

Summary

IDH Finance plc has prepared this note to update bondholders on the status of the group during the Coronavirus outbreak.

During March, the group took the decision to draw down the remaining capacity in the SSRCF and thereby increase cash reserves by £73.2m. Management believe that the group has sufficient liquidity available to maintain operations and to meet covenant obligations over the next 18 months. Today the group's cash balances stands at over £82m.

We will provide more information on the impact of COVID-19 on our business, the management actions to preserve capital and responsibly manage the safety and wellbeing of practice staff, and the benefit of continuing NHS support in the current period, on a conference call with our Chief Executive Officer, Tom Riall, and Chief Financial Officer, Nilesh Pandya, within the next three weeks. The conference call details will be published on our website shortly.

Current operational position

The group was operating in line with expectations and previous guidance to the middle of March. At the end of February, the group was on track to hit the upper end of the guidance for adjusted EBITDA of £62.0m.

{my}dentist: In line with government guidance in the middle of March, the {my}dentist practices moved from routine treatments to emergency only procedures with no aerosol generating procedures, utilising a system of remote telephone triage. {my}dentist is now assisting the NHS with setting up a network of Urgent Dental Care centres where regional locations or hubs will continue to provide emergency face to face dentistry. The feedback from clinicians, via direct communication and through social media, on the orderly process, the speed of response (driven primarily by a focus on clinician and practice staff safety) and the detailed step by step communication provided by the leadership team has been extremely positive.

DD: Demand for DD products and services has significantly reduced from corporate and high street dentistry. However DD management have now pivoted to sourcing and delivering PPE solutions to the NHS and to other key worker groups, with positive new business relationships being established.

NHS and government support

We expect {my}dentist's NHS contracts to continue to be paid during the crisis period. We are waiting for formal confirmation of this from NHS England, but our expectation is that arrangements will be in line with Scotland, Wales and Northern Ireland, where 1/12 of the contract will be paid each month, after a small contract deduction to reflect reductions in variable costs of consumables. These arrangements have been put in place by the NHS for the Q1 FY21 period while the emergency only activity remains in force. It is expected that there will be no clawback on these payments. This will allow us to continue to pay those practice staff and clinicians who are focussed on NHS delivery, in line with their contractual commitments.

We are utilising the government schemes we have access to, in order to support employees and clinicians whose funding is principally derived from private dentistry and employees in our support centre and in the DD warehouse operations. c2,000 staff have been furloughed during April and costs for these staff will be supported by the Coronavirus Job Retention Scheme. In addition to this, we are closely managing our costs and cash outflows, including deferring capital expenditure and discretionary spending.

Throughout the crisis period we have followed the guidance set out by the NHS in England, Wales, Scotland and Northern Ireland. We will remain focussed on ensuring that our practices are organised and ready to rebound to patient demand, as soon as routine treatments can be safely provided.

Financial reporting

Our conference call will provide an interim update on our performance in Q4 FY20 and how we expect NHS contracts to work in Q1 FY21.

Our audit for the year-ended 31 March 2020 is now underway. Given the added complications in the lockdown period, in order to provide more time for our auditors at PwC and for our finance team to complete audit procedures and prepare our full Annual Report, we will move our Q4 and full year-end results presentation from the proposed date of 16 June 2020 back by around two weeks. We will confirm the exact date nearer the time.

We will therefore publish details of our interim update shortly.

Contact

For further information please contact investorrelations@mydentist.co.uk.

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