



IDH Finance plc
Quarterly Financial Report
3 months ended 31 December 2019

Contents

Summary highlights	4
Management’s discussion and analysis of financial condition and results of operations	5
Risk factors	11
Unaudited condensed interim consolidated financial statements:	12
Consolidated income statement	13
Consolidated balance sheet	15
Consolidated statement of changes in equity	16
Consolidated cash flow statement	18
Reconciliation of net cash flow to movement in net debt	20
Notes	21
Appendix A – Impact of adoption of IFRS 16	41

Presentation of financial data

This report summarises consolidated financial and operating data derived from the unaudited consolidated financial statements of Turnstone Midco 2 Limited, the parent company of IDH Finance plc. The summary financial information provided has been derived from our records for the three month accounting period to 31 December 2019 which are maintained in accordance with International Financial Reporting Standards as adopted by the European Union (‘IFRS’). The interim results are not necessarily indicative of the results to be expected for the full year.

We have presented certain non-IFRS information in this quarterly report. This information includes “EBITDA” and other measures derived therefrom, including EBITDA before non-underlying items, which represents earnings before interest, tax, depreciation, amortisation, impairment and other non-underlying items. Our management believes metrics derived from EBITDA are meaningful for investors because they provide an analysis of our operating results, profitability and ability to service debt. Measures derived from EBITDA are also used by management to track our business development, establish operational and strategic targets and make important business decisions. EBITDA is the measure commonly used by investors and other interested parties in our industry.

Comparative information has been provided for the quarter ended 31 Decemer 2018. IFRS 16 “Leases” has been adopted with effect from 1 April 2019 using the modified retrospective method of adoption. Consequently, the comparative information has not been restated. More information is provided in Note 2 to the Unaudited Condensed Interim Consolidated Financial Statements and the impact of adoption is shown in Appendix A. “Adjusted EBITDA”, which represents EBITDA before non-underlying items adjusted to include rental and other lease charges, has been presented to provide comparable information to the prior period.

Information presented in this report and described as like-for-like excludes any practices or other operating units trading in the group in the current financial year or the year ended 31 March 2019 but not in both.

References to “Integrated Dental Holdings”, “IDH” and “the group” refer to Turnstone Midco 2 Limited and all of its subsidiaries.

DISCLAIMER

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Summary highlights

- Revenue for the three months ended 31 December 2019 (“Q3 FY20”) of £155.5m, which was 6.9% higher than the three months ended 31 December 2018 (“Q3 FY19”).
- Q3 FY20 like-for-like private revenue growth per working day of 19.4%. Year to date growth is 19.0%.
- Q3 FY20 gross margin percentage of 42.2% a decrease of 1.9% from 44.1% in Q3 FY19.
- Reported EBITDA before non-underlying items for the three months ended 31 December 2019 of £19.4m (12.5% of revenue).
- Following the adoption of IFRS 16, EBITDA has increased by £3.7m as rent charges and other lease costs are no longer recognised in overheads as they reduce the lease liability on the balance sheet.
- EBITDA before non-underlying items for the three months ended 31 December 2019 less charges for rental and other previously categorised operating leases (“Adjusted EBITDA”) of £15.8m (10.2% of revenue) is 2.8% ahead of the three months to 31 December 2018 (£15.4m, 10.6% of revenue).
- Like-for-like UDA delivery per working day down 6.5% for the quarter.
- LTM Adjusted EBITDA of £60.1m and estimated pro-forma LTM Adjusted EBITDA of £60.3m.
- During the quarter three existing practices were merged into one new practice and one existing practice relocated into another practice. There were 601 total practices in the estate at 31 December 2019.
- Cash generated from operations before movements in working capital increased by £3.8m to £18.2m, largely as a result of a change in the classification of cash flows due to the adoption of IFRS 16. Cash generated from operations was £13.5m (Q3 FY19: £1.8m outflow).
- Maintenance capital expenditure for the quarter ended 31 December 2019 was £7.0m.
- Cash and cash equivalents at 31 December 2019 of £10.8m and net debt was £561.4m.
- Gearing levels are 9.34 times and 9.31 times LTM Adjusted EBITDA and estimated pro-forma LTM Adjusted EBITDA respectively.

- IFRS 16 Leases has been adopted by the group from 1 April 2019 using the modified retrospective method of adoption. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Consequently, the comparative information in these Unaudited Condensed Interim Consolidated Financial Statements for the three months ending 31 December 2018 has not been restated. Upon transition, the group recognised an opening right-of-use lease asset and lease liability of £94.1m. The adoption of IFRS 16 has resulted in a £3.7m increase in underlying EBITDA and a £0.6m increase in operating profit for Q3 FY20 following the replacement of the operating lease costs that were previously expensed with a depreciation charge on the leased assets. Finance costs have also increased under IFRS 16 by £1.0m owing to the unwinding of the discount on the lease liability. Further information is provided in note 2 and Appendix A to the condensed interim consolidated financial statements.

Management's discussion and analysis of financial condition and results of operations

Overview

Integrated Dental Holdings ("IDH") announces its results for the quarter ended 31 December 2019.

IDH is the leading provider of dental services in the United Kingdom and, through {my}dentist, operates a network of 601 dental practices across England, Scotland, Wales and Northern Ireland.

{my}dentist's core business is the provision of primary care dental services on behalf of the NHS. The majority of dental practices also provide private dentistry services including general dentistry, hygienist and cosmetic services. A number of our practices also provide specialist and advanced services such as treatment under sedation, dental implants and orthodontics.

In addition, the group's DD business is a leading provider of materials, equipment and services to dental practices across the UK and Ireland.

Commentary on results

The following discussion of IDH's financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes contained in this interim report.

The key performance indicators for the group for the four quarters from 1 October 2018 to 30 September 2019 and for the quarter ended 31 December 2019 are provided below:

Key performance indicators	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Revenue (£m)	145.5	144.7	139.0	151.7	155.5
EBITDA calculated under IFRS 16 (£m) ⁽¹⁾	19.1	20.5	15.0	19.4	19.4
Rent adjustment (£m)	3.7	3.6	3.5	3.5	3.7
Adjusted EBITDA (£m) ⁽²⁾	15.4	16.9	11.5	15.9	15.8
LTM Adjusted EBITDA (£m)	56.0	58.1	57.4	59.7	60.1
Operating profit/(loss) (£m)	(4.5)	(16.9)	(2.5)	1.9	0.6
NHS dentistry services as a percentage of dental practice revenue	77.8%	77.7%	74.1%	73.5%	73.8%
Private dentistry services as a percentage of dental practice revenue	22.2%	22.3%	25.9%	26.5%	26.2%
Non-dental practice revenue as a percentage of group revenue	18.6%	19.3%	20.0%	22.2%	23.3%
Like-for-like private revenue growth	6.0%	7.9%	14.1%	23.4%	19.4%
Like-for-like private revenue growth per working day	4.4%	7.9%	16.0%	21.5%	19.4%
Gross profit margin %	44.1%	45.0%	43.4%	42.6%	42.2%
Adjusted overheads as a percentage of revenue	33.9%	33.6%	35.5%	32.4%	32.4%
Adjusted EBITDA margin %	10.6%	11.7%	8.3%	10.5%	10.2%
Number of dental practices	609	603	604	604	601
Maintenance capital expenditure (£m)	6.3	7.0	8.4	6.7	7.0
Cash conversion after maintenance capital expenditure %	-46.2%	47.7%	121.0%	133.7%	47.3%
Estimated pro-forma adjusted EBITDA (£m)	57.8	59.4	58.4	60.2	60.3

The numbers shaded in blue are the reported EBITDA for each quarter. For Q3-Q4 FY19, this is stated after the deduction of rental and other lease charges. For Q1 – Q3 FY20, following the adoption of IFRS 16, rental and other lease charges have not been deducted from reported EBITDA.

- (1) "EBITDA calculated under IFRS 16" shows the historical position if IFRS 16 had been adopted in FY19 and the reported position for Q1 – Q3 FY20.
- (2) "Adjusted EBITDA" shows EBITDA for each quarter after the deduction of rental charges.

Impact of IFRS 16

In order to provide comparability between periods, the table below sets out the impact on reported EBITDA for each period if IFRS 16 had been adopted at that time.

	Q1 £'000	Q2 £'000	Q3 £'000	Q4 £'000	Full year £'000
FY18					
Reported EBITDA	12,108	13,507	14,698	14,802	55,115
Lease adjustment	3,864	3,762	3,698	3,620	14,944
EBITDA under IFRS 16	15,972	17,269	18,396	18,422	70,059
FY19					
Reported EBITDA	12,220	13,616	15,369	16,900	58,105
Lease adjustment	3,700	3,757	3,749	3,610	14,816
EBITDA under IFRS 16	15,920	17,373	19,118	20,510	72,921
FY20					
Adjusted EBITDA	11,490	15,939	15,792		
Lease adjustment	3,497	3,497	3,656		
Reported EBITDA IFRS 16	14,987	19,436	19,448		

Practice numbers

During the quarter three existing practices merged into one new practice and one existing practice relocated into another practice. In total, {my}dentist operated 601 practices at 31 December 2019 (31 December 2018: 609).

Revenue

Group revenue increased by £10.0m, or 6.9%, from £145.5m for the three month period ended 31 December 2018 ("Q3 FY19") to £155.5m for the three month period to 31 December 2019 ("Q3 FY20").

{my}dentist revenue increased by £0.9m from £118.5m to £119.4m as a result of increased private revenue of £5.3m offset by a £2.8m decrease in NHS revenue, a £0.8m decrease in Orthodontic revenue and a £0.9m decrease relating to FY19 practice disposals.

Revenue from DD increased by £10.1m from £33.0m in Q3 FY19 to £43.1m in Q3 FY20.

Group revenue	Q3 FY20 £'000	Q3 FY19 £'000	Movement £'000
NHS revenue	79,794	82,554	(2,760)
Private revenue	29,036	23,714	5,322
Dental practices	108,830	106,268	2,562
Orthodontics	10,459	11,265	(806)
Practice disposals	-	907	(907)
Non-dental practice revenue	110	36	74
Total {my}dentist revenue	119,399	118,476	923
DD revenue	43,129	33,040	10,089
Eliminations	(6,989)	(6,000)	(989)
Total revenue	155,539	145,516	10,023

NHS revenue

NHS revenue for the quarter ended 31 December 2019 was £88.0m, a decrease of £4.1m or 4.4% from £92.1m in Q3 FY19.

NHS revenue generated from base dental practices, excluding disposals and orthodontic revenue, decreased from £82.6m to £79.8m. This movement reflects a fall in like for like UDA delivery of 6.5% per working day offset by the annual contract uplift.

The annual contract uplift for FY20 was announced in October 2020. The uplift for England has been set at 2.42%, Wales at 2.50% and Scotland at 2.50%.

Private revenue

Private revenue for the quarter ended 31 December 2019 was £31.3m, 18.8% higher than £26.3m for the equivalent period in FY19.

Private revenue excluding disposals and orthodontic revenue increased by £5.3m (22.4%). Private revenue growth has been driven by the introduction of the {my}options affordable private dentistry proposition and also includes strong revenue growth in our Advanced Oral Health Centres. LFL private growth, adjusted for the number of working days, was 19.4%.

Orthodontic revenue – {my}orthodontist

Orthodontic revenue for the quarter ended 31 December 2019 was £10.5m, £0.8m behind Q3 FY19 due to lower volumes of completed UOAs.

DD revenue

Revenue of £43.1m (Q3 FY19: £33.0m) has been generated from the business units across the DD division. Overall revenue has increased with positive variances in medical aesthetics, wholesale, equipment and engineering revenues, partially offset by sales volumes of high street consumables.

Cost of sales

Gross margin for the quarter ended 31 December 2019 was 42.2%, a 1.9% decrease from 44.1% in the quarter ended 31 December 2018. {my}dentist gross margin for Q3 FY20 was 47.8% (Q3 FY19: 48.2%) and gross margin in DD was 23.6% (Q3 FY19: 25.7%).

Cost of sales increased by £8.4m, or 10.4%, from £81.4m to £89.8m for the quarter ended 31 December 2019 reflecting the higher revenue generated in both {my}dentist and DD.

The reduction in {my}dentist gross margin results predominantly from changes in sales mix relating to increasing private revenues and changes in orthodontic contracts. The reduction in gross margin in DD reflects the lower margins associated with toxin sales but gross profit is up overall.

Overheads

Overheads, including administrative expenses, distribution costs, amortisation and impairment of intangible assets, depreciation, grant income and other non-underlying items were £64.9m for Q3 FY20, a decrease of £4.3m from £69.2m in the three months to 31 December 2018. This decrease includes the change in treatment of rental and lease charges partially offset by an increase in related depreciation and a £5.3m decrease in impairment of assets and disposals recognised in Q3 FY20 (£0.7m) compared to last year (£6.0m), offset by an increase in practice staff costs.

Q3 FY19 overheads included rent charges of £3.7m. Following the adoption of IFRS 16 on 1 April 2019, rental and other lease charges are not included in overheads. However, depreciation (relating to the right of use lease asset) has increased by £3.1m.

An impairment of £0.4m was recognised in Q3 FY20 relating to permanent contract cuts agreed with the NHS in this quarter.

Overheads excluding amortisation and impairment of intangible assets, depreciation, grant income and other non-underlying items were £46.7m, £2.5m lower than Q3 FY19 (£49.3m). As discussed above, this decrease includes £3.7m relating to the changes in classifications of rent charges in Q3 FY20.

The group's largest overhead is the cost of staff working in dental practices, in operational management and at the divisional support centres. In the quarter ended 31 December 2019, staff costs were £33.9m, £0.9m higher than Q3 FY19, however this reflects an increase in practice staff and DD staff costs partially offset by practice disposals and lower head office staff costs.

Dental equipment and practice property maintenance costs for Q3 FY20 were £2.2m, £0.5m lower than Q3 FY19.

The calculation of Adjusted EBITDA includes the recognition of cash rental and other operating lease charges of £3.7m in overheads for Q3 FY20.

Other operating income

Other operating income for the three months ended 31 December 2019 was £0.5m. Other operating income includes contractual support received from Scottish Health Boards to assist in the upkeep of our Scottish dental practices (based on the proportion of NHS treatment carried out by each practice) and property rental income.

Other (losses)/gains

Other (losses)/gains include net realised and unrealised foreign exchange gains and losses arising in DD, principally in relation to foreign exchange forward contracts. These contracts are used to hedge the cash impact of a proportion of the cost of goods purchased in Euros and US Dollars.

EBITDA before non-underlying items

Earnings before interest, tax, depreciation, amortisation and non-underlying items for the three months ended 31 December 2019 was £19.4m, £4.1m up on Q3 FY19 of £15.4m (+26.5%).

Adjusted EBITDA, earnings before interest, tax, depreciation, amortisation and non-underlying items less cash rental payments, for the three months ended 31 December 2019 was £15.8m, £0.4m up on Q3 FY19 of £15.4m (+2.8%).

Adjusted EBITDA for the quarter in {my}dentist was £0.2m lower than Q3 FY19 at £15.4m (-1.1%) and DD was up by £1.0m (162.1%) to £1.6m.

Non-underlying items

Other non-underlying items of £0.9m principally relate to one-off legal, professional and restructuring costs.

Year to date performance

In the nine months to 31 December 2019, revenue increased by 4.5% from £427.2m to £446.3m. This is predominantly due to the growth in private dentistry revenues, NHS contract uplift and DD revenue growth offset by 6.5% like for like fall per working day in UDA delivery, practice disposals and a fall in orthodontic revenues.

Group revenue	YTD FY20 £'000	YTD FY19 £'000	Movement £'000
NHS revenue	234,913	240,201	(5,289)
Private revenue	84,246	69,453	14,793
Dental practices	319,159	309,654	9,505
Orthodontics	29,377	30,460	(1,083)
Practice disposals	3	6,426	(6,423)
Non-dental practice revenue	228	86	142
Total {my}dentist revenue	348,767	346,626	2,141
DD revenue	118,963	100,669	18,294
Eliminations	(21,457)	(20,061)	(1,396)
Total revenue	446,273	427,234	19,039

EBITDA before exceptional items for the year to date was £53.9m (Q3 FY19: £41.2m). Adjusted EBITDA was £43.2m, £0.2m and 4.9% up on FY19.

Estimated pro-forma LTM Adjusted EBITDA

	£'000
LTM Adjusted EBITDA before exceptional items at 31 December 2019	60,121
Estimated Adjusted EBITDA of acquired dental practices at 31 December 2019	28
EBITDA from disposals completed by December - add back trading losses in LTM EBITDA	167
Estimated pro-forma Adjusted EBITDA	60,316

Estimated pro-forma LTM Adjusted EBITDA has been calculated following the methodology set out in the IDH Finance plc Offering Memorandum dated 22 July 2016.

The estimated Adjusted EBITDA for acquired businesses are management estimates for the annual EBITDA of an acquired business less actual results consolidated in LTM EBITDA from the date of acquisition. The EBITDA from disposals adds back trading losses incurred in the last twelve months in practices closed or disposed of in the period from 1 January 2019 to 31 December 2019.

Finance costs

Finance costs of £12.0m in Q3 FY20 include £10.0m in respect of the £275.0m Senior Secured Fixed Rate Notes, £150.0m Senior Secured Floating Rate Notes and £130.0m Second Lien Notes. £1.0m relates to non-utilisation fees and interest payable in respect of the Super Senior Revolving Credit Facility ("SSRCF") and the amortisation of debt arrangement fees. A further £1.0m relates to unwinding of the discount on the lease liability following the adoption of IFRS 16.

Debt and liquidity

At 31 December 2019, net debt was £561.4m, compared to £561.3m at 31 March 2019. This slight increase principally reflects an increase in cash for the period and the amortisation of facility arrangement fees and issue discounts.

Net cash flow for the quarter was an outflow of £3.3m. This arises from a cash inflow from operating activities of £13.5m, £7.0m capital expenditure, £6.0m for the servicing of finance and £3.7m of lease payments (included in financing activities following the adoption of IFRS 16).

Working capital movements

Cash generated from operations increased from an outflow of £1.8m in Q3 FY19 to an inflow of £13.5m in Q3 FY20. Part of this increase is a result of the adoption of IFRS 16 whereby the payments made in relation to leases are now shown within financing activities, whereas these were previously included within operating activities. The remaining increase results mainly from a working capital inflow from inventories, debtor management and lower UDA delivery.

Capital expenditure

Capital expenditure for Q3 FY20 was £7.0m (Q3 FY19: £6.3m). This related entirely to “maintenance” capital expenditure.

Cash conversion

Cash conversion is measured as the ratio of Adjusted EBITDA to cash generated from operations less maintenance capital expenditure and for the quarter was 47.3% compared to -46.2% in the corresponding quarter in FY19.

Cash conversion excluding working capital movements was 55.4% (Q3 FY19: 59.3%).

Risk factors

The latest opportunity and risk position of the group is detailed in the Annual Report to bondholders for Turnstone Midco 2 Limited for the year ended 31 March 2019.

Turnstone Midco 2 Limited

Condensed interim consolidated financial statements – Unaudited

Quarter ended 31 December 2019

Consolidated income statement (unaudited)

For the quarter ended 31 December 2019

	<i>Note</i>	Q3 FY20 £'000	Q3 FY19 £'000
Revenue	4	155,539	145,516
Cost of sales		(89,827)	(81,379)
Gross profit	4	65,712	64,137
Distribution costs		(5,565)	(4,060)
Administrative expenses		(59,290)	(65,141)
Other operating income		463	505
Other (losses)/gains		(685)	65
Operating profit/(loss)	4	635	(4,494)
EBITDA before non-underlying items	4	19,448	15,369
Amortisation of intangible assets		(7,629)	(7,706)
Depreciation		(8,556)	(5,197)
Amortisation of government grant income		13	14
Impairment of intangible assets		(368)	-
Impairment of non-current assets reclassified as held for sale and profit/(loss) on closure or disposal of dental practices		(370)	(5,991)
Value of employee services arising from shares granted		(269)	(269)
Other non-underlying items		(949)	(779)
Foreign exchange (losses)/gains		(685)	65
Operating profit/(loss)	4	635	(4,494)
Finance costs		(11,983)	(10,888)
Finance income		17	9
Net finance costs		(11,966)	(10,879)
Loss before income tax	4	(11,331)	(15,373)
Income tax credit	5	822	1,958
Loss for the period		(10,509)	(13,415)
Attributable to:			
Owners of the parent		(10,509)	(13,415)
Non-controlling interests		-	-
		(10,509)	(13,415)

There are no items of other comprehensive income during the current or previous period other than those stated above and therefore no separate statement of comprehensive income has been presented.

IFRS 16 Leases has been adopted from 1 April 2019 using the modified retrospective method of adoption. Consequently, the comparative information has not been restated. More information is provided in Note 2 to the Unaudited Condensed Interim Consolidated Financial Statements and the impact of adoption of this standard is shown in Appendix A to these statements.

Consolidated income statement (unaudited)

For the nine months ended 31 December 2019

	<i>Note</i>	YTD FY20 £'000	YTD FY19 £'000
Revenue	4	446,273	427,234
Cost of sales		(255,481)	(238,068)
Gross profit	4	190,792	189,166
Distribution costs		(14,928)	(13,055)
Administrative expenses		(176,590)	(200,865)
Other operating income		1,349	1,501
Other gains		(630)	154
Operating loss	4	(7)	(23,099)
EBITDA before non-underlying items	4	53,871	41,205
Amortisation of intangible assets		(22,901)	(23,255)
Depreciation		(25,640)	(15,864)
Amortisation of government grant income		39	42
Impairment of intangible assets		(1,232)	-
Impairment of non-current assets reclassified as held for sale and profit/(loss) on closure or disposal of dental practices		(31)	(22,053)
Value of employee services arising from shares granted		(807)	(807)
Other non-underlying items		(2,676)	(2,521)
Foreign exchange (losses)/gains		(630)	154
Operating loss	4	(7)	(23,099)
Finance costs		(35,746)	(32,458)
Finance income		40	29
Net finance costs		(35,706)	(32,429)
Loss before income tax	4	(35,713)	(55,528)
Income tax credit	5	4,776	6,207
Loss for the period		(30,937)	(49,321)
Attributable to:			
Owners of the parent		(30,937)	(49,348)
Non-controlling interests		-	27
		(30,937)	(49,321)

There are no items of other comprehensive income during the current or previous period other than those stated above and therefore no separate statement of comprehensive income has been presented.

IFRS 16 Leases has been adopted from 1 April 2019 using the modified retrospective method of adoption. Consequently, the comparative information has not been restated. More information is provided in Note 2 to the Unaudited Condensed Interim Consolidated Financial Statements and the impact of adoption of this standard is shown in Appendix A to these statements.

Consolidated balance sheet (unaudited)

At 31 December 2019

<i>Note</i>	Q3 FY20 £'000	Q3 FY19 £'000
Non-current assets		
Goodwill	224,287	238,026
Other intangible assets	306,833	342,054
Property, plant and equipment	186,291	93,587
Deferred tax income tax assets	21,765	19,065
	739,176	692,732
Current assets		
Inventories	28,426	28,424
Trade and other receivables	47,008	43,884
Current income tax	40	-
Derivative financial instruments	-	151
Cash and cash equivalents	10,775	7,083
	86,249	79,542
Assets classified as held for sale	-	123
Total assets	825,425	772,397
Equity attributable to the owners of the parent		
Share capital	410,961	410,961
Accumulated losses	(435,801)	(381,465)
	(24,840)	29,496
Non-controlling interest	-	-
Total equity	(24,840)	29,496
Non-current liabilities		
Borrowings	7	572,128
Other payables	6	135
Deferred income tax liabilities		27,759
Post employment benefits		546
Provisions		6,780
Other liabilities - leases		72,671
Total non-current liabilities		680,019
Current liabilities		
Trade and other payables	6	154,877
Current income tax		-
Provisions		1,442
Other liabilities - leases		13,358
Derivative financial instruments		569
Total current liabilities		170,246
Total liabilities		850,265
Total equity and liabilities	825,425	772,397

Consolidated statement of changes in equity (unaudited)

For the quarter ended 31 December 2019

	Q3 FY20				
	Share capital	Retained earnings	Total equity attributable to the owners of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at beginning of the period	410,961	(425,515)	(14,554)	-	(14,554)
Comprehensive expense for the period					
Total comprehensive expense for the period	-	(10,509)	(10,509)	-	(10,509)
Transactions with owners recognised directly in equity					
Value of employee services arising from shares granted to directors and employees	-	269	269	-	269
Deferred tax in relation to the above	-	(46)	(46)	-	(46)
Total transactions with owners	-	223	223	-	223
Balance at end of the period	410,961	(435,801)	(24,840)	-	(24,840)

	Q3 FY19				
	Share capital	Retained earnings	Total equity attributable to the owners of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at beginning of the period	410,961	(368,273)	42,688	-	42,688
Comprehensive expense for the period					
Total comprehensive expense for the period	-	(13,415)	(13,415)	-	(13,415)
Transactions with owners recognised directly in equity					
Value of employee services arising from shares granted to directors and employees	-	269	269	-	269
Deferred tax in relation to the above	-	(46)	(46)	-	(46)
Total transactions with owners	-	223	223	-	223
Balance at end of the period	410,961	(381,465)	29,496	-	29,496

Consolidated statement of changes in equity (unaudited)

For the nine months ended 31 December 2019

	YTD FY20				
	Share capital	Retained earnings	Total equity attributable to the owners of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at beginning of the period	410,961	(405,535)	5,426	-	5,426
Comprehensive expense for the period					
Total comprehensive expense for the period	-	(30,937)	(30,937)	-	(30,937)
Transactions with owners recognised directly in equity					
Value of employee services arising from shares granted to directors and employees	-	807	807	-	807
Deferred tax in relation to the above	-	(136)	(136)	-	(136)
Total transactions with owners	-	671	671	-	671
Balance at end of the period	410,961	(435,801)	(24,840)	-	(24,840)
	YTD FY19				
	Share capital	Retained earnings	Total equity attributable to the owners of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at beginning of the period	410,961	(332,946)	78,015	133	78,148
Comprehensive expense for the period					
Total comprehensive expense for the period	-	(49,348)	(49,348)	27	(49,321)
Transactions with owners recognised directly in equity					
Value of employee services arising from shares granted to directors and employees	-	807	807	-	807
Deferred tax in relation to the above	-	(138)	(138)	-	(138)
Total transactions with owners	-	669	669	-	669
Changes in ownership interests					
Minority interests acquired through business combinations	-	160	160	(160)	-
Balance at end of the period	410,961	(381,465)	29,496	-	29,496

Consolidated cash flow statement (unaudited)

For the quarter ended 31 December 2019

	Q3 FY20 £'000	Q3 FY19 £'000
Cash flows from operating activities		
Loss before taxation	(11,331)	(15,373)
Depreciation of property, plant and equipment	8,556	5,197
Amortisation of government grants	(13)	(14)
Amortisation of intangible assets	7,629	7,706
Finance costs	11,983	10,888
Finance income	(17)	(9)
Loss on business and asset disposals	370	5,991
Impairment of intangible assets	368	-
Differences between contingent consideration paid and initial estimates	(65)	(141)
Net unrealised foreign exchange losses	458	(146)
Value of employee services arising from shares granted to directors and employees	269	269
Pension contributions	(47)	-
Cash generated from operations before movements in working capital	18,160	14,368
Changes in working capital		
Movement in inventories	885	(2,929)
Movement in trade and other receivables	4,057	2,353
Movement in trade and other payables	(9,188)	(15,210)
Movement in provisions	(450)	(372)
Cash generated from operations	13,464	(1,790)
Cash flows from investing activities		
Acquisitions (net of cash acquired)	(6)	(237)
Proceeds from sale of practices	(27)	(68)
Purchase of property, plant and equipment	(7,046)	(6,259)
Interest received	17	9
Net cash outflow from investing activities	(7,062)	(6,555)
Cash flows from financing activities		
Drawdown of bank loans	-	10,000
Bank and bond interest paid	(6,021)	(5,900)
Principal element of lease payments	(3,656)	-
Net cash outflow from financing activities	(9,677)	4,100
Net decrease in cash and cash equivalents	(3,275)	(4,245)
Cash and cash equivalents at the beginning of the period	14,050	11,328
Cash and cash equivalents at the end of the period	10,775	7,083

Consolidated cash flow statement (unaudited)

For the nine months ended 31 December 2019

	YTD FY20 £'000	YTD FY19 £'000
Cash flows from operating activities		
Loss before taxation	(35,713)	(55,528)
Depreciation of property, plant and equipment	25,640	15,864
Amortisation of government grants	(39)	(42)
Amortisation of intangible assets	22,901	23,255
Finance costs	35,746	32,458
Finance income	(40)	(29)
Loss on business and asset disposals	63	22,053
Impairment of intangible assets	1,232	-
Differences between contingent consideration paid and initial estimates	(65)	(161)
Net unrealised foreign exchange losses	90	(318)
Value of employee services arising from shares granted to directors and employees	807	807
Pension contributions	(47)	-
Cash generated from operations before movements in working capital	50,575	38,359
Changes in working capital		
Movement in inventories	(32)	(7,506)
Movement in trade and other receivables	(7,544)	(3,131)
Movement in trade and other payables	20,050	216
Movement in provisions	(1,336)	(878)
Cash generated from operations	61,713	27,060
Cash flows from investing activities		
Acquisitions (net of cash acquired)	(366)	(3,844)
Proceeds from sale of practices	(44)	888
Purchase of property, plant and equipment	(22,193)	(17,280)
Proceeds from business and asset disposals	26	-
Interest received	40	29
Net cash outflow from investing activities	(22,537)	(20,207)
Cash flows from financing activities		
Drawdown of bank loans	5,000	10,000
Repayment of bank loans	(5,000)	-
Bank and bond interest paid	(26,612)	(25,962)
Principal element of lease payments	(10,650)	-
Net cash outflow from financing activities	(37,262)	(15,962)
Net increase/(decrease) in cash and cash equivalents	1,914	(9,109)
Cash and cash equivalents at the beginning of the period	8,861	16,192
Cash and cash equivalents at the end of the period	10,775	7,083

Reconciliation of net cash flow to movement in net debt (unaudited)

For the quarter ended 31 December 2019

	Q3 FY20 £'000	Q3 FY19 £'000
Decrease in cash for the period	(3,275)	(4,245)
Drawdown of bank loans	-	(10,000)
Total cash movement in net debt	(3,275)	(14,245)
Amortisation of loan arrangement fees	(651)	(634)
Total non-cash movement in net debt	(651)	(634)
Total movement in net debt	(3,926)	(14,879)
Net debt brought forward	(557,427)	(537,581)
Net debt carried forward	(561,353)	(552,460)

Reconciliation of net cash flow to movement in net debt (unaudited)

For the nine months ended 31 December 2019

	YTD FY20 £'000	YTD FY19 £'000
Increase/(decrease) in cash for the period	1,914	(9,109)
Drawdown of bank loans	(5,000)	(10,000)
Repayment of bank loans	5,000	-
Total cash movement in net debt	1,914	(19,109)
Amortisation of loan arrangement fees	(1,951)	(1,902)
Total non-cash movement in net debt	(1,951)	(1,902)
Total movement in net debt	(37)	(21,011)
Net debt brought forward	(561,316)	(531,449)
Net debt carried forward	(561,353)	(552,460)

Notes

Forming part of the financial statements

1 General information and basis of preparation

Turnstone Midco 2 Limited (the “company”, and with its subsidiaries, the “group”) is a company registered in England. It is the parent company of IDH Finance plc (the “issuer”). The company is 100% owned by Turnstone Midco 1 Limited and the ultimate UK parent company is Turnstone Equityco 1 Limited.

The condensed interim consolidated financial statements (the ‘interim financial statements’) of the company have been prepared for the quarter ended 31 December 2019. The results for the year to date represent the group’s trading from 1 April 2019 to 31 December 2019. Comparative results are provided for the quarter ended 31 December 2018 and for the nine months ended 31 December 2018.

The interim financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (‘IFRS’) and, specifically, IAS 34 ‘Interim Financial Reporting’. The interim financial statements are presented in thousands of pounds sterling (£’000’s) except where otherwise stated. Pounds sterling is the functional currency of both Turnstone Midco 2 Limited and Turnstone Equityco 1 Limited.

The content of this report does not constitute statutory financial statements and is unaudited.

These interim financial statements do not include all of the disclosure information required in annual financial statements prepared in accordance with IFRS and should therefore be read in conjunction with the consolidated financial statements of Turnstone Midco 2 Limited and Turnstone Equityco 1 Limited for the year ended 31 March 2019, both of which are available from our website, www.mydentist.co.uk.

2 Significant accounting policies

The interim financial statements have been prepared on the basis of the accounting policies set out in the 2019 annual report and consolidated financial statements for Turnstone Midco 2 Limited and Turnstone Equityco 1 Limited with the exception of certain changes required following the adoption of IFRS 16 Leases (“IFRS 16”).

In accordance with the implementation timetable included in the standards, the group has adopted IFRS 16 with effect from 1 April 2019 using the modified retrospective method of adoption. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Consequently, the comparative information in these Unaudited Condensed Interim Consolidated Financial Statements for the three months ending 31 December 2018 and the nine months ending 31 December 2018 has not been restated.

IFRS 16 Leases

IFRS 16 became effective for accounting periods commencing on or after 1 January 2019 and replaces IAS 17 and related interpretations. IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or unless the underlying asset has a low value.

The impact of adopting IFRS 16 has been significant for the group due to the number of short leasehold properties, principally in respect of the group’s dental practice estate, and leased motor vehicles used by the group. The group has recognised a ‘right of use’ asset in respect of these leases, along with an equivalent lease liability, which has been recognised based on the present value of the remaining lease payments, discounted using the incremental cost of borrowing at the date of initial application.

Notes

Forming part of the financial statements

The group has elected to adopt the following practical expedients on transition:

- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application.
- For leases of low value assets, the Group has elected to recognise a lease expense on a straight-line basis.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

IFRS 16 impacts the classification of lease related expenditure within the income statement. This results in an increase to reported operating profit and a more substantial increase to EBITDA before non-underlying items, as lease related costs, which were previously charged within administrative expenses, are now under IFRS 16 split between depreciation and finance costs. The presentation of lease related cashflows within the cash flow statement has also changed. Previously, payments under operating leases were included within cash generated from operations. Under IFRS 16, these payments are now presented as cashflows from financing activities, representing repayments of debt.

The adoption of the above standard has resulted in recognition of an opening right of use asset on transition and an equivalent lease liability of £94.1m. During the quarter ending 31 December 2019, rent charges of £3.7m have been excluded from administrative expenses and replaced with a depreciation charge on the right of use asset of £3.1m. An interest charge of £1.0m has also been charged to finance costs in relation to the unwinding of the discount on the lease liability. A deferred tax asset of £0.2m has also been recognised.

The impact of the adjustments on the Consolidated income statement, the Consolidated balance sheet and the Consolidated cash flow statement are set out in more detail in Appendix A.

a) Basis of consolidation

Subsidiaries

The group controls an entity when the group has power over that entity, is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The group has applied IFRS 10 – Consolidated Financial Statements ('IFRS 10') retrospectively in accordance with the transitional provisions of IFRS 10.

Partnerships

Certain members of the group management team act as partners on behalf of group companies in a number of dental practice partnerships. These partnerships are held on trust on behalf of a number of group companies. All profits arising from partnership activity are transferred to a group trading company.

As a result, the group considers that it has control of these partnerships and consequently the results of the partnerships are consolidated into the group's financial statements. The partnerships are accounted for in accordance with the group's accounting policies.

Notes

Forming part of the financial statements

Transactions eliminated on consolidation

Intragroup balances, and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial information. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency translation

Foreign currency transactions are translated into the functional currency of each subsidiary or partnership using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, including realised gains and losses arising from foreign exchange forward contracts and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement within other gains or losses.

Unrealised gains and losses arising from derivative financial instruments used to hedge against movements in foreign exchange rates (principally foreign exchange forward contracts) are recognised in the income statement within other gains or losses.

c) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The fair value of consideration of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control over the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 – Business Combinations (Revised) ('IFRS 3') are recognised at their fair values at the acquisition date. All acquisition costs are expensed as incurred and included within administrative expenses.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised at fair value through profit or loss.

Notes

Forming part of the financial statements

d) Intangible assets

Goodwill

Goodwill represents the excess of the fair value of consideration paid on acquisition of a business over the fair value of assets, including any intangible assets identified, liabilities and contingent liabilities acquired.

Goodwill is tested for impairment at least annually.

On disposal of a subsidiary, the attributable net book value of goodwill, based on relative fair value, is included in the determination of the profit or loss on disposal.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within administrative expenses in the income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual or legal rights. The amounts ascribed to such intangibles are determined by using appropriate valuation techniques.

The significant intangible assets recognised by the group, their estimated useful economic lives and the methods used to determine the cost of intangible assets acquired through business combinations are as follows:

Intangible asset	Estimated useful economic life	Valuation method
Contractual arrangements and relationships	20 years	Estimated discounted cash flow
Customer relationships	10-20 years	Estimated discounted cash flow
Brands and trademarks	15 years	Estimated royalty stream if the rights were to be licensed

Contractual arrangements reflect long term, fixed income contracts with the NHS for the delivery of dentistry services. These contracts specify targeted annual volumes of units of dental activity ('UDAs') for a contracted dental practice or entity. The majority of these contracts have no fixed term and will roll over indefinitely provided that certain performance targets are achieved. The intangible assets arising from these contractual arrangements are amortised over a period of 20 years to reflect the potential for future changes to government policy in this area.

Notes

Forming part of the financial statements

e) Impairment of non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred income tax 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. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at the same time in each period.

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 dispose. 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' or 'CGU'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGU's. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGU's to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised through the income statement. Impairment losses recognised in respect of CGU's 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 in respect of goodwill is not reversed. In respect of other assets, 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 if there has been a change in the estimates used to determine the recoverable amount. 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

Forming part of the financial statements

f) Derivative financial instruments

The group's activities expose it to the financial risks resulting from fluctuations in interest rates and foreign exchange rates.

From time-to-time, the group may use derivative financial instruments (interest rate swaps) to hedge a proportion of its exposure to floating interest rate fluctuations. Foreign exchange forward contracts are used to hedge a proportion of the group's exposure to fluctuations in foreign exchange rates.

The group does not hedge account for any derivative financial instruments.

The use of financial derivatives is governed by the group's policies approved by the Board of Directors, which provide written principles in the use of financial derivatives consistent with the group's risk management strategy. The group does not use derivative financial instruments for speculative purposes.

g) Revenue

Revenue represents the income received in the ordinary course of business for dentistry or other goods or services provided to the extent that the group has obtained the right to consideration. Amounts are stated net of discounts, returns and value added taxes. Revenue derived from NHS contracts in England and Wales is recognised on the volume of dental activity delivered in the financial year. Amounts received from the NHS in advance of dental activity delivered are held on the balance sheet within deferred income. Revenue from all private dental work and NHS patients in Scotland and Northern Ireland is recognised based upon the completion of each piece of treatment carried out, with the exception of private orthodontic treatment, which is recognised based on the stage of completion reached during the course of treatment. Revenue from NHS orthodontic treatments is recognised at the point where a claim can be submitted for payment.

Revenue from the sale of goods by DD is recognised upon despatch and revenue generated from the installation or repair of equipment, or from other services, is recognised upon completion of the service.

Deferred income

Where the group receives an amount upfront in respect of future income streams, the value of the receipt is amortised over the period of the contract as the services are delivered and the unexpired element is disclosed in trade and other payables as deferred income.

Notes

Forming part of the financial statements

h) Income tax

Income tax for the accounting periods presented comprises current and deferred income tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax is the expected tax payable or refundable on the taxable income or loss for the year, based upon the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of other assets or liabilities that affect neither accounting nor taxable profit; nor differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred income tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for on deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

3 Critical accounting judgements and estimates

The preparation of the group's consolidated financial information under IFRS requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The Directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the consolidated financial information.

Notes

Forming part of the financial statements

3 Critical accounting judgements and estimates *(continued)*

(a) Critical judgements

Impairment of goodwill and other intangibles

Determining whether goodwill or other intangible assets are impaired requires an annual estimation of the value in use of the CGU's to which goodwill and other intangible assets have been allocated. The value in use calculation requires the group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Impairment reviews are conducted annually at 31 March each year, and at interim reporting dates if management consider that indicators of potential impairment exist.

No indicators of impairment to the {my}dentist or DD CGU's have been identified by management during Q3 FY20. An impairment has been recognised for £0.4m relating to permanent NHS contract cuts agreed with the NHS.

Income tax

The current income tax provision directly relates to the actual tax payable on the group's profits. Assumptions and judgements are made in applying tax laws to the taxable profits in any given period in order to calculate the tax charge for that year, including any deferred income tax element. Where the eventual tax paid or reclaimed is different to the amounts originally estimated, or where deferred tax estimates are revised, the difference will be charged or credited to the income statement in the period in which it is determined.

Assets held for sale

Assets held for sale are measured at the lower of their carrying amount and fair value less costs for sale. Accordingly, judgement is required in assessing the expected recoverable amount. Furthermore, in reclassifying these assets as held for sale, management have judged that a sale within a period of one year is highly probable. As at 31 December 2019, there are no assets held for sale (Q3 FY19: £0.1m).

(b) Critical estimates

Valuation of intangibles acquired in business combinations

Determining the fair value of contractual arrangements and customer relationships acquired in business combinations requires estimation of the value of the cash flows related to those arrangements or relationships and a suitable discount rate in order to calculate the present value.

Determining the fair value of brands or trademarks acquired in business combinations requires estimation of the discounted royalty payments that would have to be paid to acquire the brand or trademark if it had not been acquired as part of a business combination.

Useful economic lives of intangible assets

Intangible assets are amortised over their useful economic lives. Useful lives are based on management's estimates of the period over which the assets will generate revenue. Useful lives are periodically reviewed for their continued appropriateness. Changes to estimates can result in changes in the carrying values and hence change the amounts charged to the income statement in particular periods which could be significant.

Notes

Forming part of the financial statements

4 Segment reporting

The Directors have determined the operating segments based on the operating reports reviewed by both the Board of Directors and the Executive Management Team that are used to facilitate both performance and strategic decision making. The Executive Management Team is considered to be the chief operating decision maker in accordance with the requirements of IFRS 8 – Operating Segments.

The Executive Management Team considers the business to be split into two main operating segments being {my}dentist and DD.

Through {my}dentist, the group is the leading provider of dental services in the United Kingdom. {my}dentist owns and manages a national chain of dental practices with 601 sites at 31 December 2019 (31 December 2018: 609).

DD, which principally comprises DD Products and Services Limited (formerly Billericay Dental Supply Co. Limited), along with a number of smaller businesses, provides a range of products and services to the dental and wider healthcare sectors, including to {my}dentist. Sales to {my}dentist are carried out on an arms-length basis.

All services are provided in the United Kingdom.

Notes

Forming part of the financial statements

4 Segment reporting (continued)

Q3 FY20	{my}dentist £'000	DD £'000	Group costs and intra- segment eliminations £'000	Total £'000
<i>Revenue</i>				
NHS dentistry	88,012	-	-	88,012
Private dentistry	31,277	-	-	31,277
Non-dental practice revenue	110	43,129	(6,989)	36,250
Total revenue	119,399	43,129	(6,989)	155,539
Gross profit	57,075	10,188	(1,551)	65,712
<i>Gross margin</i>	<i>47.8%</i>	<i>23.6%</i>		<i>42.2%</i>
Overheads	(38,853)	(8,221)	347	(46,727)
<i>Overheads % of revenue</i>	<i>32.5%</i>	<i>19.1%</i>		<i>30.0%</i>
Other income	463	-	-	463
EBITDA before non-underlying items	18,685	1,967	(1,204)	19,448
<i>EBITDA margin</i>	<i>15.6%</i>	<i>4.6%</i>		<i>12.5%</i>
Amortisation of intangible assets	(6,777)	(852)	-	(7,629)
Depreciation	(7,970)	(720)	134	(8,556)
Amortisation of government grant income	13	-	-	13
Impairment of intangible assets	(368)	-	-	(368)
Impairment of non-current assets reclassified as held for sale and profit/(loss) on closure or disposal of dental practices	(370)	-	-	(370)
Value of employee services arising from shares granted	(269)	-	-	(269)
Other non-underlying items	(729)	(220)	-	(949)
Foreign exchange losses	-	(685)	-	(685)
Segment operating profit/(loss)	2,215	(510)	(1,070)	635
Net finance costs				(11,966)
Loss before income tax				(11,331)
Segment assets	721,626	109,123	(5,324)	825,425
Segment liabilities	(239,396)	(137,360)	(473,509)	(850,265)
<i>Additions in the period</i>				
Goodwill	-	-	-	-
Property, plant and equipment	6,574	524	(392)	6,706

Notes

Forming part of the financial statements

4 Segment reporting (continued)

In order to provide comparability with Q3 FY19 financial information, the table below shows the impact of rental and other lease charges and the Adjusted EBITDA for each segment.

Q3 FY20	{my}dentist	DD	Group costs and intra- segment eliminations	Total
	£'000	£'000	£'000	£'000
EBITDA before non-underlying items	18,685	1,967	(1,204)	19,448
Rental charges	(3,330)	(326)	-	(3,656)
Adjusted EBITDA	15,355	1,641	(1,204)	15,792
EBITDA margin %	12.9%	3.8%	17.2%	10.2%

Within the {my}dentist segment, Adjusted EBITDA is derived from activities in general dental practices and {my}orthodontist.

{my}dentist Q3 FY20	General Dental Practices	Orthodontics	Disposals	Central Costs	{my}dentist
	£'000	£'000	£'000	£'000	£'000
<i>Revenue</i>					
NHS dentistry	79,794	8,218	(0)	-	88,012
Private dentistry	29,036	2,241	0	-	31,277
Non-dental practice revenue	110	-	-	-	110
Total revenue	108,940	10,459	(0)	-	119,399
Gross profit	52,325	4,788	(39)	-	57,075
Gross margin	48.0%	45.8%			47.8%
Overheads	(29,645)	(2,111)	(31)	(7,066)	(38,853)
Overheads % of revenue	27.2%	20.2%			32.5%
Other income	463	-	-	-	463
EBITDA before non-underlying items	23,143	2,678	(70)	(7,066)	18,685
EBITDA margin	21.2%	25.6%			15.6%
Rent adjustment	(3,013)	(245)	(6)	(66)	(3,330)
Adjusted EBITDA	20,130	2,433	(76)	(7,132)	15,355
EBITDA margin	18.5%	23.3%			12.9%

Notes

Forming part of the financial statements

4 Segment reporting (continued)

Q3 FY19	{my}dentist £'000	DD £'000	Group costs and intra- segment eliminations £'000	Total £'000
<i>Revenue</i>				
NHS dentistry	92,105	-	-	92,105
Private dentistry	26,331	-	-	26,331
Non-dental practice revenue	40	33,040	(6,000)	27,080
Total revenue	118,476	33,040	(6,000)	145,516
Gross profit	57,064	8,492	(1,419)	64,137
<i>Gross margin</i>	<i>48.2%</i>	<i>25.7%</i>		<i>44.1%</i>
Overheads	(42,039)	(7,866)	632	(49,273)
<i>Overheads % of revenue</i>	<i>35.5%</i>	<i>23.8%</i>		<i>33.9%</i>
Other income	505	-	-	505
EBITDA before non-underlying items	15,530	626	(787)	15,369
<i>EBITDA margin</i>	<i>13.1%</i>	<i>1.9%</i>		<i>10.6%</i>
Amortisation of intangible assets	(6,854)	(852)	-	(7,706)
Depreciation	(4,871)	(422)	96	(5,197)
Amortisation of government grant income	14	-	-	14
Impairment of non-current assets reclassified as held for sale and profit/(loss) on closure or disposal of dental practices	(5,991)	-	-	(5,991)
Value of employee services arising from shares granted	(269)	-	-	(269)
Other non-underlying items	(56)	(723)	-	(779)
Foreign exchange gains	-	65	-	65
Segment operating profit/(loss)	(2,497)	(1,306)	(691)	(4,494)
Net finance costs				(10,879)
Loss before income tax				(15,373)
Segment assets	664,950	111,658	(4,211)	772,397
Segment liabilities	(157,511)	(119,441)	(465,949)	(742,901)

Notes

Forming part of the financial statements

4 Segment reporting (continued)

{my}dentist Q3 FY19	General Dental		Disposals	Central Costs	{my}dentist
	Practices	Orthodontics			
	£'000	£'000	£'000	£'000	£'000
<i>Revenue</i>					
NHS dentistry	82,554	8,793	758	-	92,105
Private dentistry	23,714	2,472	145	-	26,331
Non-dental practice revenue	36	-	4	-	40
Total revenue	106,304	11,265	907	-	118,476
Gross profit	51,109	5,552	403	-	57,064
<i>Gross margin</i>	<i>48.1%</i>	<i>49.3%</i>	<i>44.5%</i>		<i>48.2%</i>
Overheads	(31,799)	(2,343)	(817)	(7,080)	(42,039)
<i>Overheads % of revenue</i>	<i>29.9%</i>	<i>20.8%</i>	<i>90.1%</i>		<i>35.5%</i>
Other income	497	-	8	-	505
EBITDA before non-underlying items	19,807	3,209	(406)	(7,080)	15,530
<i>EBITDA margin</i>	<i>18.6%</i>	<i>28.5%</i>	<i>-44.7%</i>		<i>13.1%</i>
Rent adjustment	-	-	-	-	-
Adjusted EBITDA	19,807	3,209	(406)	(7,080)	15,530
<i>EBITDA margin</i>	<i>18.6%</i>	<i>28.5%</i>	<i>-44.7%</i>		<i>13.1%</i>

Notes

Forming part of the financial statements

4 Segment reporting (continued)

YTD FY20	{my}dentist £'000	DD £'000	Group costs and intra- segment eliminations £'000	Total £'000
<i>Revenue</i>				
NHS dentistry	257,229	-	-	257,229
Private dentistry	91,310	-	-	91,310
Non-dental practice revenue	228	118,963	(21,457)	97,734
Total revenue	348,767	118,963	(21,457)	446,273
Gross profit	166,604	28,670	(4,482)	190,792
<i>Gross margin</i>	<i>47.8%</i>	<i>24.1%</i>		<i>42.8%</i>
Overheads	(115,483)	(23,467)	680	(138,270)
<i>Overheads % of revenue</i>	<i>33.1%</i>	<i>19.7%</i>		<i>31.0%</i>
Other income	1,349	-	-	1,349
EBITDA before non-underlying items	52,470	5,203	(3,802)	53,871
<i>EBITDA margin</i>	<i>15.0%</i>	<i>4.4%</i>		<i>12.1%</i>
Amortisation of intangible assets	(20,345)	(2,556)	-	(22,901)
Depreciation	(23,869)	(2,139)	368	(25,640)
Amortisation of government grant income	39	-	-	39
Impairment of intangible assets	(1,232)	-	-	(1,232)
Impairment of non-current assets reclassified as held for sale and profit/(loss) on closure or disposal of dental practices	(31)	-	-	(31)
Value of employee services arising from shares granted	(807)	-	-	(807)
Other non-underlying items	(1,621)	(1,055)	-	(2,676)
Foreign exchange losses	-	(630)	-	(630)
Segment operating profit/(loss)	4,604	(1,177)	(3,434)	(7)
Net finance costs				(35,706)
Loss before income tax				(35,713)
Segment assets	721,626	109,123	(5,324)	825,425
Segment liabilities	(239,396)	(137,360)	(473,509)	(850,265)
<i>Additions in the period</i>				
Goodwill	-	-	-	-
Property, plant and equipment	21,258	2,414	(1,232)	22,440

Notes

Forming part of the financial statements

4 Segment reporting (continued)

YTD FY20	{my}dentist £'000	DD £'000	Group costs and intra- segment eliminations £'000	Total £'000
EBITDA before non-underlying items	52,470	5,203	(3,802)	53,871
Rental charges	(9,699)	(951)	-	(10,650)
Adjusted EBITDA	42,771	4,252	(3,802)	43,221
EBITDA margin %	12.3%	3.6%	17.7%	9.7%

{my}dentist YTD FY20	General Dental Practices £'000	Orthodontics £'000	Disposals £'000	Central Costs £'000	{my}dentist £'000
<i>Revenue</i>					
NHS dentistry	234,913	22,313	3	-	257,229
Private dentistry	84,246	7,064	-	-	91,310
Non-dental practice revenue	228	-	-	-	228
Total revenue	319,387	29,377	3	-	348,767
Gross profit	152,977	13,637	(10)	-	166,604
Gross margin	47.9%	46.4%			47.8%
Overheads	(88,407)	(6,305)	(83)	(20,688)	(115,483)
Overheads % of revenue	27.7%	21.5%			33.1%
Other income	1,349	-	-	-	1,349
EBITDA before non-underlying items	65,919	7,332	(93)	(20,688)	52,470
EBITDA margin	20.6%	25.0%			15.0%
Rent adjustment	(8,843)	(755)	(16)	(85)	(9,699)
Adjusted EBITDA	57,076	6,577	(109)	(20,773)	42,771
EBITDA margin	17.9%	22.4%			12.3%

Notes

Forming part of the financial statements

4 Segment reporting (continued)

YTD FY19	mydentist £'000	Dental Directory £'000	Central costs and intra- segment eliminations £'000	Total £'000
<i>Revenue</i>				
NHS dentistry	267,669	-	-	267,669
Private dentistry	77,642	-	-	77,642
Non-dental practice revenue	1,315	100,669	(20,061)	81,923
Total revenue	346,626	100,669	(20,061)	427,234
Gross profit	167,350	26,244	(4,428)	189,166
<i>Gross margin</i>	48.3%	26.1%		44.3%
Overheads	(127,444)	(23,900)	1,882	(149,462)
<i>Overheads % of revenue</i>	36.8%	23.7%		35.0%
Other income	1,501	-	-	1,501
EBITDA before non-underlying items	41,407	2,344	(2,546)	41,205
<i>EBITDA margin</i>	11.9%	2.3%		9.6%
Amortisation of intangible assets	(20,699)	(2,556)	-	(23,255)
Depreciation	(14,733)	(1,399)	268	(15,864)
Amortisation of government grant income	42	-	-	42
Impairment of non-current assets reclassified as held for sale and profit/(loss) on closure or disposal of dental practices	(22,053)	-	-	(22,053)
Value of employee services arising from shares granted	(807)	-	-	(807)
Other non-underlying items	(362)	(2,159)	-	(2,521)
Foreign exchange gains	-	154	-	154
Segment operating profit/(loss)	(17,205)	(3,616)	(2,278)	(23,099)
Net finance costs				(32,429)
Loss before income tax				(55,528)
Segment assets	664,950	111,658	(4,211)	772,397
Segment liabilities	(157,511)	(119,441)	(465,949)	(742,901)
<i>Additions in the period</i>				
Goodwill		200	-	200
Property, plant and equipment	18,081	1,473	(795)	18,759

Notes

Forming part of the financial statements

4 Segment reporting (continued)

{my}dentist YTD FY19	General Dental				{my}dentist £'000
	Practices £'000	Orthodontics £'000	Disposals £'000	Central Costs £'000	
<i>Revenue</i>					
NHS dentistry	240,201	23,187	4,281	-	267,669
Private dentistry	69,453	7,273	916	-	77,642
Non-dental practice revenue	86	-	1,229	-	1,315
Total revenue	309,740	30,460	6,426	-	346,626
Gross profit	148,850	14,882	3,618	-	167,350
<i>Gross margin</i>	<i>48.1%</i>	<i>48.9%</i>	<i>56.3%</i>		<i>48.3%</i>
Overheads	(96,331)	(6,939)	(1,521)	(22,653)	(127,444)
<i>Overheads % of revenue</i>	<i>31.1%</i>	<i>22.8%</i>	<i>23.7%</i>		<i>36.8%</i>
Other income	1,493	-	8	-	1,501
EBITDA before non-underlying items	54,012	7,943	2,105	(22,653)	41,407
<i>EBITDA margin</i>	<i>17.4%</i>	<i>26.1%</i>	<i>32.8%</i>		<i>11.9%</i>
Rent adjustment	-	-	-	-	-
Adjusted EBITDA	54,012	7,943	2,105	(22,653)	41,407
<i>EBITDA margin</i>	<i>17.4%</i>	<i>26.1%</i>	<i>32.8%</i>		<i>11.9%</i>

Notes

Forming part of the financial statements

5 Taxation

	Q3 FY20 £'000	Q3 FY19 £'000
Current income tax		
Current income tax for the period	-	-
Total current income tax	-	-
Deferred income tax		
Origin and reversal of temporary differences	(822)	(1,958)
Total deferred income tax	(822)	(1,958)
Total income tax credit	(822)	(1,958)
	YTD FY20 £'000	YTD FY19 £'000
Current income tax		
Current income tax for the period	-	-
Total current income tax	-	-
Deferred income tax		
Origin and reversal of temporary differences	(4,776)	(6,207)
Total deferred income tax	(4,776)	(6,207)
Total income tax credit	(4,776)	(6,207)

The main rate of corporation tax reduced from 20% to 19% with effect from 1 April 2017. A further reduction in the main rate of corporation tax to 17% from 1 April 2020 was substantively enacted on 15 September 2016 and both the deferred income tax asset and liability have been re-measured accordingly.

Notes

Forming part of the financial statements

6 Trade and other payables

	Q3 FY20	Q3 FY19
	£'000	£'000
Current		
Trade payables	24,179	22,602
Accruals and deferred income	124,678	112,429
Other taxation and social security	3,799	2,281
Contingent consideration	2,175	747
Government grants	46	55
	154,877	138,114
Non-current		
Contingent consideration	79	2,109
Government grants	56	109
	135	2,218

Contingent consideration is due to the vendors of individual acquired practices.

Included within accruals and deferred income is an amount due to the NHS of £72.3m in respect of UDAs not delivered in FY20 and earlier years (Q3 FY19: £61.2m) along with fees of £20.6m payable to self-employed dentists in respect of work completed (Q3 FY19: £18.8m).

Notes

Forming part of the financial statements

7 Borrowings

	Q3 FY20 £'000	Q3 FY19 £'000
Non-current		
<i>Senior secured, floating rate and second lien notes</i>		
Due between two and five years	552,348	551,573
Due after five years	-	-
	<u>552,348</u>	<u>551,573</u>
<i>Bank loans</i>		
Due between two and five years	25,000	15,000
	<u>25,000</u>	<u>15,000</u>
Less: unamortised arrangement fees and related costs	(5,220)	(7,030)
	<u>(5,220)</u>	<u>(7,030)</u>
Total non-current loans and borrowings	572,128	559,543

On 5 August 2016, the group re-financed its existing notes and drawings from its Super Senior Revolving Credit Facility through the issue of:

- £275m of 6.25% Senior Secured Fixed Rate Notes due 2022 at 100%;
- £150m of Senior Secured Fixed Rate Notes due 2022. The notes are set at a floating rate of GBP LIBOR (set at a minimum of 0%) plus 6% each quarter;
- £130m of Second Lien Notes due 2023. The Second Lien Notes are set at a floating rate of GBP LIBOR (set at a minimum of 1%) plus 8%;

A new £100m Super Senior Revolving Credit Facility ("SSRCF") was agreed with an interest charge of GBP LIBOR plus 3.5%.

Appendix A

Impact of adoption of IFRS 16

The tables on the following pages set out the impact of the adoption of IFRS 16 on the Consolidated income statement for the quarter ended 31 December 2019, the Consolidated income statement for the nine months ended 31 December 2019, the Consolidated balance sheet as at the transition date of 1 April 2019 and as at 31 December 2019 and the Consolidated cash flow for the quarter ended 31 December 2019 and for the nine months ended 31 December 2019.

Consolidated income statement (unaudited)

For the quarter ended 31 December 2019

	Q3 FY20			Q3 FY20
	Previous IFRS £'000	IFRS 16 £'000	Deferred tax £'000	As reported £'000
Revenue	155,539			155,539
Cost of sales	(89,827)			(89,827)
Gross profit	65,712	-	-	65,712
Distribution costs	(5,565)			(5,565)
Administrative expenses	(59,880)	590		(59,290)
Other operating income	463			463
Other losses	(685)			(685)
Operating profit	45	590	-	635
EBITDA before non-underlying items	15,792	3,656		19,448
Amortisation of intangible assets	(7,629)			(7,629)
Depreciation	(5,490)	(3,066)		(8,556)
Amortisation of government grant income	13			13
Impairment of intangible assets	(368)			(368)
Impairment of non-current assets reclassified as held for sale and profit/(loss) on closure or disposal of dental practices	(370)			(370)
Value of employee services arising from shares granted	(269)			(269)
Other non-underlying items	(949)			(949)
Foreign exchange losses	(685)			(685)
Operating profit	45	590	-	635
Finance costs	(10,996)	(987)		(11,983)
Finance income	17			17
Net finance costs	(10,979)	(987)	-	(11,966)
Loss before income tax	(10,934)	(397)	-	(11,331)
Income tax credit	754		68	822
Loss for the period	(10,180)	(397)	68	(10,509)
Attributable to:				
Owners of the parent	(10,180)	(397)	68	(10,509)
Non-controlling interests	-			-
	(10,180)	(397)	68	(10,509)

Appendix A

Impact of adoption of IFRS 16

Consolidated income statement (unaudited) For the nine months ended 31 December 2019

	YTD 2020			YTD 2020
	Previous IFRS £'000	IFRS 16 £'000	Deferred tax £'000	As reported £'000
Revenue	446,273			446,273
Cost of sales	(255,481)			(255,481)
Gross profit	190,792	-	-	190,792
Distribution costs	(14,928)			(14,928)
Administrative expenses	(177,853)	1,263		(176,590)
Other operating income	1,349			1,349
Other losses	(630)			(630)
Operating loss	(1,270)	1,263	-	(7)
EBITDA before non-underlying items	43,221	10,650		53,871
Amortisation of intangible assets	(22,901)			(22,901)
Depreciation	(16,253)	(9,387)		(25,640)
Amortisation of government grant income	39			39
Impairment of intangible assets	(1,232)			(1,232)
Impairment of non-current assets reclassified as held for sale and profit/(loss) on closure or disposal of dental practices	(31)			(31)
Value of employee services arising from shares granted	(807)			(807)
Other non-underlying items	(2,676)			(2,676)
Foreign exchange losses	(630)			(630)
Operating loss	(1,270)	1,263	-	(7)
Finance costs	(33,026)	(2,720)		(35,746)
Finance income	40			40
Net finance costs	(32,986)	(2,720)	-	(35,706)
Loss before income tax	(34,256)	(1,457)	-	(35,713)
Income tax credit	4,528		248	4,776
Loss for the period	(29,728)	(1,457)	248	(30,937)
Attributable to:				
Owners of the parent	(29,728)	(1,457)	248	(30,937)
Non-controlling interests	-			-
	(29,728)	(1,457)	248	(30,937)

Appendix A

Impact of adoption of IFRS 16

Consolidated balance Sheet (unaudited)

As at 31 December 2019

	Q3 FY20				As at 31	Opening	As at 1 April
	Previous IFRS	IFRS 16	Deferred tax	As reported	March 2019	adjustment	2019
	£'000	£'000	£'000	£'000	As previously reported £'000	IFRS 16 £'000	As reported £'000
Non-current assets							
Goodwill	224,287			224,287	224,285		224,285
Other intangible assets	306,833			306,833	330,966		330,966
Property, plant and equipment	101,259	85,032		186,291	95,175	94,068	189,243
Deferred tax income tax assets	21,517		248	21,765	20,118		20,118
	653,896	85,032	248	739,176	670,544	94,068	764,612
Current assets							
Inventories	28,426			28,426	28,400		28,400
Trade and other receivables	47,008			47,008	39,732		39,732
Current income tax	40			40	40		40
Cash and cash equivalents	10,775			10,775	8,861		8,861
	86,249	-	-	86,249	77,033	-	77,033
Assets classified as held for sale	-			-	-		-
Total assets	740,145	85,032	248	825,425	747,577	94,068	841,645
Equity attributable to the owners of the parent							
Share capital	410,961			410,961	410,961		410,961
Accumulated losses	(434,592)	(1,457)	248	(435,801)	(405,535)		(405,535)
	(23,631)	(1,457)	248	(24,840)	5,426	-	5,426
Non-controlling interest	-			-	-		-
Total equity	(23,631)	(1,457)	248	(24,840)	5,426	-	5,426
Non-current liabilities							
Borrowings	572,128			572,128	570,177		570,177
Other payables	135			135	229		229
Deferred income tax liabilities	27,759			27,759	30,751		30,751
Post employment benefits	546			546	593		593
Provisions	6,780			6,780	7,757		7,757
Other liabilities - leases	-	72,671		72,671	-	79,749	79,749
Total non-current liabilities	607,348	72,671	-	680,019	609,507	79,749	689,256
Current liabilities							
Trade and other payables	154,417	460		154,877	130,371		130,371
Provisions	1,442			1,442	1,794		1,794
Other liabilities - leases	-	13,358		13,358	-	14,319	14,319
Derivative financial instruments	569			569	479		479
Total current liabilities	156,428	13,818	-	170,246	132,644	14,319	146,963
Total liabilities	763,776	86,489	-	850,265	742,151	94,068	836,219
Total equity and liabilities	740,145	85,032	248	825,425	747,577	94,068	841,645

Appendix A

Impact of adoption of IFRS 16

Consolidated cash flow (unaudited)

For the quarter ended 31 December 2019

	Q3 FY20		
	Previous IFRS £'000	IFRS 16	As reported
Cash flows from operating activities			
Loss before taxation	(10,934)	(397)	(11,331)
Depreciation of property, plant and equipment	5,490	3,066	8,556
Amortisation of government grants	(13)		(13)
Amortisation of intangible assets	7,629		7,629
Finance costs	10,996	987	11,983
Finance income	(17)		(17)
Loss on business and asset disposals	370		370
Impairment of intangible assets	368		368
Differences between contingent consideration paid and initial estimates	(65)		(65)
Net unrealised foreign exchange losses	458		458
Value of employee services arising from shares granted to directors and employees	269		269
Pension contributions	(47)		(47)
Cash generated from operations before movements in working capital	14,504	3,656	18,160
Changes in working capital			
Movement in inventories	885		885
Movement in trade and other receivables	4,057		4,057
Movement in trade and other payables	(9,188)		(9,188)
Movement in provisions	(450)		(450)
Cash generated from operations	9,808	3,656	13,464
Cash flows from investing activities			
Acquisitions (net of cash acquired)	(6)		(6)
Proceeds from sale of practices	(27)		(27)
Purchase of property, plant and equipment	(7,046)		(7,046)
Interest received	17		17
Net cash outflow from investing activities	(7,062)	-	(7,062)
Cash flows from financing activities			
Bank and bond interest paid	(6,021)		(6,021)
Principal element of lease payments	-	(3,656)	(3,656)
Net cash outflow from financing activities	(6,021)	(3,656)	(9,677)
Net decrease in cash and cash equivalents	(3,275)	-	(3,275)
Cash and cash equivalents at the beginning of the period	14,050		14,050
Cash and cash equivalents at the end of the period	10,775	-	10,775

Appendix A

Impact of adoption of IFRS 16

Consolidated cash flow (unaudited)

For the nine months ended 31 December 2019

	YTD FY20		
	Previous IFRS £'000	IFRS 16	As reported
Cash flows from operating activities			
Loss before taxation	(34,256)	(1,457)	(35,713)
Depreciation of property, plant and equipment	16,253	9,387	25,640
Amortisation of government grants	(39)		(39)
Amortisation of intangible assets	22,901		22,901
Finance costs	33,026	2,720	35,746
Finance income	(40)		(40)
Loss on business and asset disposals	63		63
Impairment of intangible assets	1,232		1,232
Differences between contingent consideration paid and initial estimates	(65)		(65)
Net unrealised foreign exchange losses	90		90
Value of employee services arising from shares granted to directors and employees	807		807
Pension contributions	(47)		(47)
Cash generated from operations before movements in working capital	39,925	10,650	50,575
Changes in working capital			
Movement in inventories	(32)		(32)
Movement in trade and other receivables	(7,544)		(7,544)
Movement in trade and other payables	20,050		20,050
Movement in provisions	(1,336)		(1,336)
Cash generated from operations	51,063	10,650	61,713
Cash flows from investing activities			
Acquisitions (net of cash acquired)	(366)		(366)
Proceeds from sale of practices	(44)		(44)
Purchase of property, plant and equipment	(22,193)		(22,193)
Proceeds from business and asset disposals	26		26
Interest received	40		40
Net cash outflow from investing activities	(22,537)	-	(22,537)
Cash flows from financing activities			
Drawdown of bank loans	5,000		5,000
Repayment of bank loans	(5,000)		(5,000)
Bank and bond interest paid	(26,612)		(26,612)
Principal element of lease payments	-	(10,650)	(10,650)
Net cash outflow from financing activities	(26,612)	(10,650)	(37,262)
Net increase in cash and cash equivalents	1,914	-	1,914
Cash and cash equivalents at the beginning of the period	8,861		8,861
Cash and cash equivalents at the end of the period	10,775	-	10,775