

TFP Stork Fertility A/S

Store Kongensgade 38, 1. th.
1264 København K
Denmark

CVR no. 33 03 49 11

Annual report 2020/21

The annual report was presented and approved at the
Company's annual general meeting on

10 September 2021

Jacob Lyster
Chairman

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TFP Stork Fertility A/S
Annual report 2020/21
CVR no. 33 03 49 11

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of TFP Stork Fertility A/S for the financial year 1 April 2020 – 31 March 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 – 31 March 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 10 September 2021
Executive Board:

Kathrine Birch Petersen
CEO

Jacob Lyster Dethlefsen

Board of Directors:

Judith Fleming
Chairman

Geoffrey Howard Trew

Johannes Röhren

Independent auditor's report

To the shareholder of TFP Stork Fertility A/S

Opinion

We have audited the financial statements of TFP Stork Fertility A/S for the financial year 1 April 2020 – 31 March 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 – 31 March 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines 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, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 10 September 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Christian Engelbrecht Friis
State Authorised
Public Accountant
mne44180

TFP Stork Fertility A/S
Annual report 2020/21
CVR no. 33 03 49 11

Management's review

Company details

TFP Stork Fertility A/S
Store Kongensgade 38, 1. th.
1264 København K
Denmark

CVR no.:	33 03 49 11
Established:	14 June 2010
Registered office:	Copenhagen
Financial year:	1 April – 31 March

Board of Directors

Judith Fleming, Chairman
Geoffrey Howard Trew
Johannes Röhren

Executive Board

Kathrine Birch Petersen, CEO
Jacob Lyster Dethlefsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The Company's principal activity is to operate the IVF clinic.

Development in activities and financial position

The Company's income statement for 2020/21 shows a loss of DKK -7,729,470 as against DKK -3,133,738 in 2019/20. Equity in the Company's balance sheet at 31 March 2021 stood at DKK -4,837,562 as against DKK 2,891,908 at 31 March 2020.

The poor result means that the Company has lost its equity.

During the first quarter of the financial year, the company was heavily impacted by the outbreak of the COVID-pandemic and subsequent closure of society and generated a large deficit for the period. Due to the closure of society and borders, the company generated a backlog of treatments to be delivered at a later date. Despite being profit generating in subsequent periods, the company did not manage to catch up to the deficit of the first quarter but has a positive outlook for the coming year.

Capital resources

The Company's working capital is negative and indicates a need for liquidity support in the financial year 2021/2022.

TFP Stork Fertility A/S has received a letter of support from Delivery I Ltd. in which it is confirmed that the parent company will provide the necessary cash until the annual general meeting in 2022 when the annual report for the year ended 31.03.2022 will be approved.

Events after the balance sheet date

There has not been any events after the balance sheet date that could affect the financial position as per 31 March 2021.

Financial statements 1 April – 31 March

Income statement

DKK	Note	2020/2021	1/1 2019 - 31/3 2020
Gross profit	3	21,925,779	35,114,524
Staff costs	4	-25,775,727	-32,249,003
Depreciation, amortisation and impairment losses		<u>-5,083,273</u>	<u>-6,389,196</u>
Loss before financial income and expenses		-8,933,221	-3,523,675
Financial expenses	5	<u>-245,443</u>	<u>-251,894</u>
Loss before tax		-9,178,664	-3,775,569
Tax on loss for the year	6	<u>1,449,194</u>	<u>641,831</u>
Loss for the year		<u><u>-7,729,470</u></u>	<u><u>-3,133,738</u></u>
Proposed distribution of loss			
Retained earnings		<u>-7,729,470</u>	<u>-3,133,738</u>
		<u><u>-7,729,470</u></u>	<u><u>-3,133,738</u></u>

Financial statements 1 April – 31 March

Balance sheet

DKK	Note	31/3 2021	31/3 2020
ASSETS			
Fixed assets			
Intangible assets	7		
Goodwill		<u>8,442,162</u>	<u>12,194,234</u>
Property, plant and equipment	8		
Fixtures and fittings, tools and equipment		2,742,955	3,444,280
Leasehold improvements		<u>19,947</u>	<u>49,028</u>
		<u>2,762,902</u>	<u>3,493,308</u>
Investments			
Deposits	9	<u>1,182,942</u>	<u>1,070,045</u>
Total fixed assets		<u>12,388,006</u>	<u>16,757,587</u>
Current assets			
Inventories			
Raw materials and consumables		<u>882,302</u>	<u>936,898</u>
Receivables			
Trade receivables		996,733	1,353,655
Other receivables		2,016	2,566
Deferred tax asset		0	735,053
Corporation tax		2,184,247	443,340
Prepayments		<u>492,761</u>	<u>438,653</u>
		<u>3,675,757</u>	<u>2,973,267</u>
Cash at bank and in hand		<u>937,869</u>	<u>718,093</u>
Total current assets		<u>5,495,928</u>	<u>4,628,258</u>
TOTAL ASSETS		<u><u>17,883,934</u></u>	<u><u>21,385,845</u></u>

Financial statements 1 April – 31 March

Balance sheet

DKK	Note	31/3 2021	31/3 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	10	1,900,000	1,900,000
Retained earnings		<u>-6,737,562</u>	<u>991,908</u>
Total equity		<u>-4,837,562</u>	<u>2,891,908</u>
Liabilities			
Non-current liabilities			
Other payables		<u>2,128,751</u>	<u>956,886</u>
Current liabilities			
Prepayments received from customers		8,644,241	5,812,761
Trade payables		821,530	1,106,021
Payables to group entities		8,851,117	7,532,799
Other payables		<u>2,275,857</u>	<u>3,085,470</u>
		<u>20,592,745</u>	<u>17,537,051</u>
Total liabilities		<u>22,721,496</u>	<u>18,493,937</u>
TOTAL EQUITY AND LIABILITIES		<u><u>17,883,934</u></u>	<u><u>21,385,845</u></u>
Capital resources	2		
Contractual obligations, contingencies, etc.	9		
Related party disclosures	10		

Financial statements 1 April – 31 March

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 April 2020	1,900,000	991,908	2,891,908
Transferred over the distribution of loss	<u>0</u>	<u>-7,729,470</u>	<u>-7,729,470</u>
Equity at 31 March 2021	<u><u>1,900,000</u></u>	<u><u>-6,737,562</u></u>	<u><u>-4,837,562</u></u>

Financial statements 1 April – 31 March

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1 Accounting policies

The annual report of TFP Stork Fertility A/S for 2020/21 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Government grants

Government grants are recognised when it is fairly certain that the grant conditions will be complied with, and the grant will be received.

Grants compensating for costs incurred are recognised directly as operating income in the income statement as costs eligible for grants are incurred. If the conditions for receiving the grant are not complied until after related costs have been recognised, the grant is to be recognised in the income statement when the conditions have been complied with and it is fairly certain that the grant will be awarded.

Grants to acquire assets are recognised in the balance sheet as deferred income/prepayments and transferred to other operating income in the income statement line with depreciation/amortisation of the assets covered by the grant.

Financial statements 1 April – 31 March

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1 Accounting policies (continued)

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Revenue from the sale of services, is recognised on a straight-line basis in the income statement as the services are provided.

Expenses for raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generation the year's revenue.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including government grants received as a result of COVID-19.

Other external costs

Other external costs comprise costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and tangible assets.

Financial income and expenses

Financial expenses comprise losses on securities, payables and transactions denominated in foreign currencies, amortisation of liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Tax on profit for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is jointly taxed with Vivaneo DK ApS, Speciallægeselskabet Ciconia ApS and Impilo ApS. The current Danish corporation tax is allocated in proportion to their taxable income (full absorption with refunds for tax losses). This means that companies with tax losses receive refunds from the other jointly taxed companies.

Balance sheet

Intangible assets

Intangible assets are initially measured at cost.

Subsequently, goodwill acquired are measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life. The estimated useful lives are 8 years.

Gains and losses on the disposal of intangible assets are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Fixtures and fittings, tools and equipment, leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	5-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Financial statements 1 April – 31 March

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1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to non-deductible items where the temporary differences arise at the date of acquisition without affecting either profit or taxable income.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers comprises prepayments received regarding income in subsequent years.

Financial statements 1 April – 31 March

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2 Capital resources

The Company has lost more than 50% of the share capital and is therefore covered by the rules on capital losses in the Danish Companies Act (Selskabsloven). Management expects that the equity will be reestablished in the coming years by the Company's own earnings.

Moreover the liquidity ratio of the Company is <1.0. Management has identified a need for additional cash until it can generate an operating profit.

TFP Stork Fertility A/S has received a letter of support from Delivery I Ltd. in which it is confirmed that the parent company will provide the necessary cash until the annual general meeting in 2022 when the annual report for the year ended 31 March 2022 will be approved.

Management therefore submits the financial statements under the going concern assumption.

3 Special items

Gross profit includes special items comprising compensation under COVID-19 government grants of DKK 1,906 thousand (2019: DKK 0).

4 Staff costs

DKK	2020/2021	1/1 2019 - 31/3 2020
Wages and salaries	23,729,236	29,961,106
Pensions	1,814,604	1,977,264
Other social security costs	231,887	310,633
	<u>25,775,727</u>	<u>32,249,003</u>
Average number of full-time employees	<u>40</u>	<u>39</u>

5 Financial expenses

Interest expense to group entities	213,132	176,556
Other financial costs	32,311	75,338
	<u>245,443</u>	<u>251,894</u>

6 Tax on loss for the year

Current tax for the year	-2,184,247	-221,670
Deferred tax for the year	735,053	-420,161
Adjustment of deferred tax concerning previous years	0	0
	<u>-1,449,194</u>	<u>-641,831</u>

Financial statements 1 April – 31 March

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7 Intangible assets

DKK	<u>Goodwill</u>	<u>Total</u>
Cost at 1 April 2020	30,016,577	30,016,577
Cost at 31 March 2021	30,016,577	30,016,577
Revaluations at 1 April 2020	-17,822,343	-17,822,343
Amortisation for the year	-3,752,072	-3,752,072
Equity investments with negative net asset value transferred to provisions	-21,574,415	-21,574,415
	<u>8,442,162</u>	<u>8,442,162</u>

8 Property, plant and equipment

DKK	<u>Fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost at 1 April 2020	10,744,501	2,905,597	13,650,098
Additions for the year	600,794	0	600,794
Cost at 31 March 2021	11,345,295	2,905,597	14,250,892
Change in intercompany profit on inventories	-7,300,221	-2,856,569	-10,156,790
Depreciation for the year	-1,302,119	-29,081	-1,331,200
Depreciation and impairment losses at 31 March 2021	-8,602,340	-2,885,650	-11,487,990
Carrying amount at 31 March 2021	<u>2,742,955</u>	<u>19,947</u>	<u>2,762,902</u>

Financial statements 1 April – 31 March

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9 Contractual obligations, contingencies, etc.

The Company is jointly taxed with its Impilo ApS (management company) and is jointly and severally liable with the other jointly taxed entities for the payment of income taxes, taxes on dividends and interests.

The Company is co-guarantor of a syndicated loan of EUR 34.4 million to GF Gesundheit GmbH.

DKK	<u>31/3 2021</u>	<u>31/3 2020</u>
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	913,268	947,625
Between 1 and 5 years	817,067	1,724,418

Interminable rental agreements up to 7 years: DKK 1.707 thousand (2020 DKK 2,596 thousand)

10 Related party disclosures

Control

TFP Stork Fertility A/S is part of the consolidated financial statements of Delivery I Ltd., Institute Of Reproductive Sciences Alec Issigonis Way, Oxford Business Park North, Oxford, England, OX4 2HW, which is the smallest group in which the Company is included as a subsidiary.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

VivaNeo DK ApS
Store Kongensgade 38, 1. th.
DK-1264 Copenhagen