised accordingly. These services are invoiced and revenue is recognised at the point of the time after certain aggregated milestones are achieved according to IFRS 15.

TFP provides cryogenic freezing and storage services. Revenue for the provision pf the storage services is recognised on a straight-line basis over the storage term. Therefore, IFRS 15.35(a) is applicable and the Group recognises corresponding revenues over time.

Notes *(continued)*

1. Accounting policies *(continued)*

1.11 Revenue (continued)

Financing income and expenses

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- exchange gains and losses on retranslation of intercompany loans and external borrowings; and
- dividend income.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

1.12 Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the local tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if:

- the entity has a legally enforceable right to set of current tax assets and liabilities and
- the deferred tax liabilities and assets relate to income taxes levied by the same tax authority on either
  - the same taxable entity or
  - different taxable entities, but these entities intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously for each future period in which these differences reverse.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Leases

As a lessee

The Group mainly leases buildings, office and technical equipment and vehicles. Rental contracts are typically made for fixed periods, but may have extension options or have an indefinite lease term.

At the commencement date of a lease, the Group recognises a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The Group recognises interest expense on the lease liability and depreciation expense on the right-of-use asset. The right-of-use assets are presented in the balance sheet under property plant and equipment.

Contracts may contain both lease and non-lease components. In case of vehicles the Group elected not to separate lease and non-lease components and instead to account for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options including cancellable indefinite lease term contracts are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. For the calculation of costs of debt, the Group derived the yield curves using the peer group rating (BB). These market derived yield curves were used for extrapolation of the specific yields of the existing senior term loan for a maturity of 7 years.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Short-term leases are leases with a lease term of 12 months or less. The Group recognises for all short-term leases a right-of-use asset.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Leases (continued)

The exemption to recognise payments, which are associated with leases of low-value assets, on a straight-line basis as an expense in profit or loss, is applied by the Group on a lease-by-lease basis.

Assets that qualify as low-value items include but are not limited to the following assets:

- Office equipment;
- Notebooks and tablets;
- Copiers, fax machines; and
- Coffee machines and water dispensers

Extension and termination options are included in leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

Lease acquired in a business combination

For leases acquired in a business combination, the Group measures the acquired lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Lease liability and associated right-of-use assets acquired in a business combination for which the lease term ends within 12 months of the acquisition date or leases for which the underlying asset value is low are not recognised.

1.14 Government grants

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs is recognised in profit and loss in the period in which it becomes receivable. Such grants are presented as reductions to the underlying expense line.

Notes *(continued)*

2 Accounting estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

- Revenue recognition: In making its judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15. Management is satisfied that the customer obtains control of the promised service and that the recognition of revenue upon egg collection is appropriate.
- Initial recognition and valuation of intangible assets acquired in a business combination: For the initial measurement of identified intangible assets acquired in a business combination, valuation methodologies based on discounted cash flow (DCF) models were used, as there is a lack of comparable market data because of the nature of the assets. The key assumptions used to determine the fair value of the acquired intangible assets are provided in note 3.
- Impairment of goodwill and other intangible assets: Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash-generating unit and determine a suitable discount rate in order to calculate present value. Further details are given in note 10. Significant judgement was applied in determining the cash generating units to which goodwill was allocated.
- Valuation of lease liabilities and right of use assets: For the initial measurement of the lease liabilities and the related right of use assets, valuation methodologies based on discounted cash flow ("DCF") models were used. The key assumptions used, including the incremental borrowing rate and the determination of the lease term, are explained in note 1.13.

Notes *(continued)*

3 Acquisitions of subsidiaries

Acquisitions in the current period

On 30 August 2020 the Company entered into a call option contract with Delivery Fertility AB ("the Seller"), a fellow subsidiary of the Company under common control. The option could be exercised at any date up to 31 August 2025 and was over the Seller's investment in 71.1% of the share capital of Delivery Fertility DK 1 ApS, the ultimate owner of a Danish fertility clinic.

On 5 May 2021 the Company exercised the call option contract to acquire 71.1% of Delivery Fertility DK I ApS for DKK 34.6 million (£4.0 million) from an entity under common control. This company owns the Dansk Fertilitetsklinik ApS Group, which operates a fertility clinic in Frederiksberg, Denmark and has a strong scientific profile with strong reputation in the fertility industry ensuring attraction of highly qualified staff and high patient inflow from referrals. The acquisition creates synergy effects on productivity, enlarges the range of services and generates economies of scale in the region.

The acquisition of Dansk Fertilitetsklinik ApS Group has been included in the financial statement using book value method, as prescribed in note 1.3 business combination. Acquisition related costs of £71,000 are included in administration expenses in the statement of profit and loss and in operating cash flows in the statement of cash flows. The Financial Information includes the financial position, results and cash flows of the companies comprising the Group since the acquisition date. The consolidated statement of comprehensive income includes total revenue of £1,924,000 and operating profit of £237,000 for the year 2022 contributed by the Dansk Fertilitetsklinik ApS Group.

Effect on the Group's assets and liabilities

The book values of the identifiable assets and liabilities as at the date of inclusion in the consolidation were as follows:

	£000
Property, plant and equipment	205
Intangible assets	7,264
Deferred tax assets	90
Financial assets	122
Trade and other receivables	138
Cash and cash equivalents	514
Deferred tax liabilities	(127)
Lease liabilities non-current	(92)
Interest bearing loans and borrowings non-current	(3,483)
lease liabilities current	(32)
Trade and other payables	(834)
Net identifiable assets	**3,765**
Non-controlling interest	(1,092)
Movement in parent equity	1,288
Consideration transferred	**3,961**

On 31 January 2022, the Group acquired further 3.74% interest (represents 15% of the control rights) in Simply Fertility Limited. Cash consideration was £1,608,000 and the company had £1,093,000 of net assets on acquisition. The residual amount between cash consideration and net assets acquired amounted to £1,566,000 and was recorded in the movement of Owner's Equity and Non-Controlling Interest. The consolidated statement of comprehensive income includes total revenue of £4,543,000 and operating profit of £1,198,000 for the year 2022 contributed by Simply Fertility Limited.

Notes *(continued)*

3. Acquisitions in the current period (continued)

On 1 January 2022, the Group acquired 100% interest of a gynaecological medical practice in Wiesbaden Germany that owns a license which enables billing with the statutory health insurance funds. The new clinic brings in a new business opportunity to expand the customer base from private to patients under national insurance funds. Cash consideration was £256,000 (€300,000). Intangible asset of the license is booked at a fair value of was £256,000 (€300,000), Fair value of both lease liabilities and right of use of assets are £33,500 are recorded at the date of acquisition. No other intangible assets were identified other than the license stated above. For the 3 months ended 31 March 2022, the clinic contributes revenue of £206,000 and net profit £12,000 to the Group.

Acquisitions in the prior period

On 25 August 2020, the Group acquired a 60% shareholding in Sonoview Limited, a company registered in the UK and previously a franchisee of Ultrasound Direct Limited. Cash consideration was £279,000 and the company had £11,000 of net assets on acquisition. No intangible assets were identified, and accordingly after allowing for the minority's share of net assets, residual goodwill of £273,000 was recorded. The consolidated statement of comprehensive income includes revenue of £653,000 and operating profit of £72,000 arising from this acquisition.

On 30 March 2021 the Group acquired the business and assets of Miracles in Progress. Of the purchase price of £90,000, £45,000 was allocated to property, plant and equipment, and the balance recorded as residual goodwill.

4 Revenue from contracts with customers

(i) Disaggregation of revenue

The Group's revenue is derived from its main business activity, IVF treatment, ultrasound scanning services and a pre-implantation genetics testing laboratory. In the following table, revenue is disaggregated by primary geographical market and timing of revenue recognition. No single customer is material to the Group's trading.

	2022 £000	2021 £000
Primary geographical markets		
United Kingdom	**55,547**	42,929
Germany	**17,723**	18,278
Austria	**6,816**	6,704
Denmark	**8,179**	6,327
The Netherlands	**7,074**	6,535
Poland	**4,324**	4,122
Total	**99,663**	84,895

	2022 £000	2021 £000
Timing of transfer of goods or services		
Products and services transferred at a point in time	**92,735**	78,309
Products and services transferred over time	**6,928**	6,586
Total	**99,663**	84,895

Notes *(continued)*

4 Revenue from contracts with customers *(continued)*

(ii) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Note	**2022**	2021
		£000	£000
Receivables	*14*	**7,777**	7,958
Contract liabilities		**(7,791)**	(7,403)

The contract liabilities mainly relate to consideration received from customers for storage contracts in the UK and courses of treatment in Denmark.

Significant changes in the contract liabilities balance during the period are as follows:

	2022	2021
	£000	£000
At the beginning of the year	**7,403**	4,469
Arising on acquisition	**516**	-
Advance payments received	**25,728**	20,223
Revenue recognised from opening balance	**(7,664)**	(3,202)
Advance payments recognised as revenue in the year	**(18,174)**	(14,028)
Currency translation	**(18)**	(59)
At the end of the year	**7,791**	7,403

The performance obligations to which deferred revenue relates will be satisfied within one year of the reporting date.

Notes *(continued)*

5 Expenses and auditors' remuneration

Included in profit/loss are the following:

	2022 £000	2021 £000
Impairment loss on goodwill	**5,827**	-
Impairment loss on acquired intangible assets	**2,191**	-
Impairment loss on property, plant and equipment	**1,304**	-

Amounts included in non-recurring project expenses mainly related to legal, professional and consulting fees.

In the year ended 31 March 2022, impairment charges were recorded against goodwill, intangibles and property plant and equipment allocated against two German CGUs whose future value in use was forecast to be below the carrying amount.

Auditor's remuneration:

	2022 £000	2021 £000
Audit of these financial statements	**314**	546
Audit of financial statements of subsidiaries of the company	**72**	52
	386	598

6 Staff numbers and costs

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

	2022	2021
Medical	**82**	93
Nursing	**241**	376
Laboratory	**397**	145
Administration	**328**	306
	1,048	920

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**39,430**	35,637
Social security costs	**4,799**	3,967
Contributions to defined contribution pension plans	**2,156**	1,909
Other personnel expenses	**148**	415
	46,533	41,928

Wages and salaries in 2021 are stated net of £1,703,000 of government grants received in respect of schemes to mitigate job losses resulting from Covid 19.

Notes *(continued)*

7 Net financing expense

Recognised in profit or loss

	2022 £000	2021 £000
Foreign exchange gains	(1,167)	(2,250)
Other Interest	(63)	-
Finance income	**(1,230)**	(2,250)
Foreign exchange losses	**342**	2,262
Interest expense on overdrafts and loans	**8,753**	9,239
Interest expense on lease liabilities	**1,608**	1,551
Other finance costs	**1,015**	-
Change in fair value of derivative financial instrument	**(142)**	(30)
Other interest	**109**	19
Finance expenses	**11,685**	13,041
Net finance expenses	**10,455**	10,791

8 Taxation

Recognised in the income statement

	2022 £000	2021 £000
Current tax charge/(credit):		
Current year	**1,092**	330
Adjustments for prior years	**(941)**	491
Current tax charge	**151**	821
Deferred tax charge/(credit):		
Origination and reversal of temporary differences	**(1,061)**	(633)
Reduction in tax rate	**759**	(1,207)
Recognition of previously unrecognised deferred tax assets	**(880)**	(1,433)
Adjustments for prior years	**418**	(1,245)
Deferred tax credit	**(764)**	(2,104)
Total tax credit	**(613)**	(1,283)

The applicable Group tax rate is 19% (2021: 19%) of the estimated taxable profit for the period in the income statement for the Group and represents the applicable tax rate in the United Kingdom, where the parent company as well as a significant number of subsidiaries are located. For the group's overseas subsidiaries, tax rates between 19% (Poland and The Netherlands) and 32% (Germany) apply.

8. Taxation *(continued)*

Reconciliation of effective tax rate

	2022	2021
	£000	£000
Loss before tax from continuing operations	**(13,643)**	(16,896)
Tax using the UK corporation tax rate of 19% (2021: 19%)	**(2,592)**	(3,210)
Non-deductible expenses	**2,090**	2,203
Tax-exempt income	**-**	(314)
Tax losses and other temporary difference where deferred tax not provided	**1,265**	1,068
Utilisation of brought forward tax losses where losses previously not provided	**(540)**	-
Recognition of previously unrecognised deferred tax asset	**(880)**	-
Effect of tax rates in foreign jurisdictions	**(196)**	(1,430)
Effect of changes in tax rates	**759**	1,207
Prior year deferred tax	**418**	(1,245)
Prior year current tax	**(941)**	491
Other	**4**	(53)
Total tax credit	**(613)**	(1,283)

The non-deductible expenses mainly relate to the impairment of goodwill and to borrowing costs subject to the corporate interest restriction rules in the UK (2021: acquisition costs and to borrowing costs subject to the corporate interest restriction rules in the UK).

The unrecognised deferred taxes mainly related to tax losses carried forward in Germany which were not expected to be relieved against future profits in the next five years.

Factors that may affect future tax changes
In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. UK deferred tax assets and liabilities at 31 March 2022 have been measured using these newly enacted tax rates.

Notes *(continued)*

9 Property, plant and equipment

	Freehold land and buildings £000	Machinery and equipment £000	Construction in progress £000	Total owned assets £000	Land and buildings £000	Machinery & equipment £000	Total right-of-use assets £000	Total PPE £000
Cost								
Balance at 1 April 2020	8,078	9,883	46	18,007	22,748	1,063	23,811	41,818
Additions	520	1,640	684	2,844	7,172	363	7,535	10,379
Disposals	-	(1,207)	(26)	(1,233)	(300)	-	(300)	(1,533)
Reclassification	9	183	(205)	(13)	(1)	-	(1)	(14)
Currency translation	(148)	(280)	(25)	(453)	(547)	(14)	(561)	(1,014)
Balance at 31 March 2021	8,459	10,219	474	19,152	29,072	1,412	30,484	49,636
Additions	181	1,339	2,487	4,007	3,966	343	4,309	8,316
Disposals/Impairment	(52)	(428)	(5)	(485)	(204)	-	(204)	(689)
Business Combination	-	224	-	224	141	-	141	365
Reclassifications	18	187	(45)	160	-	(160)	(160)	-
Currency translation	(32)	(69)	(21)	(122)	(112)	(5)	(117)	(239)
Balance at 31 March 2022	***8,574***	***11,472***	***2,890***	***22,936***	***32,862***	***1,590***	***34,452***	***57,388***
Depreciation and impairment								
Balance at 1 April 2020	1,806	3,284	-	5,090	3,244	253	3,497	8,587
Depreciation charge for the year	924	2,026	-	2,950	3,724	299	4,023	6,973
Disposals	-	(1,122)	-	(1,122)	-	-	-	(1,122)
Currency translation	(27)	(98)	-	(125)	(151)	(5)	(156)	(281)
Balance at 31 March 2021	2,703	4,090	-	6,793	6,817	547	7,364	14,157
Depreciation charge for the year	959	1,978	-	2,937	3,863	355	4,218	7,155
Impairment	-	-	-	-	1,304	-	1,304	1,304
Disposals	(9)	(253)	-	(262)	(205)	-	(205)	(467)
Business combination	-	-	-	-	19	-	19	19
Reclassifications	-	127	-	127	-	(127)	(127)	-
Currency translation	(11)	(30)	-	(41)	(44)	(3)	(47)	(88)
Balance at 31 March 2022	**3,642**	**5,912**	**-**	**9,554**	**11,754**	**772**	**12,526**	**20,080**
Net book value								
Balance at 31 March 2022	**4,932**	**5,560**	**2,890**	**13,382**	**21,108**	**818**	**21,926**	**35,308**
Balance at 31 March 2021	5,756	6,129	474	12,359	22,255	865	23,120	35,479

Right-of-use assets include £393,000 (2021: £647,000) secured against finance obligations.

Notes *(continued)*

10 Intangible assets

	Goodwill £000	Brand name and trade- marks £000	Licenses £000	Other £000	Total £000
Cost					
Balance at 1 April 2020	102,671	59,903	378	1,391	164.343
Acquisitions through business combinations	318	-	-	-	318
Additions	-	-	26	2	28
Disposal	-	-	(57)	(19)	(76)
Reclassifications			(9)	9	-
Currency translation	(1,733)	(1,571)	(15)	(12)	(3,331)
Balance at 31 March 2021	101,256	58,332	323	1,371	161,282
Acquisitions through business combinations	6,096	1,228	-	256	7,580
Additions	45	-	4	13	62
Disposals	-	-	-	(73)	(73)
Currency translation	(428)	(336)	(2)	(7)	(773)
Balance at 31 March 2022	106,969	59,224	325	1,560	168,078
Amortisation and impairment					
Balance at 1 April 2021	7,340	26,050	140	327	33,857
Amortisation for the year	-	2,570	142	195	2,907
Reclassification	-	-	(12)	12	-
Disposals	-	-	(50)	(19)	(69)
Currency Translation	(282)	(1,008)	(13)	(6)	(1,309)
Balance at 31 March 2021	7,058	27,612	207	509	35,386
Amortisation for the year	-	2,587	60	288	2,935
Disposals	-	-	-	(73)	(73)
Reclassifications	-	54	-	-	54
Currency translation	(109)	(247)	(8)	21	(343)
Impairment	5.827	2,191	-	-	8,018
Balance at 31 March 2022	12,776	32,197	259	745	45,977
Net book value					
At 31 March 2022	**94,193**	**27,027**	**66**	**815**	**122,101**
At 31 March 2021	94,198	30,720	116	862	125,896

Amortisation charge

The amortisation charge is recognised in administrative expenses.

Notes *(continued)*

10 Intangible assets *(continued)*

Acquired intangible assets

Additions to goodwill in the year comprise goodwill arising on the acquisition of a Danish fertility clinic Dansk Fertilitetsklinik ApS as set out in note 3.

Brand name and trademarks comprises the TFP brand. Its remaining useful life at 31 March 2022 is 12 years.

The category Other mainly consists of an identifiable asset related to customer referrals and the acquisition of a gynaecological medical practice in Wiesbaden. This customer referral asset has a carrying amount of £529,000 as at 31 March 2022. The remaining useful life is 5 years. The medical practice was purchased for €300,000. The license, which enables billing with the statutory health insurance funds medical practice was purchased has a carrying amount of £335,000 as at 31 March 2022.

Impairment testing

Under IAS 36, impairment losses are recognised where the expected recoverable amount of an asset has declined below its carrying amount. The recoverable amount is the higher amount expected from either the continued use or the disposal of the asset in question.

For the purposes of impairment testing, goodwill and brand names are allocated to the clinics, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. Generally, each operating clinic is considered to be a cash generating unit, with the exception of some clinics that work together, such that the carrying or recoverable amount of their assets cannot be determined individually. The value in use was determined by discounting the future cash flows generated from the continuing use of subsidiaries and based on the following key assumptions:

- Cash flows were projected on actual operating results and a five-year business plan. Future cash flows beyond this date were extrapolated using the perpetuity method.
- The following assumptions were made for WACC and terminal growth rate depending on the country:

Country	*After-tax WACC* %	*Pre-tax WACC* %	*Terminal growth rate* %
United Kingdom	7.1	7.2	2
Poland	7.1	7.2	2
Denmark	7.1	7.2	2
Netherlands	7.7	7.2	2
Germany	7.0	7.2	2
Austria	7.1	7.2	2

The growth rate of 2 used to extrapolate cash flow projections beyond the period covered by the most recent budgets or forecasts reflects the expectations of the long-term average growth rate for the products, industries in European Union and in UK.

The following table shows the carrying amount of goodwill and acquired intangible assets net of associated deferred tax liabilities allocated to each of the CGUs:

Notes *(continued)*

10 Intangible assets *(continued)*

	2022 Goodwill £000	2022 Acquired intangible assets net of deferred tax £000	2022 Total £000	2021 Goodwill £000	2021 Acquired intangible assets net of deferred tax £000	2021 Total £000
Cost						
IVF Hammersmith	-	-	-	-	-	-
Oxford & Worcester	14,184	3,169	17,353	14,184	3,773	17,957
GCRM	10,474	2,023	12,497	10,474	2,378	12,852
Nurture & Burton	8,291	1,648	9,939	8,291	1,938	10,229
Simply	6,448	1,274	7,722	6,448	1,498	7,946
Wessex	8,367	1,648	10,015	8,367	1,938	10,305
Thames Valley	4,238	824	5,062	4,238	969	5,207
Belfast	5,891	1,124	7,015	5,891	1,321	7,212
Ultrasound	2,292	375	2,667	2,247	440	2,687
Denmark	2,433	596	3,029	2,455	655	3,110
Leiderdorp	-	1,143	1,143	-	1,255	1,255
Wiesbaden & Frankfurt	4,097	906	5,003	4,133	996	5,129
Berlin	-	-	-	-	53	53
Duesseldorf	9,034	1,942	10,976	9,114	2,133	11,247
VN Sperm Bank	845	194	1,039	853	213	1,066
Wels	-	200	200	5,832	1,961	7,793
Klagenfurt	6,094	1,428	7,522	6,148	1,569	7,717
Vienna	250	71	321	252	78	330
CMM	4,115	832	4,947	4,161	915	5,076
Vitrolive	1,099	227	1,326	1,110	250	1,360
Danfert	6,041	850	6,891	-	-	-
	94,193	20,474	114,667	94,198	24,333	118,531

The calculation of value in use for all clinics is most sensitive to changes in the following assumptions:

- Discount rates
- EBITDA-Margin beyond the forecast period

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The required equity capital costs are calculated using the CAPM (Capital Asset Pricing Model) from the return on a quasi-risk-free alternative investment, which is increased by a risk premium (market risk premium and beta factor). Borrowing costs were calculated on the basis of the peer group's financing situations, borrowing terms and conditions. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

EBITDA margin represents a profitability ratio that measures how much in earnings a company is generating before interest, taxes, depreciation, and amortisation, as a percentage of revenue.

The Group has carried out sensitivity analyses on the effect on the impairment test of reasonably possible changes in key assumptions. The Group assessed the effect on headroom of increasing the estimated WACC underlying the discount rates by 1%, and of reducing the estimate of long-term EBITDA margin by 2%. The table below sets out the CGUs for which impairment charges would be indicated for these sensitivities, with the base case headroom included for reference:

	Ber £000	LDP £000	*Total* £000
Base case headroom	-	681	681
Indicated impairment charge:			
1% increase in post-tax WACC	421	52	473
2% reduction in terminal EBITDA margin	459	130	589

Notes *(continued)*

11 Investments in subsidiaries

The Group and Company have the following investments in subsidiaries:

Company	Country of registration or incorporation	Principal activity	Class of shares held	Audit exemption?
Ciconia Aarhus Fertilitetsklinik A/S	Denmark	Fertility clinic	Ordinary	
Stork IVF Klinik A/S	Denmark	Fertility clinic	Ordinary	
TFP Fertility Denmark ApS	Denmark	Fertility clinic	Ordinary	
TFP Fertility Europe GmbH	Germany	Holding company	Ordinary	
MVZ TFP Rhein-Main GmbH	Germany	Fertility clinic	Ordinary	
TFP Kyrobank Berlin GmbH	Germany	Fertility clinic	Ordinary	
MVZ TFP Düsseldorf GmbH	Germany	Fertility clinic	Ordinary	
MVZ TFP Berlin GmbH	Germany	Fertility clinic	Ordinary	
MVZ VivaNeo Wiesbaden	Germany	Dormant	Ordinary	
Nierenzentrum Eichstätt MVZ GmbH	Germany	Clinic	Ordinary	
VivaNeo AcquiCo 1 GmbH Stuttg	Germany	Dormant	Ordinary	
VivaNeo AcquiCo 2 GmbH	Germany	Dormant	Ordinary	
TFP Fertility Germany GmbH	Germany	Fertility clinic	Ordinary	
TFP Sperm Bank Germany GmbH	Germany	Sperm bank	Ordinary	
FertiDrugs B.V.	Netherlands	Pharmacy	Ordinary	Yes
Global Fertility Netherlands B.V.	Netherlands	Holding company	Ordinary	Yes
Kinderwens Medisch Centrum B.V.	Netherlands	Fertility clinic	Ordinary	
Medisch Centrum Kinderwens Holding B.V.	Netherlands	Holding company	Ordinary	Yes
Medisch Centrum Kinderwens Leiderdorp B.V.	Netherlands	Fertility clinic	Ordinary	Yes
Repin B.V.	Netherlands	Holding company	Ordinary	Yes
Stichting Medisch Centrum Kinderwens	Netherlands	Fertility clinic	Ordinary	Yes
TFP Kinderwunsch Wien GmbH (formerly Adebar Institut GmbH)	Austria	Fertility clinic	Ordinary	
TFP Kinderwunsch GmbH (formerly Dr. Loimer GmbH)	Austria	Fertility clinic	Ordinary	
TFP Kinderwunsch Klagenfurt GmbH (formerly Sterignost Kinderwunsch Behandlungs GmbH)	Austria	Fertility clinic	Ordinary	
TFP Fertility Austria GmbH (Former VivaNeo AT GmbH)	Austria	Fertility clinic	Ordinary	

Notes *(continued)*

Investments in subsidiaries *(continued)*

Company	Country of registration or incorporation	Principal activity	Class of shares held	Audit exemption?
Vitrolive sp. zo.o (Ltd)	Poland	Fertility Clinic	Ordinary	
Centrum Medyczne Macierzynstwo sp zo.o (Ltd)	Poland	Management company	Ordinary	
Centrum Medyczne Macierzynstwo sp zo.o sp.k	Poland	Fertility clinic	Partnership	
Repin Polska sp zo.o (Ltd)	Poland	Holding company	Ordinary	
Nieruchomosci - Centrum Medyczne Macierzynstwo sp zo.o sp.k	Poland	Property holding company	Partnership	
TFP Zielona Gora Sp. Z.o.o.(Ltd)	Poland	Fertility Clinic	Ordinary	
TFP Fertility Group Limited (formerly Delivery II Limited)	England and Wales	Holding company	Ordinary	Yes
IFS Oxford Limited	England and Wales	Dormant	Ordinary	
IVF Hammersmith Limited	England and Wales	Fertility clinic	Ordinary	Yes
Oxford Fertility Limited	England and Wales	Fertility clinic	Ordinary	Yes
The Fertility Partnership Ltd	England and Wales	Management company	Ordinary	Yes
The Berkshire Clinic Limited	England and Wales	Dormant entity	Ordinary	
Simply Fertility Ltd	England and Wales	Fertility clinic	Ordinary	Yes
Ultrasound Direct Limited	England and Wales	Ultrasound scanning	Ordinary	Yes
Sonoview Limited	England and Wales	Ultrasound scanning	Ordinary	
Wessex Fertility Limited	England and Wales	Fertility clinic	Ordinary	Yes
Wessex Fertility Holdings Limited	England and Wales	Holding company	Ordinary	Yes
Burton IVF Ltd	England and Wales	Fertility clinic	Ordinary	Yes
Nurture LLP	England and Wales	Fertility clinic	Partnership	Yes
Thames Valley Fertility Limited	England and Wales	Fertility clinic	Ordinary	Yes
Worcestershire Fertility Limited	England and Wales	Fertility clinic	Ordinary	Yes
GCRM Limited	Scotland	Fertility clinic	Ordinary	Yes
GCRM-Repin Ltd	Scotland	Holding company	Ordinary	Yes
GCRM Belfast Limited	Scotland	Fertility clinic	Ordinary	Yes
TFP Danfert Fertility ApS	Denmark	Fertility clinic	Ordinary	
Delivery Fertility DK I ApS	Denmark	Fertility clinic	Ordinary	
Delivery Fertility DK II Aps	Denmark	Fertility clinic	Ordinary	

The subsidiary undertakings indicated above are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

All of these subsidiaries are held indirectly except TFP Fertility Group Limited.

Notes *(continued)*

11 Investments in subsidiaries *(continued)*

Non-Controlling Interests

The following table sets out the following information relating to each of the Group's subsidiaries with non-controlling interests: the percentage of shares or partnership interests held by non-controlling interests, their share of net assets and their share in retained profits for the period:

			Share of net assets		Share of retained profit	
	2022	2021	**2022**	2021	**2022**	2021
	%	%	**£000**	£000	**£000**	£000
GCRM Belfast Ltd	22.5	22.5	**342**	172	**170**	46
Wessex Fertility Ltd	15.9	15.9	**530**	258	**273**	148
Nurture LLP	20.0	20.0	**756**	473	**284**	272
Burton IVF Ltd	20.0	20.0	**23**	-	**20**	(39)
Thames Valley Fertility Ltd	20.0	20.0	**475**	253	**222**	(4)
Vitrolive	15.0	15.0	**57**	76	**(19)**	429
CMM Medical	15.0	15.0	**95**	60	**36**	(646)
Ultrasound Direct Ltd	12.5	12.5	**(160)**	(129)	**(31)**	(115)
Simply Fertility Ltd	6.3	10.0	**132**	109	**64**	54
Sonoview Ltd	47.5	47.5	**2**	31	**(29)**	26
TFP Zielona Gora Sp. Z.o.o.(Ltd)	12.5	-	**30**	-	**-**	
TFP Danfert Fertility ApS	29.0	-	**1,150**	-	**69**	-
Worcestershire Fertility Limited	49.0	49.0	**11**	-	**11**	-
GCRM Ltd	7.8	7.8	**419**	203	**215**	106
Total			**3,862**	1,506	**1,285**	277

Set out below is summarised financial information for Delivery Fertility DK I ApS and its subsidiaries that has non-controlling interests that are material to the group. The amounts are before inter-company eliminations.

	2022
	£000
Summarised balance sheet	
Current assets	1,216
Current liabilities	(4,596)
Current net assets	(3,380)
Non-current assets	7,705
Non-current liabilities	(358)
Non-current net assets	7,347
Net assets	3,967

Notes *(continued)*

11 Investments in subsidiaries *(continued)*

Non-Controlling Interests *(continued)*

	2022 £000
Summarised statement of comprehensive income	
Revenue	1,924
Profit for the period	237
Other comprehensive income	(89)
Total comprehensive income	148
Profit allocated to NCI	68

	2022 £000
Cash flows	
Cash flows from operating activities	489
Cash flows from investing activities	(108)
Cash flow from financing activities	(25)
Net increase/ (decrease) in cash and cash equivalents	356

12 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Property, plant and equipment	Intangible assets	Other temporary differences	Tax value of loss carry-forwards	Total
	£000	£000	£000	£000	£000
At 1 April 2020	(2,060)	(6,909)	2,092	301	(6,576)
Recognised in income statement	(760)	2,037	792	35	2,104
Acquired in business combination	(15)	-	-	-	(15)
Foreign exchange	77	98	(73)	(10)	92
At 31 March 2021	(2,758)	(4,774)	2,811	326	(4,395)
Recognised in income statement	2,610	(2,541)	(1,777)	2,473	765
Acquired in business combination	62	(100)	-	-	(38)
Foreign exchange	(23)	(47)	28	3	(39)
At 31 March 2022	(109)	(7,462)	1,062	2,802	(3,707)

Notes *(continued)*

12 Deferred tax assets and liabilities *(continued)*

Movement in deferred tax during the year

Deferred tax assets and liabilities are off set where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after off set) for financial reporting purposes:

	2022	2021
	£000	£000
Deferred tax assets	**-**	3,929
Deferred tax liabilities	**(3,707)**	(8,324)
	(3,707)	(4,395)

The Group has unrecognised deferred tax assets amounting to £8,157,000 (2021: £4,295,000) of which £6,396,000 (2021: £3,892,000) relates to unrelieved tax losses carried forward in Germany, which are not expected to be relieved against future trading profits in the next five years. In addition, £1,667,000 (2021: £403,000) relates to the restriction on corporate interest deductions in the UK.

Notes *(continued)*

13 Inventories

	2022 £000	2021 £000
Clinic supplies	2,098	1,797
Work in progress	82	104
	2,180	1,901

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £7,581,000 (2021: £8,710,000). The write-down of inventories to net realisable value amounted to £nil (2021: £nil).

14 Trade and other receivables

	2022 £000	2021 £000
Trade receivables	7,777	7,958
Other receivables	3,308	3,142
Prepayments	1,634	1,688
Current	12,719	12,788

Information about the Group's exposure to credit and currency risks, and impairment losses for trade and other receivables, is included in note 20.

15 Cash and cash equivalents

	2022 £000	2021 £000
Bank balances	8,040	7,841
Petty cash	43	70
Cash and cash equivalents per cash flow statement	8,083	7,911

Notes *(continued)*

16 Financial liabilities

	2022 £000	2021 £000
Non-current		
Bank facility loan – Facility A	**51,234**	57,396
Bank facility loan – Accordion	**34,723**	36,972
NatWest revolving credit facility – GBP	**1,254**	4,754
NatWest revolving credit facility – EUR	**2,531**	2,600
Liquidity facility	**22,147**	11,565
Shareholder loan	**-**	-
Mortgage	**310**	410
Interest-bearing loans and borrowings	**112,199**	113,697
Current		
Mortgage	**95**	98
Interest-bearing loans and borrowings	**95**	98
Derivative – interest rate swap	**-**	292
Hire purchase obligations	**73**	222
Other financial liabilities	**73**	514

The interest rate swap had an initial period of three years. The Group pays a fixed rate of 0.75% quarterly against 3 month LIBOR floored at 0% received quarterly until 22 September 2022 on a principal amount of £27.9 million. The Group has not applied hedge accounting. Fair value changes are recorded through profit and loss.

Notes *(continued)*

16 Financial liabilities *(continued)*

Terms and debt repayment schedule

	Currency	Nominal interest rate%	Years to Maturity	Principal 2022 £000	Carrying amount 2022 £000	Principal 2021 £000	Carrying amount 2021 £000
Bank facility loan – Facility A	GBP	9.23	4	**52,318**	**51,234**	59,005	57,396
Bank facility loan – Accordion	EUR	7.00	4	**35,263**	**34,723**	37,512	36,972
NatWest revolving credit facility – GBP	GBP	4.97	3	**1,254**	**1,254**	4,754	4,754
NatWest revolving credit facility – EUR	EUR	2.84	3	**2,531**	**2,531**	2,600	2,600
Shareholders Loan	SEK	10.10	4	**22,525**	**22,147**	11,943	11,565
Mortgage	PLN	7.27	4	**310**	**310**	410	410
				114,201	**112,199**	116,224	113,697

The agreements for the bank facility loans and the revolving credit facility ("RCF") were entered into on 22 March 2019. The RCF maximum credit lines are £4.9 million and EUR 3.6 million. EUR 0.5 million of the EURO line is set aside for guarantees to third parties. The mortgage represents a mortgage balance held in Centrum Medyczne Macierzynstwo sp z o.o.

The facilities are stated net of £2.001 million of loan issue costs (2021: £2.527 million), which are being amortised over the term of the facilities.

The bank facilities are all secured by floating charges, with the revolving credit facilities senior to the other loans.

Notes *(continued)*

16 Financial liabilities *(continued)*

Changes in liabilities from financing activities

	Loans and borrowings	Other financial liabilities	Lease liabilities	Other payables	
	£000	£000	£000	£000	£000
Balance at 31 March 2021	113,795	514	24,446	-	138,755
Changes from financing cash flows					
Proceeds from loans and borrowings	8,715	-	-	-	8,715
Repayment of borrowings	(16,435)	(149)	-	-	(16,584)
Payment of lease liabilities	-	-	(3,127)	-	(3,127)
Total changes from financing cash flows	(7,720)	(149)	(3,127)	-	(10,996)
Changes arising from obtaining or losing control of subsidiaries or other businesses	3,483	-	(123)	-	3,606
The effect of changes in foreign exchange rates	(2)	-	(298)	-	(300)
Changes in fair value	-	(292)	-	-	(292)
Other changes					
New leases	-	-	469	-	469
Lease modifications	-	-	3,769	-	3,769
Capitalised borrowing costs	2,168	-	-	-	2,168
Interest expense	7,124	141	1,608	-	8,873
Interest paid	(6,554)	(141)	(1,608)	-	(8,303)
Total other changes	2,738	-	4,238	-	6,976
Balance at 31 March 2022	112,294	73	25,382	-	137,749

16 Financial liabilities *(continued)*

Changes in liabilities from financing activities

	Loans and borrowings	Other financial liabilities	Lease liabilities	Other payables	
	£000	£000	£000	£000	£000
Balance at 31 March 2020	103,017	322	20,100	477	123,916
Changes from financing cash flows					
Proceeds from loans and borrowings	11,000	-	-	-	11,000
Repayment of borrowings	(3,097)	-	-	-	(3,097)
Payment of lease liabilities	-	(188)	(4,181)	-	(4,369)
Reclassification	-	359	118	(477)	-
Total changes from financing cash flows	7,903	171	(4,063)	(477)	3,534
Changes arising from obtaining or losing control of subsidiaries or other businesses	45	-	203	-	248
The effect of changes in foreign exchange rates	(2,137)	(21)	(377)	-	(2,535)
Changes in fair value	-	(30)	-	-	(30)
Other changes					
New leases	-	72	7,332	-	7,404
Lease modifications	-	-	(300)	-	(300)
Capitalised borrowing costs	389	-	-	-	389
Interest expense	8,219	179	1,551	-	9,949
Interest paid	(3.641)	(179)	-	-	(3,820)
Total other changes	4,967	72	8,583	-	13,622
Balance at 31 March 2021	113,795	514	24,446	-	138,755

Notes *(continued)*

17 Trade and other payables

	2022	2021
	£000	£000
Trade payables	**5,541**	5,838
Other payables	**8,596**	7,887
	14,137	13,725
Current	**14,137**	13,725
Non-current	**-**	-
	14,137	13,725

Other payables include VAT and social security of £0.5 million (2021: £0.2 million) and in 2021 an arrangement fee charged by Impilo (the sole shareholder of TFP Fertility Holding Limited) under the terms of the Investment Agreement dated 22 March 2019. Information about the Group's exposure to currency and liquidity risk is included in note 20.

18 Provisions

	Claims and *litigation*	**Employee-*related***	***Other***	***Total***
	£000	**£000**	**£000**	**£000**
Balance at 1 April 2021	355	284	921	1,560
Provisions made during the year	40	-	285	325
Provisions used during the year	(54)	(284)	-	(338)
Currency translation	(2)	-	(8)	(10)
Balance at 31 March 2022	**339**	**-**	**1,198**	**1,537**

The provisions are expected to be utilised within the next 12 months. Employee related provisions are for discretionary bonuses. Other provisions primarily relate to irrecoverable input VAT relating to an intra-group management fee.

Notes *(continued)*

19 Capital and reserves

Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
18,718,684 (2021: 14,605,860) A Ordinary shares of £0.01 each	**188**	146
130,000 B Ordinary shares of £0.01 each	**1**	1
2,511,527 (2021: 2,281,838) C ordinary shares of £0.01 each	**25**	23
84,920,846 (2021: 67,550,791) preference shares of £0.01each	**849**	676
	1,063	846

Share premium account

	2022 £000	2021 £000
Allotted, called up and fully paid		
18,718,684 (2021: 14,605,860) A Ordinary shares of £0.01 each	**14,460**	14,460
130,000 B Ordinary shares of £0.01 each	**129**	129
2,511,527 (2021: 2,281,838) C ordinary shares of £0.01 each	**2,258**	2,259
84,920,846 (2021: 67,550,791) preference shares of £0.01each	**78,739**	66,899
	95,586	83,747

The holders of A, B and C 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 three classes have the same rights.

Preference shareholders have no voting rights and the issuer is not obliged to make any payments to holders before liquidation. Should ordinary dividends be declared and paid, which is at the discretion of the company, each preference share entitles the holder to a proportion of the dividends such that the accumulated dividend entitlement at any time is effectively a cumulative 12% return on the paid up amount. Each preference share entitles the holder to a proportion of the capital on any distribution and on a winding up. In a realisation event any liability for preference shares is deemed to be settled by proceeds from the purchasers and not from the company. Accordingly, these instruments have been classified as equity.

The Company may issue any number of shares with rights or restrictions determined by ordinary resolution.

During the year ended 31 March 2022 the Company issued 4,338,307 A Ordinary shares, 229,686 C Ordinary shares and 17,370,052 preference shares for cash consideration of £12,057,112. On 5 May 2021 the Company issued 225,486 C Ordinary and swaped for the same number 225,486 A Ordinary Share held by certain shareholders. The proceeds were used for normal operating cash flow and invested in the acquisition of subsidiary undertakings.

Translation reserve

The translation reserve comprises all foreign exchange differences arising since incorporation from the translation of the financial statements of foreign operations. The Group has not applied net investment hedging.

Notes *(continued)*

20 Financial instruments

Financial instruments by category

The Group holds the following financial instruments:

	2022 £000	2021 £000
Financial assets at amortised cost		
Trade receivables	7,777	7,958
Other financial assets at amortised cost	42	-
Cash and cash equivalent	8,083	7,911
	15,902	15,869

20 (a) Fair values of financial instruments

The following note includes considerations with regard to fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Management assessed that the fair value of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Because the original loan amount and conditions were agreed by third parties at the time of origination, the carrying value was aligned with the fair value. The loans payable to credit institutions bear interest at a floating rate plus a spread which is considered equivalent to market rates at the balance sheet date. Based on the above considerations, the conditions and surrounding circumstances in relation to the loan have not materially changed since origination, and accordingly the book value still represents the fair value.

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables and borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of customers and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 March 2022 and 2021, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- The fair value of loans from banks and other payables as well as obligations under finance leases is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. As at 31 March 2022 and 2021, the carrying amounts of such liabilities were not materially different from their calculated fair values.
- Other financial liabilities at fair value through profit or loss include derivatives which are not designated as effective hedging instruments. The Group uses the derivative financial instruments (interest rate swaps) to hedge its interest rate risks. The derivative is carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. Interest rate swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves.

20. Financial instruments (continued)

20 (b) Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

20 (c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade receivables consist of a number of customers, which principally include public sector contracts. The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The carrying amount recorded for financial assets in the financial statements is net of impairment losses and represents the Group's maximum exposure to credit risk. No guarantees have been given in respect to third parties. The balance of trade and other receivables is mainly owed by public insurance counter parties which limits the risk of default from private patients.

The carrying amount of receivable, their ageing and the level of impairment allowance recognised can be set out as follows:

	2022 £000 Gross	2022 £000 Impairment allowance	2022 £000 Net	2021 £000 Gross	2021 £000 Impairment allowance	2021 £000 Net
Not overdue	3.360	-	3,360	3,771	-	3,771
Overdue between 1 and 30 days	1.817	(14)	1,803	2,334	-	2,334
Overdue between 31 and 60 days	460	(3)	457	461	(2)	459
Overdue between 61 and 90 days	93	-	93	207	(5)	202
Overdue between 91 and 120 days	335	-	335	107	(7)	100
Overdue more than 120 days	2.591	(862)	1,729	2,141	(1,049)	1,092
	8,656	(879)	7,777	9,021	(1,063)	7,958

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2022 £000	2021 £000
Balance at start of year	1,063	1,708
Impairment loss recognised	399	413
Impairment loss utilised	(374)	(1,024)
Currency translation	(209)	(34)
Balance at end of year	879	1,063

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment patterns.

Notes *(continued)*

20 Financial instruments *(continued)*

20 (d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages its capital to ensure entities within the Group are able to continue as going concerns while maximising the return to stakeholders through optimising the balance between Group debt and equity. The Group is subject to certain financial covenants imposed by the financing bank. The Group regularly reviews the cost of capital and the risks associated with each class of capital. The Group's debt ratio at the balance sheet date was 86%. The Group manages its liquidity risk by maintaining adequate facilities for reasonably foreseeable trading conditions, while taking full benefit of credit offered by suppliers.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated contractual interest payments:

	2022				2021			
	1 year or less £000	**1 to 5 years £000**	**Over 5 years £000**	**Total £000**	1 year or less £000	1 to 5 years £000	Over 5 years £000	Total £000
Non-derivative financial liabilities								
Interest bearing loans and borrowings	**7,944**	**145,755**	**-**	**153,699**	8,332	136,964	12,460	157,756
Lease liabilities	**4,926**	**14,226**	**15,094**	**34,246**	4,210	14,262	15,735	34,207
Trade and other payables	**14,137**	**-**	**-**	**14,137**	13,819	-	-	13,819
Derivative financial liabilities								
Interest rate swaps used for hedging	**93**	**-**	**-**	**93**	240	115	-	355
	27,100	**159,981**	**15,094**	**202,175**	26,601	151,341	28,195	206,137

Notes *(continued)*

20 Financial instruments *(continued)*

20 (e) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Market risk - Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily GBP, Euro (EUR), Danish Crowns (DKK) and Polish Zloty (PLN). The currencies in which these transactions are primarily denominated are GBP, EUR, DKK, and PLN.

Market risk – Interest rate risk

Profile

The Group adopts a policy of ensuring that the majority of its interest rate risk exposure is at floating rate.

Exposure to interest rate risk

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments net of derivatives was:

	2022 £000	2021 £000
Financial liabilities		
Variable rate	77,571	85,895
Fixed rate	34,722	27,900
	112,293	113,795

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate liabilities after derivative contracts at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at balance sheet date was outstanding for the whole year.

If interest rates increased by 2%, while all other variables were held constant, the Group's profit for the year would reduce by £1.239 million (2021: £2.316 million). If interest rates reduced to the floor of 0%, the Group's profit for the year would increase by £0.2 million (2021: £0.03 million). These assumptions represent management's assessment of the reasonably possible change in interest rates.

Notes *(continued)*

20 Financial instruments *(continued)*

20 (f) Capital management

The Group is funded via a combination of third-party debt and support from its parent entity. The Group has committed to maintain a minimum liquidity level and net leverage ratio pursuant to a bank covenant clause pursuant to the shareholder loan agreement. A consent has been obtained in August 2022 to waive the convenants for a temporary period until 31 Mar 2023. The Group ensures that it has sufficient capital to meet both its current and future requirements by monitoring business performance and liquidity via a combination of monthly business and treasury reporting processes as well as at least monthly treasury planning and annual business planning processes. The Group reports its net debt and liquidity to lenders and major shareholder on at least a monthly basis. The Group's net debt as at 31 March 2022 was as follows:

	2022	2021
	£000	£000
Loans and borrowings	**112,294**	113,795
Cash and cash equivalents	**(8,083)**	(7,911)
	104,211	105,884

Notes *(continued)*

21 Leases as a lessee

Amounts recognised in the statement of financial position

The carrying amount of right-of-use assets at 31 March 2022 of £21,926,000 (2021: £23,120,000) is included in *property, plant and equipment (see note 9).*

The movements in lease liabilities during the year are shown in note 16. The balance at 31 March 2022 can be analysed by maturity as follows:

	2022 £000	**2021 £000**
Current	4,779	3,841
Non-current	20,604	20,605
	25,382	24,446

The undiscounted cash flows in future periods relating to lease liabilities to which the Group was contractually committed at 31 March 2022 are shown in note 20.

Amounts recognised in profit or loss

	2022 £000	2021 £000
Amortisation of right-of-use assets	4,218	4,023
Interest expense on lease liabilities	1,608	1,557
Expenses relating to leases of low-value assets for which a right of-use asset has not been recognised	282	297
Expense for the year	6,109	5,877

Amounts recognised in statement of cash flows

	2022 £000	2021 £000
Payment of lease liabilities and interest	4,735	4,369
Payment of hire-purchase obligations	149	-
Rental of low-value assets	282	297
Total cash outflows	5,176	4,666

Notes *(continued)*

22 Commitments and contingencies

Other than lease commitments for which no right of use asset under the low value exemption of IFRS 16 has been recognised, no additional significant commitments exist.

	2022	2021
	£000	£000
Within one year	253	241
More than one but less than five years	86	142
	339	383

Notes *(continued)*

23 Related parties

Identity of related parties with which the Group has transacted

On 30 August 2020 TFP Fertility Group Limited entered into a call option contract with Delivery Fertility AB ("the Seller"), an entity under common control. The option could be exercised at any date up to 31 August 2025 and was over the Seller's investment in 71.1% of the share capital of Delivery Fertility DK 1 ApS, the ultimate owner of a Danish fertility clinic. The exercise price was determined by a formula to estimate the fair value of the share capital. The option was exercised on 5 May 2021.

Note 17 provides information in relation to related party financing balances. The Shareholder Loan was granted by Impilo Delivery AB. No guarantees have been provided or received for any related party receivables or payables.

Key management personnel compensation

	2022	2021
	£000	£000
Wages and salaries	**1,544**	1,692
Social security contributions	**150**	175
Bonus	**226**	246
Pension contributions	**99**	49
Termination benefits	**-**	-
	2,020	2,162

Key management personnel are executive and non-executive directors having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly.

Compensation of the key management personnel includes salaries, bonus and termination benefits.

TFP Fertility Holding Limited Statutory Directors' compensation comprised the following:

	2022	2021
	£000	£000
Wages and salaries	**95**	152
Social security contributions	**13**	16
Bonus	**30**	-
	138	168

Total remuneration received by the highest paid director in the year ended 31 March 2022 amounted to £374,500 in salaries and social security contributions and £70,500 in bonus (2021: £333,800 and £179,800 respectively).

Notes *(continued)*

24 Subsequent events

On 19 August 2022 and 19 December 2022 the Company issued two convertible loan notes ("Loan Note") which are convertible into Preference Shares, A Ordinary Shares and/or C1 and/or C2 Ordinary shares to Impilo Delivery AB ("Impilo") of SEK 87.9 million (£7.0 million) and SEK48.2 million (£3.8 million). The Loan Note is interest bearing and unsecured, which is redeemable or repaid by December 2032. Subject to the receipt of required corporate approvals and certain conditions required under the Investment Agreement, all of the Notes issued shall be converted into the shares after receipt of a written notice from Impilo requesting the conversion of the Notes.

On 10 August 2022, the Group acquired the remaining 6.3% interest in Simply Fertility Limited from a minority shareholder. Simply Fertility Limited became a 100% owned subsidiary of the Group. Cash consideration was £671,000. No intangible assets were identified, any difference between purchase price and net asset value shared will be recorded in the movement of Owner's Equity.

The Group's exposure to risk relating to changes in interest rates is mainly due to the interest bearing loans and borrowings as part of the financial resources for the Group's business operations. The increase in interest rates globally since second quarter of 2022 will increase the borrowing costs of the Group and may adversely affect the profitability of the Group's operations.

25 Ultimate parent company and parent company of larger group

The ultimate parent entity of the Group is TFP Fertility Holding Limited (formerly Delivery I Limited). No other group financial statements include the results of the Company. The ultimate controlling party is Impilo Delivery AB holding an indirect interest of 85.80% in TFP Fertility Holding Limited.

Notes *(continued)*

Company Balance Sheet

At 31 March 2022

	Note	2022 £000	£000	2021 £000	£000
Fixed assets					
Investments	27		80,065		73,054
			80,065		73,054
Current assets					
Debtors	28	16,180		12,679	
Cash at bank and in hand		5		49	
		16,185		12,728	
Creditors: amounts falling due within one year	29	(505)		(1,772)	
Net current (liabilities)/assets			15,680		10,956
Total assets less current liabilities			95,745		84,010
Creditors: amounts falling due after more than one year			-		-
Net assets			95,745		84,010
Capital and reserves					
Called up share capital	31		1,063		846
Share premium account			95,587		83,747
Profit and loss account			(905)		(583)
Shareholders' funds			95,745		84,010

Parent company income statement for the year ended 31 March 2021

As permitted by section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The Company's loss for the year ended 31 March 2022 was £322,000 (loss for the year ended 31 March 2021: £296,000). The financial statements on pages 67 to 77 were approved by the board of directors on ____________ and were signed on its behalf by

DocuSigned by:
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Johannes Roehren
Director

DocuSigned by:
Geoffrey Trew
E33573CB706A4E7...
Geoffrey Trew
Director

Institute Of Reproductive Sciences Alec Issigonis Way, Oxford Business Park North, Oxford, OX4 2HW

Company registered number: 11875195

Company Statement of Changes in Equity

	Called up Share Capital	Share Premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 31 March 2020	845	83,623	(287)	84,181
Total comprehensive income for the period				
Profit or loss	-	-	(296)	(296)
Total comprehensive income for the period	-	-	(296)	(296)
Transactions with owners, recorded directly in equity				
Issue of shares	1	124	-	125
Total contributions by and distributions to owners	1	124	-	125
Balance at 31 March 2021	**846**	**83,747**	**(583)**	**84,010**
Total comprehensive income for the period				
Profit or loss	-	-	(322)	(322)
Total comprehensive income for the period	-	-	(322)	(322)
Transactions with owners, recorded directly in equity				
Issue of shares	217	11,840	-	12,057
Total contributions by and distributions to owners	217	11,840	-	12,057
Balance at 31 March 2022	**1,063**	**95,587**	**(905)**	**95,745**

Notes
(forming part of the financial statements)

26 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These 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"*). All amounts in the financial statements have been rounded to the nearest £1,000.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments;* and,
- Certain 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 below.

Measurement convention

The financial statements are prepared on the historical cost basis with the exception of derivative financial instruments which are stated at fair value through profit and loss.

Going concern

Going concern (continued)

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

Management have prepared cash flow forecasts out to the end of 31 March 2024, which demonstrate that, taking account of plausible downside scenarios, the Company will have sufficient funds through a combination of cash generated from trading, banking facilities and funding from its ultimate parent company, Impilo AB, to meet its liabilities as they fall due throughout that period.

The Group has prepared its "base case" monthly cashflow forecast at clinic level to 31 December 2023. Underpinning the cash flows are detailed clinic level profit and loss accounts as well as workings for loans and working capital. Prudent assumptions have been taken to transform accrual accounting into cash accounting. The forecast P&L is considering high inflation on top of the historic seasonal profile of the business and growth assumptions have been taken from the latest TFP Group planning exercise (December 2022). Funding levels will be strengthened to meet future covenant levels throughout the base case cash flow planning period. Lenders confirm that the loans are not due to be repaid in the period to 31 March 2023, which at 31 December2022 amounted to £125 million.

Even in case of a delayed rebound of activities following the postponement of treatments as a result of increased uncertainty due to the war in Ukraine or in a worst case scenario with additional inflation and delayed impact of turnaround actions, we do not foresee additional funding requirements beyond the forecasted and agreed support .

Notes *(continued)*

Going concern (continued)

At the date of approval of these financial statements, the Directors acknowledge that there can be no certainty that this support will continue beyond these scenarios but have no reason to believe that support will be withdrawn in the foreseeable future

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities for the foreseeable future and that all dues up to June 23 can be met and therefore prepared the financial statements on a going concern basis.

Foreign currency

Transactions in foreign currencies are translated to the Company's 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. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes *(continued)*

26 Accounting policies (continued)

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity 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.

Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less 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.

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.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Notes *(continued)*

26 Accounting policies *(continued)*

Basic financial instruments (continued)

Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in OCI. Any ineffective portion of the hedge is recognised immediately in profit or loss.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied – see above), the associated cumulative gain or loss is removed from the cash flow hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged items, the associated cumulative gain or loss is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Notes *(continued)*

26 Accounting policies *(continued)*

Impairment excluding deferred tax assets

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 Company's non-financial assets 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. 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 entity 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 recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed 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.

Notes *(continued)*

26 Accounting policies *(continued)*

Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

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 Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year 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 year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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, [associates, branch, 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.

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.

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.

Key judgements

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year are discussed below.

Fixed Asset Investment

The asset is held at carrying value, being the consideration given for the acquisition of shares in the investment. There has been no impairment of the investment in the current or prior year. Management is satisfied that the carrying value is an appropriate valuation

Notes *(continued)*

27 Fixed asset investments

	Shares in group undertakings £000
Cost and carrying amount	
At 1 April 2020 and 2021	73,054
Additions	7,011
At 31 March 2022	80,065

The investment represents a 100% shareholding in TFP Fertility Group Limited (formerly Delivery II Limited), comprising ordinary share capital of 80,065,263 (2021: 73,054,058) Ordinary shares of £0.01 each issued at £1 per share.

28 Debtors

	2022	2021
	£000	£000
Amounts owed by group undertakings	16,117	12,679
Other Receivable	63	-
	16,180	12,679

Amounts owed by group undertakings are interest free and repayable on demand.

29 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Accruals	102	959
Trade payables	-	126
Amounts owed to group undertakings	396	687
Tax and social security	7	-
	505	1,772

Amounts owed to group undertakings are interest free and repayable on demand.

Notes *(continued)*

30 Financial assets and liabilities

Financial assets comprise receivables from group undertakings of £16.117 million (2021: £12.679 million) and cash of £5,000 (2021: £49,000). Financial liabilities comprise payables to group undertakings of £396,000 (2021: £687,000).

Financial assets and liabilities are carried at amortised cost. The carrying amount of all financial instruments is a reasonable approximation to fair value

31 Capital and reserves

Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
18,718,684 (2021: 14,605,860) A Ordinary shares of £0.01 each	188	146
130,000 B Ordinary shares of £0.01 each	1	1
2,511,527 (2021: 2,281,838) C ordinary shares of £0.01 each	25	23
84,920,846 (2021: 67,550,791) preference shares of £0.01each	849	676
	1,063	846

Share premium account

	2022 £000	2021 £000
Allotted, called up and fully paid		
18,718,684 (2021: 14,605,860) A Ordinary shares of £0.01 each	14,460	14,460
130,000 B Ordinary shares of £0.01 each	129	129
2,511,527 (2021: 2,281,838) C ordinary shares of £0.01 each	2,259	2,259
84,920,846 (2021: 67,550,791) preference shares of £0.01each	78,739	66,899
	95,587	83,747

The holders of A, B and C 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 three classes have the same rights.

Preference shareholders have no voting rights and the issuer is not obliged to make any payments to holders before liquidation. Should ordinary dividends be declared and paid, which is at the discretion of the company, each preference share entitles the holder to a proportion of the dividends such that the accumulated dividend entitlement at any time is effectively a cumulative 12% return on the paid up amount. Each preference share entitles the holder to a proportion of the capital on any distribution and on a winding up. In a realisation event any liability for preference shares is deemed to be settled by proceeds from the purchasers and not from the company. Accordingly, these instruments have been classified as equity.

The Company may issue any number of shares with rights or restrictions determined by ordinary resolution.

During the year ended 31 March 2022 the Company issued 4,338,307 A Ordinary shares, 229,686 C Ordinary shares and 17,370,052 preference shares for cash consideration of £12,057,112. On 5 May 2021 the Company issued 225,486 C Ordinary and swaped for the same number 225,486 A Ordinary Share held by certain shareholders. The proceeds were used for normal operaring cash flow and invested in the acquisition of subsidiary undertakings.

Translation reserve

The translation reserve comprises all foreign exchange differences arising since incorporation from the translation of the financial statements of foreign operations. The Group has not applied net investment hedging.

Notes *(continued)*

32 Related party disclosures

The following balances were outstanding with related parties:

	Receivables outstanding 2022 £000	2021 £000	Creditors outstanding 2022 £000	2021 £000
TFP Fertility Group	**16,045**	12,552	**395**	615
Shareholder	-	-	-	-
Burton Fertility	-	31	-	-
Oxford Fertility	-	26	-	-
Repin BV	-	-	-	71
Simply Fertility	-	70	-	-
The Fertility Partnership	-	-	-	1
	16,045	12,679	**395**	687

33 Subsequent events

On 19 August 2022 and 19 December 2022 the Company issued two convertible loan notes ("Loan Note") which are convertible into Preference Shares, A Ordinary Shares and/or C1 and/or C2 Ordinary shares to Impilo Delivery AB ("Impilo") of SEK 87.9 million (£7.0 million) and SEK48.2 million (£3.8 million). The Loan Note is interest bearing and unsecured, which is redeemable or repaid by December 2032. Subject to the receipt of required corporate approvals and certain conditions required under the Investment Agreement, all of the Notes issued shall be converted into the shares after receipt of a written notice from Impilo requesting the conversion of the Notes.

The Group's exposure to risk relating to changes in interest rates is mainly due to the interest bearing loans and borrowings as part of the financial resources for the Group's business operations. The increase in interest rates globally since second quarter of 2022 will increase the borrowing costs of the Group and may adversely affect the profitability of the Group's operations.