Elli Finance (UK) Plc (in administration) and Elli Investments Limited (in administration)

1 October 2021

ANNOUNCEMENT

£350,000,000 of 8.750% Senior Secured Notes due 2019
£175,000,000 of 12.250% Senior Notes due 2020

(Collectively referred to as the “**Notes**”)

(ISIN: XS0794786011 / ISIN: XS0794785633
ISIN: XS0794787415 / ISIN: XS0794787175)

Issued by Elli Finance (UK) Plc (in administration) and Elli Investments Limited (in administration) (the "**Issuers**", and together with their subsidiaries the "**Group**")

The Notes are admitted to the Official List of the Irish Stock Exchange, but remain suspended from trading on the Global Exchange Market.

Q2 2021 trading and restructuring update and presentation

Conference call invitation: 1.30pm (UK time) on Friday, 1 October 2021

The Issuers invite you to a conference call at 1.30pm (UK time) on Friday, 1 October 2021, to hear a presentation on the Q2 2021 trading and restructuring update.

The presentation for the call has been issued today and is available on the investor section of the FSHC website and enclosed with this announcement.

The conference call details are:

Date:	**Friday, 1 October 2021**
Time:	**1:30pm (UK time)**
Conference ID:	**9717768**

Dial in numbers:

United Kingdom:	+44 (0)330-336-9434 (local)	0800-279-7209 (toll free)
France:	+33 (0)1-76-77-2507 (local)	0805-101-338 (toll free)
Germany:	+49 (0)69-2222-2018 (local)	0800-589-4631 (toll free)
United States/Canada:	+1 929-477-0324 (local)	888-204-4368 (toll free)

Or Click to Join:

https://events.globalmeet.com/Public/ClickToJoin/ZW5jPUZnWXN6dTZiSW5MS1lSTkhadmJaNU5zaHl1NW5jVGVodEtGUTJ0WFZJNjcwT0JUK0dUVCtRUT09

If you are unable to make the call, a replay facility will be available for a month until 31 October 2021 on the following telephone number:

Replay details:

Replay Passcode:	**9717768**
UK local:	**+44 (0) 207 660 0134**

Trading in the Notes on Euronext Dublin is currently suspended, in accordance with listing rule 7.22 of the Global Exchange Market Listing Rules.

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Four Seasons Health Care

Q2 2021 Trading and Restructuring Update
Draft, unaudited results for the quarter ended 30 June 2021

1 October 2021

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Q2 2021 Trading Overview[1]

Q2 2021 financial results

- Q2 2021 Group[5] EBITDA[2] of £9.3m is £1.0m higher than Q2 2020

Income[4]

- Q2 2021 turnover was £3.7m higher than Q2 2020, after adjusting for revenue from homes closed, sold or migrated
- Along with the rest of the sector, occupancy remains significantly impacted following the decline that was suffered as a result of the first wave of Covid-19 during Q2 2020
- However, the Q2 2021 average occupancy percentage of 79.1% was a 0.6 percentage point increase in comparison to Q1 2021 and the current occupancy, at 80.4%, shows further signs of recovery, representing a 1.9 percentage points improvement on 2021 opening occupancy. Occupancy growth during 2021 has been ahead of the four year average as a result of a death rate that has now remained consistently below historical levels since the start of June 2020. Whilst occupancy was impacted by reduced admissions during 2020 and Q1 2021, admissions since the start of Q2 2021 have returned to pre-Covid-19 levels
- The average weekly fee in Q2 2021 increased by 3.4% year on year and CHD income in Q2 2021 includes c£8m of financial support from Local Authorities and CCGs in respect of exceptional Covid-19 costs incurred (Q2 2020: £4m). However, reimbursement of these costs does not fully compensate for the occupancy decline

Payroll, care and facility costs[4]

- Payroll as a percentage of income at 67.0% was 4.7 percentage points lower than the prior quarter (2.4 percentage points lower when adjusted for Covid-19 support). However, payroll KPIs remain challenging in light of the underlying staffing challenges faced by the sector which have been exacerbated by Covid-19 pressures
- Agency usage in Q1 and Q2 2021 and FY 2020 remained well controlled and was significantly below levels prior to the organisational restructure and wider sector averages, with agency as a percentage of payroll at 8.1% during the quarter being a 0.4 percentage point improvement on Q1 2021
- Care and facility overheads were well controlled during the quarter and were consistent with previous quarters at 13.3% of turnover

EBITDARM[4]

- As a result, Q2 2021 EBITDARM[3], excluding the impact of homes closed, sold or migrated, of £18.6m was £6.8m higher than Q1 2021

Notes:

1. The Group's results for the year ended 31 December 2019, the year ended 31 December 2020, the quarter ended 31 March 2021 and the quarter ended 30 June 2021 are draft and unaudited
2. EBITDA before the non-cash onerous and operating lease credit and after closed and closing home costs
3. Before closed and closing home costs
4. In respect of the Care Home Division, comprising FSHC and brighterkind (CHD)
5. Group = Elli Investments Limited (in administration) and its direct or indirect subsidiary undertakings. Includes the results of 10 freehold/long leasehold, and 1 leasehold, THG site up to the date of sale completion (5 March 2021), and the results of any leaseholds up to the date of migration/administration

Operational Update

The Operational environment is extremely challenging at the moment, specifically in the following areas

- **Recruitment:**
  - Staffing is currently the most significant issue. Labour shortages at the national level have inevitably spilled over into social care. The opening up of hospitality and retail and the Government's decision to mandate the covid vaccine have compounded an already difficult situation. Frustratingly, agency levels have risen, not just within our business but across the sector. The workforce challenges are likely to persist, at least in the short term and we are expecting to see continued wage inflation over the winter period.
- **Regulator Activity**
  - Regulator inspections, particularly in England continue to be conducted on a risk assessed basis with more of the activity being done remotely. This remains a frustration as a number of our homes currently rated as 'Requires Improvement' but not considered at risk are not being inspected, preventing us from demonstrating systemic improvement. That said, the percentage of our homes rated as 'Good' since the start of the pandemic is ahead of the market average, an indication that things are beginning to move in the right direction.
- **Covid Activity**
  - Covid continues to cast its shadow over the sector. Albeit, in nowhere near the same way as it has done at times over the past 18 months. The impact of 'living with the virus' however should not be underestimated in terms of the additional pressures that it is causing within care homes. Infection control protocols, incessant testing, unrelenting paperwork and additional reporting is creating administrative challenges that threaten to overwhelm home teams.
  - Visiting continues to be impacted by covid outbreaks, deemed to be two or more cases in one setting. The ongoing impact to the well being and quality of life for residents and relatives alike should not be underestimated.
- **Social Care Reform**
  - The recently announced reforms to social care have received a mixed reception. At one level they represent little more than a short term funding plan for the NHS, with only 15% of the forecast investment over the next three years being channelled into the social care sector.
  - Allied to this is a lack of detail over the proposed £86,000 cap, what it includes and therefore how many, if any residents and their families will really benefit.
  - The risk to the sector is that nothing changes despite the fact that the public believe the problems have been solved. The sector requires investment now, not in 2023 and significant further work is required.
  - Notwithstanding the challenging backdrop, as a business we continue to focus on the things that we can control and we are pleased to report good progress in a number of areas. Regulatory outcomes are improving, team engagement remains high and resident and relative feedback is strengthening.
  - The Four Seasons reputation, as measured by leading recruitment websites, Glassdoor and Indeed is stronger and improving and Carehome.co.uk reviews from relatives have shown significant improvement over the past twelve months.
  - A number of the system and process changes that we implemented as part of the restructure in the middle of 2020 are now bedded into the business and starting to yield results, including the new risk audit system (RADAR), the new training & development platform (The Train Station) and the new food & dining strategy, which has lead to a significant drop in choking incidents across the Group.

Covid-19

Along with the rest of the sector, the care home business has been significantly affected by the impact of Covid-19, primarily in three areas:

- Occupancy decline:
  - Reduced occupancy levels, with Q2 2020 closing spot occupancy of 79.8% representing a c8.5% decrease from the opening occupancy of 88.3% as a result of the first wave of Covid-19. Occupancy only partly recovered during Q3 2020, with a closing spot occupancy of 80.8%. Whilst average occupancy during Q4 2020 was stable at 80.3%, the closing Q4 2020 spot occupancy of 78.4% represented a 2.0 percentage point decline
  - Both the initial decline as a result of the first wave of Covid-19, and subsequent movements, are consistent with those seen by other operators
  - The most recent spot occupancy of 80.4% shows early encouraging signs of recovery, with a c1.9 percentage point increase since the start of 2021
  - The death rate has remained consistently below the four year average since the start of June 2020, with occupancy impacted by reduced admissions not an increased number of deaths. ‘Excess’ deaths which were 635 at the peak of the virus in April & May 2020 reduced to 310 over the course of 2020, and excess deaths measured against the four year average since the beginning of January 2020 now stand at negative 94. In other words, the total number of deaths in the last year and a half from all causes is below the four year average. Since the beginning of March 2021 the Group has registered 19 covid deaths which represent 1.18% of all deaths in the period.
  - Admissions, which dropped to c70% below pre Covid-19 levels, had recovered to levels which were only slightly below historical levels by September 2020 however they decreased again during Q4 2020, to 60%-70% of what would normally be expected during that time of year. The key impediment then to a sustained recovery was the 28 day quarantine period imposed by Public Health England (PHE) on any home where there was a Covid-19 outbreak, an outbreak being defined as two positive test results or more. This period has recently been reduced to 14 days
  - Encouragingly, admissions since the start of Q2 2021 have returned to pre-Covid-19 levels
- Increase in payroll and other care costs:
  - Increase in care costs is predominantly linked to the purchase of personal protective equipment (‘PPE’) and enhanced infection control procedures
  - During 2020, the care home business spent an additional c£4m on PPE. PPE costs continue to run significantly in excess of where they were pre the pandemic
  - Shielding and self isolation pushed staff absenteeism up to just under 11%, although this has now fallen back. Agency usage has been well controlled throughout the period and continues to be lower than pre Covid-19 levels
- LA and CCG funding
  - The Group has received support from the Local Authorities and CCGs, in respect of exceptional Covid-19 costs incurred
  - The offers are varied in scale and nature and the Group is currently assessing them all
  - Whilst a significant proportion of Covid-19 exceptional costs may ultimately be covered in one form or another, reimbursement of these costs will not compensate entirely for the occupancy decline
- The Group’s estimate of the financial impact of Covid-19 in 2020 was up to £12m and this financial impact has continued during 2021 so far. The full impact of the virus on 2021 and beyond is unknown, and in particular there is significant uncertainty around both the rate of occupancy recovery and the extent that any funding support will continue beyond September 2021

Restructuring Update (1/2)

Overview

- The Joint Administrators and the Group continue to focus on restructuring the Group
- This has been focused to date on the restructuring of the Group's leasehold estate, the unification of the two care home businesses, the rationalisation of the CHD and shared service central functions and the progression of sale processes in relation to certain parts of the Group notably the THG business and the Northern Ireland portfolio
- The Joint Administrators and the Group remain focused on maintaining operational stability and continuity of care, whilst maximising returns to lenders from the assets and operations of the Group, which largely comprise 130 freeholds homes in England, Scotland, Jersey and Northern Ireland and a number of leasehold operating care homes

Liquidity

- The Group has been reassessing its cashflow forecast for the duration of the restructuring based on the information available to it, in particular, in respect of Covid 19 and other factors. The Group's cashflow remains somewhat lower than in the pre-Covid period, and the Group continues to carefully manage its working capital, overall liquidity and expenditure. While the work around assessing its cashflow forecast for the remainder of the restructuring is ongoing, the Group is currently forecasting that it will have sufficient liquidity through to the end of Q4 2022. This remains subject to sensitivities including the impact of potential further Covid 19 waves and the impact of the Health and Social Care Levy announced on 7 September 2021
- At the end of June 2021, the Group had a cash balance of £47.0m and as at 17 September 2021 the cash balance decreased to £41.3m

Disposals - Northern Ireland

- The Joint Administrators refer to previous announcements on potential portfolio sales of parts of the Group's care home business, with an initial focus on Northern Ireland
- The Joint Administrators confirm that on 26 July 2021, the Group completed the sale of the business of fourteen homes (thirteen operational and one closed) in Northern Ireland to Ann's Care Homes Limited and Woodside Holdco NI Limited (together, the "Buyer") for an aggregate value of £16.1m in cash (the "Transaction"). The Transaction represents a further milestone in the Group's ongoing restructuring process
- This resulted in a return to lenders of £13.3m following the deduction of certain costs of approximately £2.8m including costs in relation to the unwind of negative working capital of £2.3m, broker fees of approximately £0.2m and legal costs of £0.3m

Disposals – Value Portfolio

- The Group has retained a broker to sell up to 17 facilities (including 14 operational care homes in England and Scotland) that the Group does not believe are strategic to its business going forward (the "Value Portfolio"). Further updates will be given in due course

Restructuring Update (2/2)

Leasehold estate restructuring

- The Group previously reported that between December 2019 and 30 June 2021, 127 operational care homes and other facilities (including the portfolios of the four largest landlords where it was not possible to renegotiate rental levels in respect of those portfolios) had transitioned away from the Group

- The leaseholds that have migrated since December 2019 contributed a net EBITDAM of c£2.8m during 2019. However, after capex and costs for closed homes, these care homes and specialist units resulted in a c£6.0m cash outflow for the Group

- Progression of the leasehold estate restructuring was impacted from Q2 2020 onwards by Covid-19. The Group continues to consider all options in relation to the other care homes in its leasehold estate (c22 operational homes). It remains in discussions with the landlords of those homes. Following discussions, the Group has recommenced the payment of rents on certain homes

- The Group is engaging with a number of landlords around the retention of certain leasehold homes in the core portfolio. In addition the Group is working with other landlords in respect of the migration of a number of care homes to new operators

Other matters

- As previously reported, the Joint Administrators of EFUK have applied to the Court to extend the period of the administration and an extension has been granted until 29 April 2023

Summary

- The Joint Administrators continue to consider all possible options for the Group's organisational and capital structure. This includes potential sales of all or parts of the Group, internal reorganisations, refinancing, restructuring of the financial debt (which may or may not include a debt for equity swap) and/or a combination of any of the aforementioned

- At this stage, nothing is decided in respect of the options or the timing, and the Joint Administrators and the Group will decide on the most appropriate option in due course, focusing on the interests of the Group and its relevant stakeholders, and on maintaining continuity of care. Further announcements will be made in due course

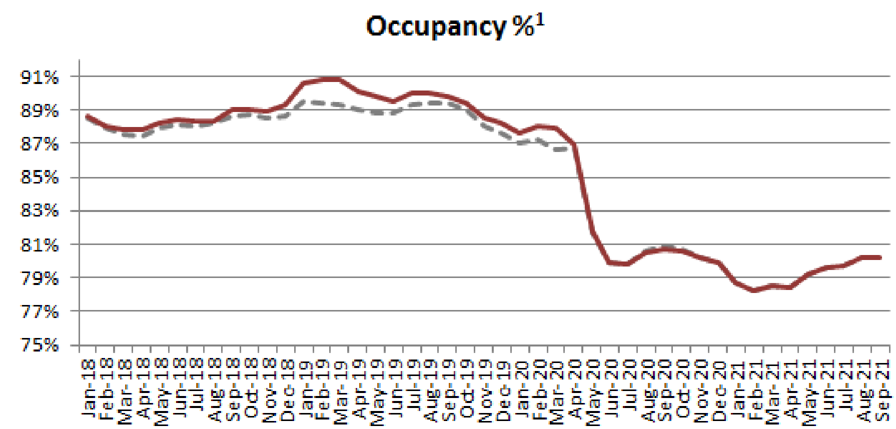
Results – KPIs (CHD[1])

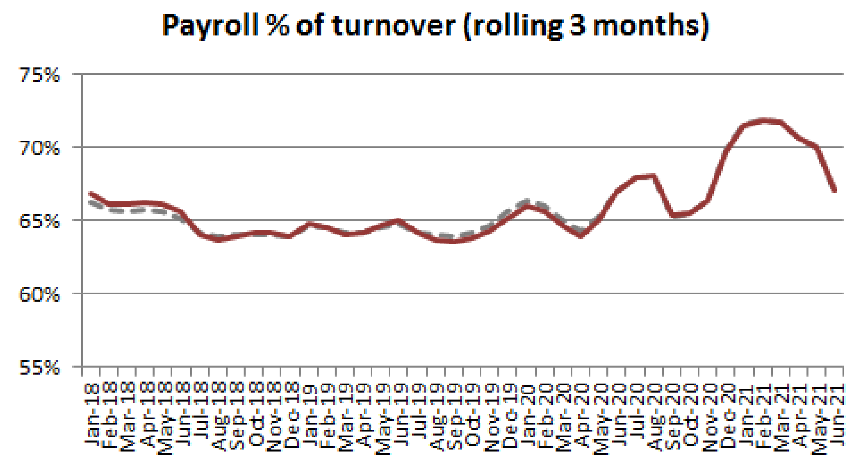
	2019					2020					2021	
	Q1	Q2	Q3	Q4	Year [2]	Q1	Q2	Q3	Q4	Year [2]	Q1	Q2
Turnover (£m)	135.5	138.0	138.9	132.7	545.2	111.7	93.9	92.5	92.2	390.4	88.6	94.6
EBITDAR (£m)[4][5]	19.1	19.1	23.0	17.0	78.3	12.8	9.7	11.7	6.1	40.3	4.5	11.1
EBITDA (£m)[5][6][7]	7.4	7.4	11.2	6.4	32.4	6.4	7.3	9.7	4.1	27.4	2.6	9.3
Effective beds	15,165	15,073	15,057	14,567	14,965	12,445	9,932	9,813	9,782	10,493	9,653	9,613
Occupancy %	89.4%	88.9%	89.4%	88.2%	89.0%	87.0%	82.8%	80.4%	80.3%	82.6%	78.5%	79.1%
Average weekly fee (£)	767	791	792	792	786	792	845	831	839	827	852	874
Payroll (% of turnover)[2]	64.1%	64.8%	63.9%	65.6%	64.6%	65.0%	66.9%	65.4%	69.7%	66.8%	71.7%	67.0%
EBITDARM (% of turnover)[4]	20.8%	21.1%	22.6%	18.9%	20.8%	19.7%	18.3%	20.4%	15.0%	18.4%	13.2%	19.6%
Agency (% of payroll)[2]	9.5%	9.8%	11.1%	10.1%	10.1%	8.8%	8.6%	7.0%	9.0%	8.4%	8.5%	8.1%
Expenses (% of turnover)	15.1%	14.1%	13.5%	15.5%	14.5%	15.3%	14.8%	14.2%	14.9%	14.8%	15.0%	13.3%
Central costs (% of turnover)	6.2%	6.5%	5.5%	5.7%	6.0%	8.1%	7.7%	7.6%	8.2%	7.9%	8.0%	7.8%
KPIs excluding migrated leaseholds *[10]*												
Turnover (£m)	87.6	89.5	90.0	88.6	355.8	88.0	90.9	90.7	90.4	359.9	88.5	94.6
Effective beds	9,621	9,621	9,621	9,621	9,621	9,607	9,607	9,607	9,607	9,607	9,636	9,613
Occupancy %	90.7%	89.8%	90.0%	88.7%	89.8%	87.9%	82.9%	80.3%	80.2%	82.8%	78.5%	79.1%
Average weekly fee (£)	771	796	798	798	791	800	845	832	837	829	851	874
Payroll (% of turnover)[2]	64.0%	65.0%	63.6%	65.2%	64.4%	64.6%	66.9%	65.4%	69.7%	66.6%	71.7%	67.0%
EBITDARM (% of turnover)[4]	20.8%	20.8%	22.8%	19.3%	20.9%	20.2%	18.3%	20.4%	15.1%	18.5%	13.3%	19.6%
Agency (% of payroll)[2]	9.3%	9.9%	10.8%	9.5%	9.9%	8.3%	8.6%	7.1%	8.9%	8.2%	8.5%	8.1%
Expenses (% of turnover)	14.5%	13.7%	13.3%	14.9%	14.1%	14.6%	14.2%	13.6%	14.5%	14.2%	14.4%	13.3%
Memo: THG EBITDA (£m) *[9]*	(0.5)	(0.3)	(0.0)	0.2	(0.6)	0.2	1.0	2.1	1.2	4.5	0.9	

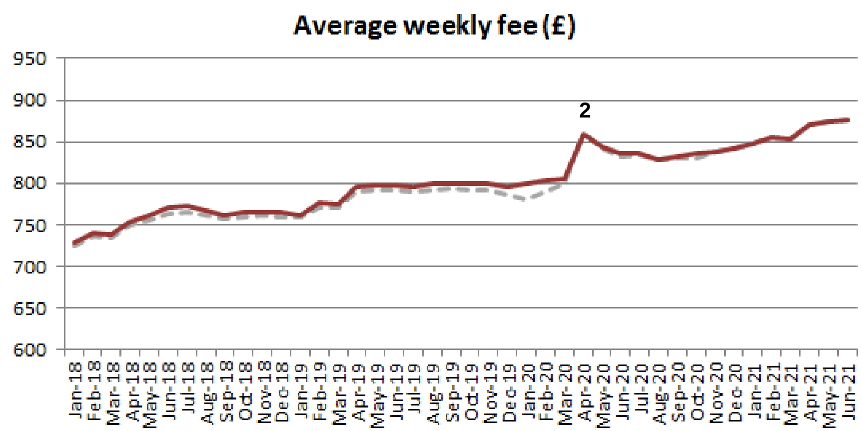
Notes

1. KPIs presented for the combined CHD (FSHC and brighterkind) only following disposal of THG division on 5 March 2021
2. Payroll excludes central payroll
3. Full year numbers may include minor rounding differences compared to the four quarter aggregate
4. EBITDAR(M) = Pre-exceptional Earnings Before Interest, Tax, Depreciation, Amortisation, Rent (and Central costs) and before closed and closing home costs
5. Due to their on-going nature, certain costs relating to closed and closing homes are included within EBITDA(R)
6. EBITDA before the non-cash onerous and operating lease credit and after closed and closing home costs
7. Rent on migrated leaseholds is accrued up to the date of the migration
8. The Group's results for the periods presented above are draft and unaudited
9. Includes the results of 10 freehold/long leasehold, and 1 leasehold, THG site for which a sale process completed on 5 March 2021
10. KPIs excluding all leasehold care homes which have been migrated to alternative operators in Q4 2019 (45 operating and 13 closed care homes), Q1 2020 (66 care homes and 11 closed care homes), and Q2, Q3 and Q4 2020 (5 operational care homes and 7 closed sites), and 2 care homes in Q1 2021

Results – Care homes







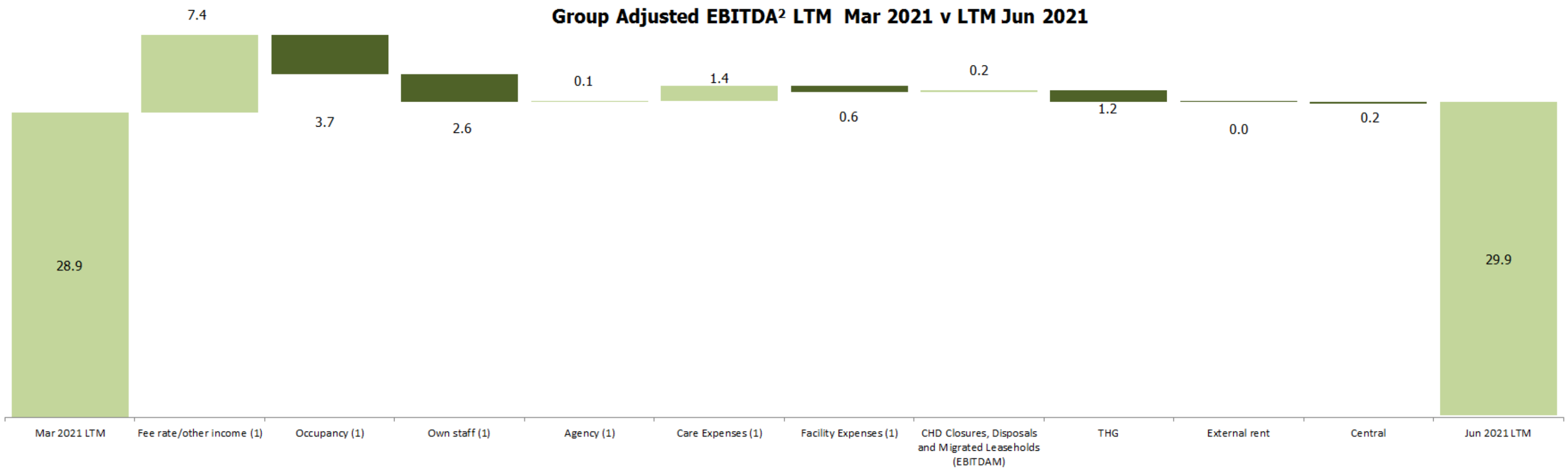
Full historical CHD estate   Excluding Migrated Leaseholds

Note 1 – Sep-21 occupancy % represents 26 September 2021 spot occupancy %

Note 2 - In April 2020 a c£15 (9%) increase to the Funded Nursing Care ("FNC") average weekly fee was announced. The increase is effective from 1 April 2019. Due to the timing of this announcement, the additional fee income has been reflected in Q2 2020 results and KPIs. The estimated EBITDARM impact is c£0.4m per quarter

- Average Q2 2021 occupancy in the care home business of 79.1% was 0.6 percentage points higher than the previous quarter. The current spot occupancy of 80.4% represents a 1.3 percentage point increase against the Q2 2021 average
- Covid-19 continues to significantly impact the underlying occupancy of the business, although the death rate is below the last four year average and admissions have returned to levels pre-Covid-19 levels since the start of Q2 2021
- AWF of £874 in Q2 2021 was 3.4% higher than Q2 2020
- Payroll as a percentage of turnover in Q2 2021 was 4.7 percentage points lower than Q1 2021 despite the on-going costs of staff shielding and self-isolation as a result of Covid-19 as well as a persistently challenging staffing environment
- Agency as a percentage of total payroll of 8.1% for the quarter was an improvement of 0.4 percentage points compared to the prior quarter and remains below sector averages
- The Group is working through the impact of the Health and Social Care Levy announced on 7 September 2021

Results – LTM Adjusted EBITDA March 2021 v LTM June 2021



- The LTM movement, excluding closures, disposals (including THG disposal) and migrations, was largely a result of the following drivers:
  - Income was £3.7m higher in June 2021 LTM than March 2021 LTM:
    - Group fee rates were higher leading to an overall favourable fee rate variance of £2.7m
    - Income of c£8.2m (2020 Q2: £3.5m) was received from LAs and CCGs in respect of an element of the exceptional Covid-19 costs
    - Lower occupancy in Q2 2021 compared to Q2 2020 resulted in an adverse occupancy variance of £3.7m, predominantly as a consequence of the negative impact of Covid-19 upon occupancy toward the latter half of Q2 2020
  - Own staff payroll costs increased by £2.6m, in part driven by an increased National Living Wage from April 2021 and the on-going pressures of Covid-19
  - Agency as a percentage of total payroll was consistent resulting in no material movement to LTM EBITDA and remains a challenge
  - A £0.8m increase in LTM EBITDA was achieved through care and facility expenses being controlled despite inflationary pressures and additional PPE costs

- The EBITDAM impact of closures, disposals and migrations was neutral during the period, whilst the EBITDA of THG resulted in a £1.2m decrease in the period

- There was no material impact as a result of external rent or central costs during the period

Notes
1. Excludes closures/disposals of care homes and migrations
2. Adjusted EBITDA is EBITDA before the non-cash onerous and operating lease credit and after closed and closing home costs
3. Rent on migrated leaseholds is accrued up to the date of the migration

FY 2019, FY 2020 and H1 2021 EBITDA and cash flow analysis

	2019					2020					2021	
£m	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2
EBITDARM	31.5	32.8	35.0	28.8	128.1	25.5	21.3	23.7	17.3	87.7	14.1	18.6
Closed home costs	(1.3)	(1.5)	(0.9)	(0.8)	(4.5)	(0.4)	(0.5)	(0.3)	(0.3)	(1.6)	(0.3)	(0.3)
Rent[(1)(2)(3)]	(13.1)	(13.2)	(13.3)	(12.1)	(51.7)	(7.7)	(3.5)	(3.1)	(2.8)	(17.2)	(2.0)	(1.8)
Central costs	(10.2)	(11.0)	(9.6)	(9.4)	(40.2)	(10.7)	(8.9)	(8.5)	(8.9)	(37.0)	(8.2)	(7.4)
Adjusted EBITDA[(3)]	**6.9**	**7.0**	**11.2**	**6.6**	**31.7**	**6.6**	**8.3**	**11.8**	**5.3**	**32.0**	**3.5**	**9.2**
Maintenance Capex	(3.2)	(5.7)	(6.0)	(7.1)	(21.9)	(2.7)	(2.4)	(1.9)	(5.4)	(12.4)	(2.2)	(3.0)
Central Capex	(0.3)	(0.1)	(0.3)	(0.2)	(0.8)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)
Capex	**(3.4)**	**(5.8)**	**(6.2)**	**(7.2)**	**(22.6)**	**(2.7)**	**(2.4)**	**(1.9)**	**(5.5)**	**(12.6)**	**(2.2)**	**(3.1)**
Exceptionals - restructuring	(5.5)	(8.9)	(9.4)	(10.4)	(34.2)	(14.0)	(6.4)	(4.4)	(8.8)	(33.6)	(5.0)	(3.5)
Exceptionals - other	0.2	0.0	(0.0)	1.4	1.6	0.3	-	-	-	0.3	-	-
Exceptionals	**(5.3)**	**(8.9)**	**(9.5)**	**(9.0)**	**(32.7)**	**(13.7)**	**(6.4)**	**(4.4)**	**(8.8)**	**(33.3)**	**(5.0)**	**(3.5)**
Debt drawdown/(repayment)	30.0	-	-	-	30.0	-	-	-	-	-	(31.6)	-
Taxation	(0.2)	0.4	(0.2)	-	0.1	(0.2)	-	(0.2)	-	(0.4)	-	-
Interest	(0.8)	0.0	0.0	0.0	(0.6)	-	-	-	-	-	-	-
Disposal proceeds	0.4	-	-	-	0.4	-	-	-	-	-	35.0	-
Working capital movement	(15.2)	(1.0)	0.8	12.9	(2.5)	11.0	11.5	(0.8)	4.7	26.4	(5.4)	3.8
Net cash flow	**12.4**	**(8.2)**	**(3.8)**	**3.3**	**3.7**	**1.0**	**11.0**	**4.4**	**(4.3)**	**12.1**	**(5.7)**	**6.4**
Opening cash balance	30.5	42.9	34.7	30.9		34.2	35.2	46.2	50.6		46.3	40.7
Closing cash balance	42.9	34.7	30.9	34.2		35.2	46.2	50.6	46.3		40.7	47.0

- In FY 2019 the Group generated £9.1m of operating cash before exceptional costs of £32.7m, a working capital outflow of £2.5m and £30m of additional drawings under the Group's term loan facility
- In FY 2020 the Group generated £19.4m of operating cash before exceptional costs of £33.3m and a working capital inflow of £26.4m
- In H1 2021 the group generated £7.4m of operating cash before exceptional costs of £8.5m and a working capital outflow of £1.6m
- The Q4 2019 and FY 2020 working capital movement was predominantly a result of rents which fell due and were accrued in respect of these quarters but which have not been paid. In addition the Group deferred PAYE and national insurance liabilities of c£18m in FY 2020, of which c£8m was carried into 2021 with full repayment during Q1 2021 and largely accounts for the Q1 2021 working capital movement
- In Q4 2019, the rent paid in cash was c£1.7m compared to the quarterly charge of £12.1m. The corresponding figures in:
  - FY 2020 were c£5.9m paid and £17.1m charge;
  - Q1 2021 were £1.2m paid and £2.0m charge; and
  - Q2 2021 were £0.3m paid and £1.8m charge
- The review of the CHD and shared service central functions and related cost base was completed by the end of April 2020, resulting in cost savings of c£5.9m in Q2-Q4 2020 and H1 2021 compared to comparative period, although an element of the reduction is due to imposed restrictions on the level of activity arising from Covid-19
- Central costs in FY 2020 include £6.2m attributable to THG (£1.3m in Q4 2020)[4] . Central costs in Q1 2021 include £1.2m attributable to THG
- On 26 July 2021 the disposal of 13 operating and one closed site in Northern Ireland completed for an aggregate value of £16m, following which net proceeds of £13m have been returned to lenders

Notes
1. Rent on migrated leaseholds is accrued up to the date of the migration
2. Notwithstanding the level of rent accrued, rent paid in cash in Q4 2019, FY 2020 and H1 2021 was £1.7m, £5.9m and £1.5m respectively
3. Adjusted EBITDA is EBITDA before the non-cash onerous and operating lease credit and after closed and closing home costs
4. THG central costs include a recharge of CHD/Group costs (£0.9m in FY 2020 and £0.1m in Q1 2021)

Material regulatory action as at 30 September 2021

The table below sets out a summary of the material regulatory action within each business, as at 30 September 2021:

Summary of current material regulatory action as of 30 September 2021				
	Embargoes	Other restrictions	Enforcement actions	Total number of open homes
FSHC	-	4	13	141
brighterkind	-	-	-	26
Total	-	4	13	167

- All care homes are subject to regular inspection by the relevant national regulator
- Each inspection results in a published regulatory rating which differs by regulator based on a compliance approach or relating to the outcome of those supported by the service. Each regulator categorises the services using a different system, but covering care related domains including safety, caring, leadership, effectiveness, responsiveness and environment
- Current regulatory status indicates where a service demonstrates a good or excellent performance against the standards with positive outcomes for residents and patients. Across the Group a proportion of services are rated as being non-compliant or requiring improvement in standards or outcomes
- All regulators have a range of enforcement powers which are utilised in the circumstances of significant breaches in regulatory compliance or risk to those receiving services. This includes the power to restrict admissions (embargo), require information to demonstrate quality recovery or in extreme circumstances impose conditions on, or revoke, the registration of a service

Contacts

- An investor relations page is available on the FSHC website: www.fshc.co.uk